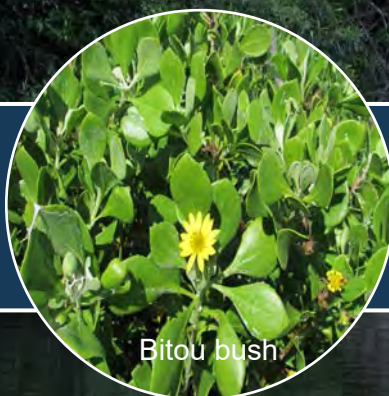


# Rous County Council Annual Report 2018/19



Tunnel works



Bitou bush



Brown's Creek

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### Rous County Council Operational Areas

**THE INFORMATION ON THIS MAP MAY NOT BE ACCURATE.**  
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Printed Date: 02/09/2015  
 Prepared By: Kim Edwards  
 Projection: MGA Zone 56

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This Annual Report summarises the activities and performance of Council for 2018/19 against our Delivery Program and Operational Plan. As well as reporting on our activities, the report contains a range of statutory reporting information. This and earlier Annual Reports are available on our website: [www.rous.nsw.gov.au](http://www.rous.nsw.gov.au)

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## Acknowledgement of Country



*Council acknowledges the Traditional Custodians of the Land on which we work, and pays respect to them and to Elders, past, present and future.*

## Contact us

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Council's Administration Office is open from 8.30am to 4.30pm Monday - Friday.



## Chair's message



In 2018/19, I was excited to be chosen to lead Rous County Council for another term. During this period, I am pleased to report that my fellow county councillors and I continued to work together for the benefit of the many rural and regional communities we are entrusted to serve by setting a clear and strong direction for the delivery of vital water supply, weed biosecurity and flood mitigation services.

Most pleasingly, 2018/19 saw the creation and adoption of a bold, once-in-a-lifetime initiative for our region.

Developed by Rous County Council in partnership with the Northern Rivers Joint Organisation's member councils, the Northern Rivers Watershed Initiative (NRWI) involves around \$150 million in on-the-ground works over a 10 to 15 year period to restore the lifeblood of our region – the Tweed, Brunswick, Richmond and Evans rivers.

The NRWI has the potential to provide a real, long-term solution to river catchment health, water security and flooding impacts across the entire region. Restoring our river systems will not only improve their health, but also ensure more water can be naturally retained in the landscape to reduce downstream flooding risks and allow more water to be captured and stored.

Rous County Council is proud to be coordinating the NRWI. We are continuing to lobby both the Australian Government and NSW Government for much-needed financial assistance, which the initiative will ultimately depend on.

Over the past financial year, we also started work on implementing the organisation's new Greenhouse Gas Abatement Strategy. Utilising alternate energy sources especially helps us meet the substantial electricity demands of operating the community's water supply network in a reliable and cheaper way that is environmentally sustainable.

More of our operational sites are earmarked to have renewable energy technology installed over the coming year as part of the Greenhouse Gas Abatement Strategy.

The organisation's ongoing, positive progress in building enduring relationships with local Aboriginal people through our Reconciliation Action Plan was a special highlight for 2018/19.

In particular, I would like to recognise the efforts of members of our Reconciliation Action Plan Advisory Group in finding new ways to work alongside and improve engagement with the Indigenous communities whose country we operate on. Our hope is to further increase the number of Advisory Group members so that side-by-side with our Aboriginal partners we can achieve lasting reconciliation.

We also remained focused throughout 2018/19 on securing the long-term future of the region's water supply. Importantly, as part of our Future Water Strategy we continued with detailed investigations to assess the suitability of groundwater as a potential new water source. Ensuring the timely development of new water sources is crucial to responsibly managing the region's water needs so that future generations can enjoy the same luxury of

access to quality and reliable water. I can assure the community we will keep them informed about and involved with decisions around any new water sources.

Towards the end of 2018/19, we proudly hosted our inaugural Biosecurity Forum at the Lismore Showgrounds.

More than 10 speakers presented at the forum, which attracted over 150 people from across the Northern Rivers. The forum's topics ranged from regenerative agriculture and Indigenous land care practices through to wild dog trapping and invasive weed species.

Given all of us have a responsibility to help preserve our region's biosecurity, forums such as this are an important part of our efforts to make sure residents, landholders, farmers and others are equipped with the information and other resources they need. I would like to congratulate our dedicated staff members who organised such a fabulous event and look forward to many more forums in the future.

In putting forward this Annual Report for 2018/19, on behalf of Rous County Council I would like to sincerely thank our constituent councils, the community and other key stakeholders for their ongoing support of and assistance to our organisation as we continue to evolve post- merger.

Councillor Keith Williams  
Chair



2018 Reconciliation Day  
celebrations at Rocky Creek



Lismore Biosecurity Forum held at Lismore Showgrounds

## General Manager's message



There is no doubt 2018/19 was an exciting period of change and other opportunities for Rous County Council as we continued to strive to be a valued provider of high-quality, essential community services in the Northern Rivers region.

Our future planning indicates we will need to deliver close to \$140 million in new water supply, flood mitigation and weed biosecurity infrastructure and other service improvements over the next 10 years. In early 2018/19, a number of improvements to our organisation's set up were implemented to give us the capacity to effectively deliver these long-term works as well as provide our day-to-day services.

In 2018/19, we also committed to focusing on our customers more than ever before.

As part of this commitment, an organisation-wide customer service review commenced – the purpose of which is twofold. Firstly, to identify the technology and other resources we need in place to meet the expectations of our customers. Secondly, to ensure we continually improve our relationships with customers by listening to their requirements, priorities and experiences.

Over the past financial year, our ongoing efforts to safeguard the community from the future impacts of severe flooding received a major boost.

Towards the end of 2018, Rous County Council in partnership with Lismore City Council secured funding of \$8.2 million from the NSW Government for vital flood mitigation works. Our highest priority is the excavation of the airport floodway in South Lismore, which will help reduce peak flood levels by redirecting significant amounts of water.

During 2018/19, it was pleasing to see work start on several major projects aimed at improving the region's water supply network.

In particular, the first stage of the new \$21 million St Helena water pipeline between Dorrroughby and Binna Burra commenced. This new, 13-kilometre water main will boost the capacity, reliability and performance of the water supply system for communities in this part of the region.

Some of our other key performance results for 2018/19 included:

- Net Operating Result of \$2.637M
- Council capitalised \$9.776M

Lastly, I would like to praise the hard work, commitment and professionalism of Rous County Council's staff during what has been a significant and challenging period. Along with them, I am excited about the new opportunities and challenges that lie ahead for our organisation and the region we serve.

Phillip Rudd  
General Manager

## Reconciliation Action Plan Advisory Group: Chair's message



During 2018/19, the people of Rous County Council continued to deepen their relationship with the Widjabal Wiyabal traditional owners of the land around Rocky Creek Dam.

The water catchment areas managed by Rous County Council are part of the natural landscape that forms the identity, culture, spirituality and resource base for the Widjabal Wiyabal people of the Bundjalung nation. We share a special relationship due to our shared responsibilities in looking after the region's precious water resources for country and people – now and into the future.

In June 2019, Rous County Council proudly adopted its 'Innovate 2020' Reconciliation Action Plan (RAP). This new plan builds on the foundations, goals and challenges we have been working on over the past three years through our initial 'Reflect' RAP.

Through these reconciliation efforts and the generosity of local traditional custodians, we have been able to improve our engagement with the region's Indigenous peoples. This has included participating in events such as NAIDOC as well as providing traineeship employment opportunities.

In particular, the focus of our new 'Innovate 2020' RAP is to ensure we continue to engage in cultural learning, find a common language to understand our history and identify further employment and education opportunities.

A great example of this focus is the mentoring program that has been established between Rous County Council and the Ngulingah Local Aboriginal Land Council. During discussions, both organisations realised their bush regeneration and ranger programs were similar. As a result, Ngulingah has been able to develop their workplace health and safety systems through knowledge and skills sharing with Rous.

We are looking forward to spending more time taking our reconciliation efforts out of the office and into country by visiting Aboriginal organisations around the region to build better relationships and cultural understanding.

On behalf of Rous County Council, I would especially like to thank traditional custodian Roy Gordon for his ongoing generosity in sharing his time and beautiful stories.

Councillor Vanessa Ekins  
Chair, RAP Advisory Group

## Rous Local Water Utility Policy Advisory Group: Member's message



I was delighted in 2018/19 to be one of only 10 elected representatives from council owned and operated water utilities across the State appointed to the new Local Water Utility Policy Advisory Group established by Local Government NSW.

Given Rous County Council's responsibility for delivering quality and reliable water supply services to over 100,000 people across four local government areas in the Northern Rivers region, this new role is a unique opportunity for us to strongly advocate on behalf of council-run water utilities and the many communities that depend on them.

The role also ensures Rous County Council is at the forefront of helping shape the future direction for the management of vital water supplies throughout regional NSW – an ever-pressing issue due to the impact of persistent drought conditions.

The main objectives of the Local Water Utility Policy Advisory Group are to:

- Increase the level of engagement with key government, industry and other stakeholders, particularly in relation to water supply issues affecting regional communities
- Ensure Local Government NSW can provide a coordinated sector-wide response to emerging issues and trends on behalf of council-run water utilities
- Enable local government to present a unified direction on the strategic objectives and other policy issues related to local water utilities

Rous County Council's involvement with the new Advisory Group is a great example of our commitment to drive innovative initiatives aimed at responding to the many challenges the community's water supply networks face – now and beyond – including ageing infrastructure, population growth and changing climate conditions.

We recognise that successfully dealing with these challenges depends greatly on working closely and collaboratively with as many stakeholders as possible to implement key projects, programs and other actions that will meet the community's priorities and aspirations for their water supplies.

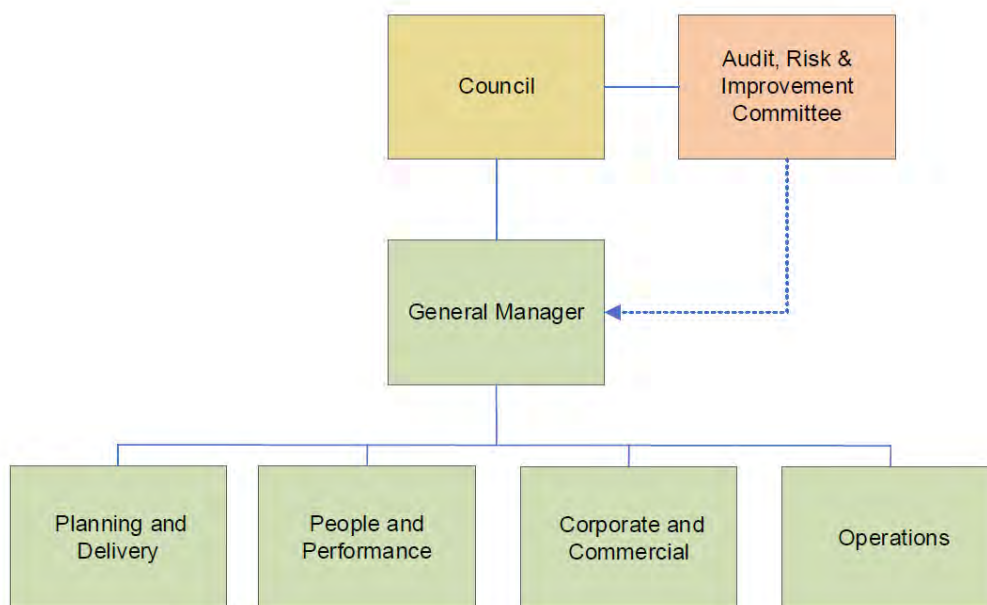
Councillor Sharon Cadwallader  
Member, Local Water Utility Policy Advisory Group

## Council structure

A review of Council's organisational structure, which identified a number of changes required to ensure ongoing capacity to effectively meet operational and regulatory requirements, was completed in August 2018. The following changes were implemented:

- Creation of eight new positions across all four branches
- Creation of two traineeship positions across two branches
- A number of beneficial reporting line and position title changes
- Better career progression opportunities in more areas

Council's internal operations are arranged across four areas, each being led by one manager who reports directly to the General Manager.



Our workforce consists of office based and outdoor workers operating across four local government areas. Weed biosecurity activities extend to a further two local government areas that are serviced under separate fee-for-service arrangements.

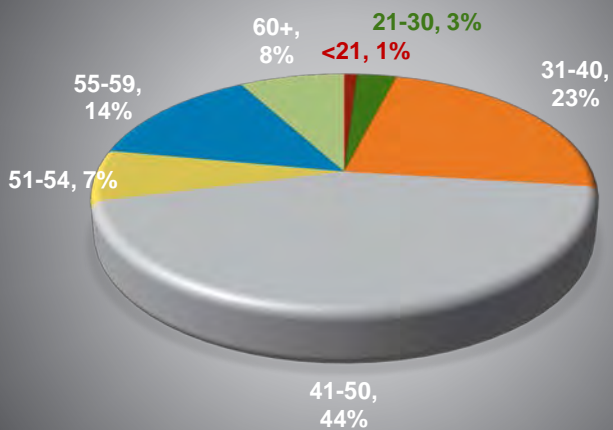
## Our staff



**Whole  
organisation**

By Group	Head count	Male	Female
Corporate and Commercial	17	6	11
People and Performance	10	3	7
Planning and Delivery	9	7	2
Operations	34	31	3
General Manager	3	0	3
<b>Total as at 30/06/2019</b>	<b>73</b>	<b>47</b>	<b>26</b>

**Age in years**



**Average age by Group**

Corporate and Commercial	45
People and Performance	45
Planning and Delivery	50
Operations	45
General Manager	56

**Average age of  
Rous employees**

**47.5**

## Our mission, vision and values

### MISSION

Partner with our constituent councils to provide quality services that support a sustainable and productive region



### VISION

Thrive and evolve as a valued regional service provider



### VALUES



**ROUS**  
COUNTY COUNCIL

## Councillors



Cr Keith Williams (Chair)  
Ballina Shire Council



Cr Sharon Cadwallader  
Ballina Shire Council



Cr Simon Richardson  
Byron Shire Council



Cr Basil Cameron  
Byron Shire Council



Cr Darlene Cook  
Lismore City Council



Cr Vanessa Ekins (D/Chair)  
Lismore Shire Council



Cr Sandra Humphrys  
Richmond Valley Council



Cr Robert Mustow  
Richmond Valley Council

Council meetings are held at Rous County Council Administration Office, Level 4, 218-232 Molesworth Street, Lismore commencing at 1.00pm every second month (excluding January). Council meetings in 2020 will be held:

19 February : 15 April : 17 June : 19 August : 21 October : 16 December

Any variation to Council's meeting timetable will be advertised on our website.

When meetings are not scheduled to be held, Council will hold briefings or workshops unless, in consultation with the Chair, the General Manager determines that there is no substantial matter required for discussion.

## What we do

### Supply water in bulk

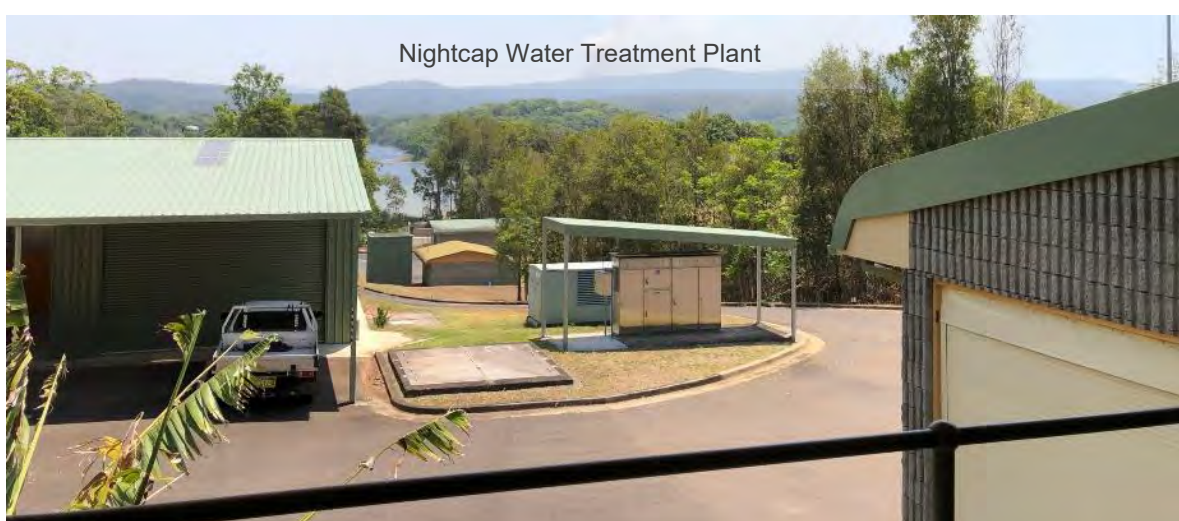
We are the regional water supply authority providing water in bulk to the local government areas of Lismore (excluding Nimbin), Ballina (excluding Wardell), Byron (excluding Mullumbimby) and Richmond Valley (excluding land to the west of Coraki).

A population of around 100,000 is serviced by this water supply system with the area of operations being approx. 3,000km<sup>2</sup>. The regional supply network includes around 43,000 connections within the reticulation areas of the local government areas it services and nearly 2,000 retail connections to our trunk main system.

Reticulation of the water within the urban centres is the responsibility of our member councils. The principle source of our supply network is Rocky Creek Dam (RCD) situated 25km north of Lismore near the village of Dunoon. The dam has a storage capacity of 14,000ML. Other available sources under our control include Emigrant Creek Dam (ECD), Convery's Lane and Lumley Park bores in the Alstonville area, as well as bores in the Richmond Valley area.

Our water infrastructure is valued at more than \$250M. This includes the physical trunk main and pipeline system as well as reservoirs, RCD, ECD, Wilsons River Source, two Water Treatment Plants (Emigrant Creek and Habbie Habib Nightcap) and a range of public access and recreation areas in and around RCD and ECD.

We implement a multi-barrier approach to water quality management – this means that at each stage of the water collection, storage and delivery process, we actively manage water quality. Catchment protection is a key barrier in drinking water quality protection. Minimising contamination before it reaches the Water Treatment Plant is considered a vital step in reducing drinking water-related health risks. We work with a wide range of catchment partners to improve the quality of water flowing from the catchment areas into our streams and water sources.



## What we do

### Prevent and mitigate menace to the safety of life or property from floods and natural resource management issues

Our service delivery relates to flood mitigation in the rural environment. Our natural resource management function relates only to the environmental consequence resulting from the operation of this infrastructure on the broader environment.

We are responsible for the construction, replacement and routine maintenance of various flood mitigation infrastructure. This includes floodgates and some rural drains and canals. In addition, we also have a key role in relation to an urban levee designed to protect the central business district of Lismore against a 1 in 10-year flood.

The Lismore Levee is a flood mitigation system comprising a 2km concrete flood levee bank. Lismore City Council (LCC) is responsible for monitoring and operating the Levee. It is supported by an auxiliary flood mitigation system consisting of: South Lismore Levee which is 5.5km in length and designed to protect the area of South Lismore in a 1 in 10-year flood; a pop-up deflector wall; Brown's Creek pump station; and doorway floodgates for some local flood affected businesses.

The Levee was constructed in 2002 by the former Richmond River County Council at the request of Lismore City Council (LCC), with funding provided by LCC, the Commonwealth and State Governments.

We also have a strong interest in activities such as hydrological research, flood surveying and modelling. This enables us to better understand flood behaviours and the impact of flooding on the catchment and floodplain.

As a flood mitigation authority, we also partner with our member councils to coordinate the preparation and submission of grant funding applications for agreed regional projects.



Lismore Levee

### Exercise powers and duties in relation to weed biosecurity

**Exclude** new weeds (prevent them establishing in our region).

**Eradicate or contain** any new weeds found in our region (eliminate them or stop their spread).

**Effectively manage** the impacts of widespread invasive weed species.

**Build capacity** in our region to help the community, industry and government commit to long-term management of invasive weeds.

We focus on:

- Identification and management of high-risk weed species and how they spread into and within our region.
- Improving our capacity to find new weeds early.
- Ensuring we have the resources and procedures to take rapid strategic control measures against new weeds in our region.
- Directing our resources to where benefits will be the greatest.
- Increasing community commitment and involvement in proactive weed management.

We also deliver weed services under a service level agreement to the councils of Kyogle and Tweed Shire.



Aerial weed inspections undertaken



### Future Water Strategy

Council's existing water sources can meet expected demand in the short-term. However, it is essential and responsible to plan for the community's longer-term needs. To maintain a reliable and sustainable water supply, a Future Water Strategy with a 50-year planning horizon has been developed.

Over the next 50 years, changes to climate and rainfall patterns are expected to result in less reliable rainfall across the region. At the same time, water use is forecast to increase as the population grows.

Based on these predictions, by approximately 2024, demand for water will match what our current sources can reliably supply. By 2060, expected water demand will exceed reliable supply by 6,500ML per year, or approximately half of our current supplies. Meeting this challenge will require a combination of improved water conservation and new water sources.

Key actions identified within the Future Water Strategy are:

- implement water efficiency programs to ensure existing water sources are used responsibly and efficiently
- undertake detailed investigation to assess the suitability of increased use of groundwater as a new water source
- undertake detailed investigation and consultation to assess the suitability of water reuse as an additional new water source.

Council is currently reviewing and updating its demand management program to further promote water efficient consumer behaviour throughout the region. This includes working with constituent councils to identify water losses and minimise leakage.

#### • Groundwater investigations

Investigations into potential groundwater sources commenced in early 2015 with the engagement of Jacobs Group (Aust.) Pty Ltd to undertake a detailed investigation of groundwater in our region. These investigations have been undertaken in a staged approach. The first stage involved a multi-criteria analysis of all potential groundwater sources. This multi-criteria analysis has prioritised five groundwater source investigation areas out of all potential groundwater investigation areas in the region. These shortlisted areas were further analysed and prioritised prior to commencing Stage 2 works.

The second stage of investigation involves the construction of groundwater test bores. The drilling of these bores is to assess the amount and quality of the water available for any new future water source.

The geology of the five prioritised areas comprises two fractured basalt stratum and three alluvial sand aquifers. The lithology of these sites will have consequences on the suitability and availability of new water sources to supply the region.

The second stage of investigations are ongoing with a number of constructed groundwater test bores being installed in three of the five high priority areas. Investigations completed to date within the alluvial sand aquifers have found that one of the aquifers has a highly variable lithology and the suitability for further investigations for this area is unclear.

To ensure that only suitable areas of aquifers are examined, Council, in consultation with the hydrogeologists from the relevant NSW Government agencies, called for quotations from suitably qualified contractors to complete detailed geophysical survey investigations. The investigations were to assess the lithology, saturation and groundwater salinity and produce comprehensive maps of the results. The geophysical survey works were completed in March 2018, with the maps used to determine the next areas for further Stage 2 investigations. A drilling program was designed by Jacobs Group (Aust.) Pty Ltd and Tenders were called for these works. The drilling tender was awarded to Slade Drillers Pty Ltd and works completed in April 2019.

Two fractured basalt groundwater source investigation areas have been examined to date, with only one area being considered as a technically viable scheme. However, this potential groundwater source investigation area is constrained due to the current regulatory framework restricting new groundwater licences. It is possible that existing licences held by the region's councils may be transferred to any future scheme. Further consultation with the specialist groundwater hydrogeologists from NSW Department of Planning, Industry and Environment is needed before this investigation area can be considered in more detail.

A second alluvial sand aquifer has progressed to the conceptual design phase of groundwater scheme assessment. Due to the likely water treatment requirements and its location, this groundwater scheme is considered to be a high cost option. Council has applied for further groundwater test bore licences from the NSW State Regulator, [Natural Resources Access Regulator](#) (or more commonly known as NRAR). It is expected that the necessary approvals to conduct further flow-based testing will be granted in the first half of the 2019/20 financial year.

Given the outcomes of the last phase of the groundwater investigations, Council will commence with indirect potable reuse investigations as a part of 'key action three' of the Future Water Strategy to increase water supply security and yield.

High-level conceptual water reuse schemes have been developed in each of the constituent council areas within the Rous region. These Conceptual water reuse schemes will now be investigated further to assess their technical viability and associated costs.

## Bulk water supply system

- **Rocky Creek Dam tunnel**

Council completed a series of inspections and risk assessments ahead of developing rehabilitation options for the Rocky Creek Dam (RCD) tunnel and associated water transfer pipework to ensure asset reliability to 2060 and beyond.

The 750mm diameter distribution pipework in the RCD tunnel was liable to be damaged by rock fall and rendered unserviceable. The pipework is critical to the operation of the regional water supply. While the supply can sustain a short-term outage (less than 24 hours) failure in the tunnel would take weeks or months to resolve, due to tunnel access.

Routine inspections of the RCD tunnel had not been carried out since 2013 due to the inability to satisfy the confined space entry requirements for an unsupported rock tunnel. Council engaged Bothar Boring and Tunnelling Pty Ltd to design and install a new 360 metre water supply pipeline using pipe jacking and micro tunnelling technology to connect the Nightcap Water Treatment Plant to the downstream water distribution system. These works have been completed and Council is now progressing the planning of the connection works to allow for decommissioning of the existing 750mm diameter pipeline located within the RCD tunnel.

Council engaged GHD Pty Ltd to undertake a review and document functional and maintenance requirements. This included design criteria and assessments of structural and geological risks required for the installation of a new bulkhead (or “plug”) in the tunnel, to isolate the water body of RCD from the remainder of the tunnel. The review concluded that further geotechnical investigations were required. These investigations were completed by Golder Associates Pty Ltd and provided additional information to assist with the design and construction process.



Tunnel upgrade works



- **Brunswick Heads and Ocean Shores Bulk Water Supply upgrade**

During the reporting period Council completed the final stage of the bulk water supply upgrade to Brunswick Heads and Ocean Shores. This upgrade will ensure Council can meet increasing demands for water to 2060 and beyond.

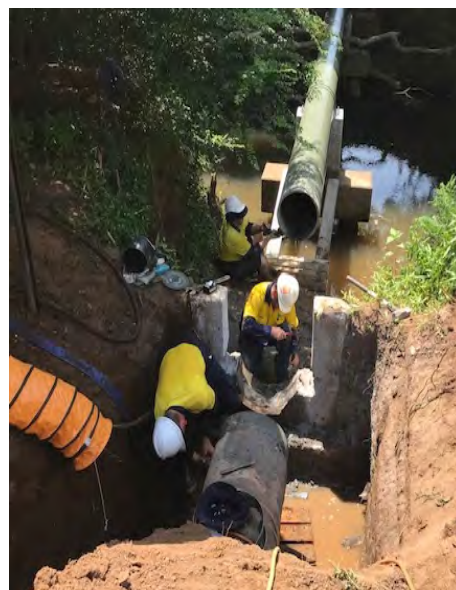
The project, initiated in 2006, was to construct 13,000m of 375mm water main. The project was undertaken in stages predominantly by Council's internal construction team. Significant water main relocation works associated with the Pacific Highway upgrade over the course of the last 10 years had diverted our resources away from this project, however these works are now also complete.

- **St Helena bulk water supply upgrade**

The St. Helena trunk main upgrade project will consist of the replacement of the existing 300mm diameter water main from Dorroughby to Binna Burra with a new 600mm diameter water main. The approximate length of this water main is 13,000m and the total budget estimate is \$21 million.

During 2018-2019 Council completed final planning and design for Dorroughby to St Helena Bulk Water Supply Upgrade also known as the St Helena 600mm Pipeline. A tender was awarded in November 2018 for the supply of approximately 5,000m of pipes and fittings for Stage 1 of the project.

Council will award the tender for construction of Stage 1 in 2019/20.



St Helena works

- **Water main performance**

Council experienced 48 water main breaks during 2019/20 which equates to 9.6 breaks per 100km of water mains. This was above the Council internal performance target of 5 breaks per 100km of water mains and above the 2018 State median of 8.9 breaks per 100km of water mains.

There were 15 breaks within the trunk network and 33 water main breaks within the reticulation system. 25 of the pipeline breaks were on pipelines identified for replacement within the Capital Works Plan with the remaining pipeline failures relate to localised pipeline defects. Water main breaks generally result from age and general deterioration of the main. However, factors such as disturbance from nearby construction works can also contribute to leaks or water main failures.

Despite the number of failures, performance standards for interruption to supply of water to customers have been met.

## Retail water supply system

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- **Retail water main renewals**

During the year, Council replaced ageing retail water mains at Clunes, Newrybar, Corndale and Bexhill.

- **Backflow prevention program**

Council has continued to work with consumers, who have a high hazard rating connection, to install the required backflow prevention device on their existing water service, or alternatively, remove the non-drinking water use resulting in the high hazard rating.

The first stage of the backflow prevention program has been completed with a second stage currently being developed to identify remaining high hazard connections.

Council staff are investigating improvements to the annual testing program to simplify the existing processes and achieve increased compliance rates.



Backflow prevention

## Asset Management Plans

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Rous has continued to implement actions from the former Rous Water and Richmond River County Council's Asset Management Plans (2012-2022). A combined Rous County Council Asset Management Plan (AMP) was adopted by Council in June 2017.

In 2018/19, Council developed processes for assessment of condition of flood mitigation assets considering remaining useful life and desired function. Council developed inspection and maintenance programs for all flood mitigation assets to record information in asset management systems.

Council is currently developing and implementing an Asset Management Improvement Program to define, document and improve the practices and processes by which we manage our assets. This will lead to increased understanding of our asset base and long-term funding requirements.

## Capital works

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The following capital works programs were completed during the reporting period or are in progress:

### ***Works completed***

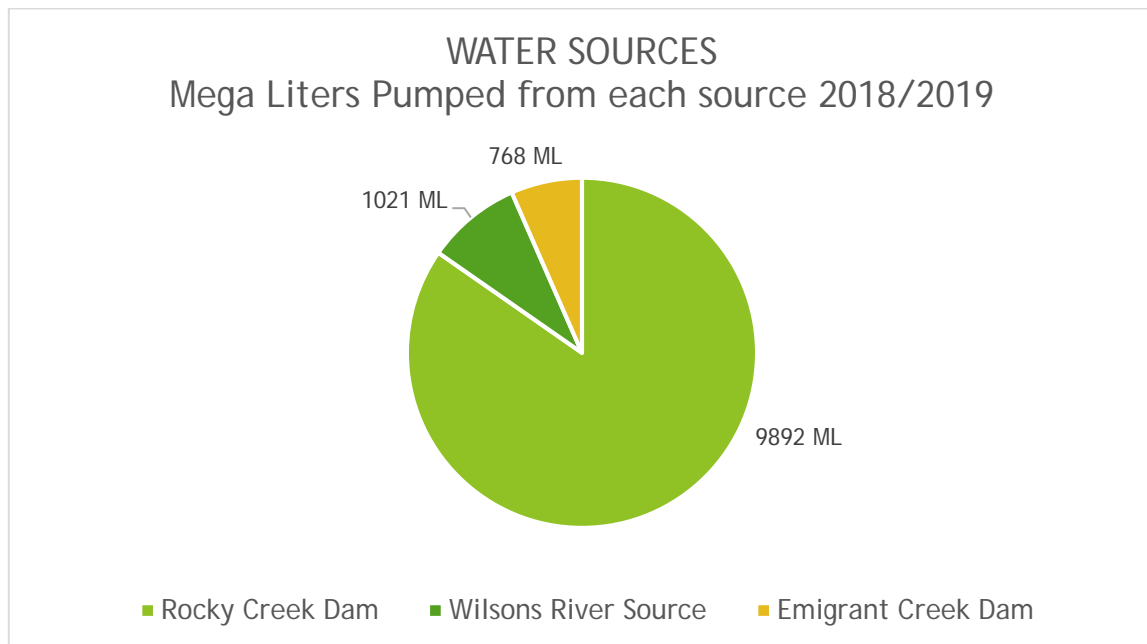
- Nightcap Water Treatment Plant outlet pipe and tunnel plug:
  - construction of new outlet pipe from the clear water storage reservoir to the distribution network.
  - design of the new bulkhead (or “plug”) in the Rocky Creek Dam tunnel to isolate the water body of the Dam from the remainder of the tunnel
- Nightcap Water Treatment Plant raw water pumps:
  - procurement of the replacement raw water pumps
  - finalisation of contract documentation for installation of the pumps and upgrade of switch room to incorporate variable speed drives
- St Helena 525mm steel main:
  - elevation section corrosion repairs
- St Helena reservoir to Brunswick Heads water main:
  - construction of final stage of 300mm diameter water main from Gulgan Road to Brunswick Heads reservoir
- St Helena 600mm diameter water main:
  - preparatory works for construction from Dorroughby to Ridgewood Road.
  - Clunes cross connection supply pipeline
- Reservoir Refurbishments – Stage 1 – City View
  - replacement of roof platform, handrail, access hatch and installation of walkway and roof safety anchor
- Emigrant Creek Dam Worker Safety Improvements
  - constructed various stairways and platforms to improve worker safety
- Water reticulation projects
  - Brooklet Road reticulation
  - Corndale Road reticulation
  - Unara Road reticulation Stage 1
  - Bencluna Lane reticulation
- Tuckombil Levee Repair
  - replacement of two 900mm drainpipes and floodgates adjoining Tuckombil Canal

**Works in progress** (commenced during the reporting period)

- St Helena 600mm diameter water main
  - procurement of pipes and fittings for Stage 1 of the St Helena 600 pipeline upgrade
  - finalisation of construction tender documentation
- Broadwater water supply upgrade
  - planning and design for upgrade of bulk water pipeline to Broadwater Reservoir
- Lismore 900mm diameter water main
  - repairs to corrosion on elevated sections of pipeline
- Nightcap Water Treatment Plant raw water pumps
  - replacement of the raw water pumps and associated upgrades to control electrical efficiency of the pumps.
- Nightcap Water Treatment Plant chemical tank farm upgrade
  - construction of bunded chemical storage tank facility to finalise project in optimising water treatment chemical dosing at Nightcap Water Treatment Plant
- Nightcap Water Treatment Plant ozone upgrade
  - installation of upgraded ozone destructors and side stream dosing to improve ozone mixing efficiency and reduce off gas
- Nightcap Water Treatment Plant main filter roof
  - replacement of roof sheeting over main filter building
- Reservoir refurbishments – Stage 2, Pineapple Road
  - replacement of entire roof including platform, handrail and access hatches and external access ladder
- Rocky Creek Dam and Emigrant Creek Dam aeration equipment
  - investigations into performance and efficiency of dam aeration equipment
  - planning for renewal or replacement of equipment
- Rural Levee renewals
  - program of works developed to address priority rural levee defects
- Planning and design for water reticulation projects
  - Old Tintenbar Road reticulation
  - Grace Road reticulation
  - Unara Road reticulation Stage 2
  - Woodford Lane reticulation
- Greenhouse Gas Abatement Strategy
  - installation of solar panels on Knockrow Reservoir, Emigrant Creek Water Treatment Plant, Nightcap Water Treatment Plant and Woodburn Depot

## Dams and sources

The water level at Rocky Creek Dam dropped below 95% during the reporting period which triggered pumping from Emigrant Creek Dam and the Wilson River source. Bore sources were not required. During the reporting period, more than 11,600 ML of water has been produced from Rous' available sources:



Rocky Creek Dam



Wilson River Source

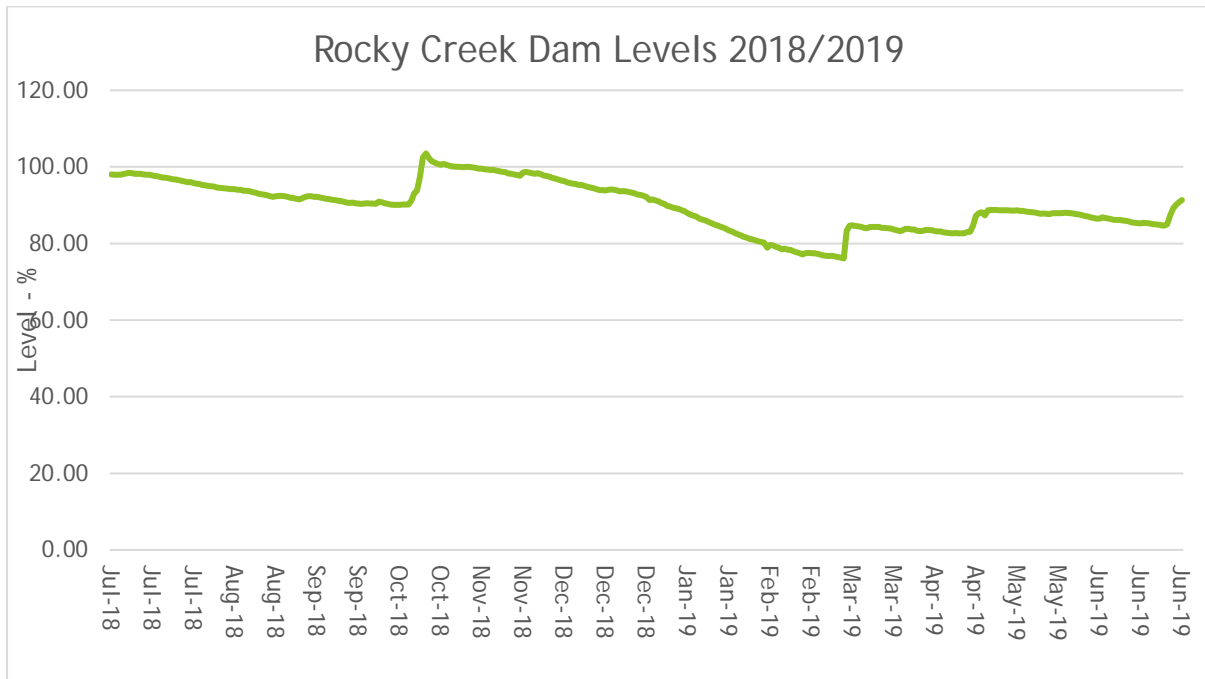


Emigrant Creek Dam

## Rocky Creek Dam

Lower than average rainfall through the year resulted in Rocky Creek Dam levels remaining below 100% for most of the year. Water flow over the spillway only occurred for a single two-week period which is an unusual situation for a region that normally receives high rainfall.

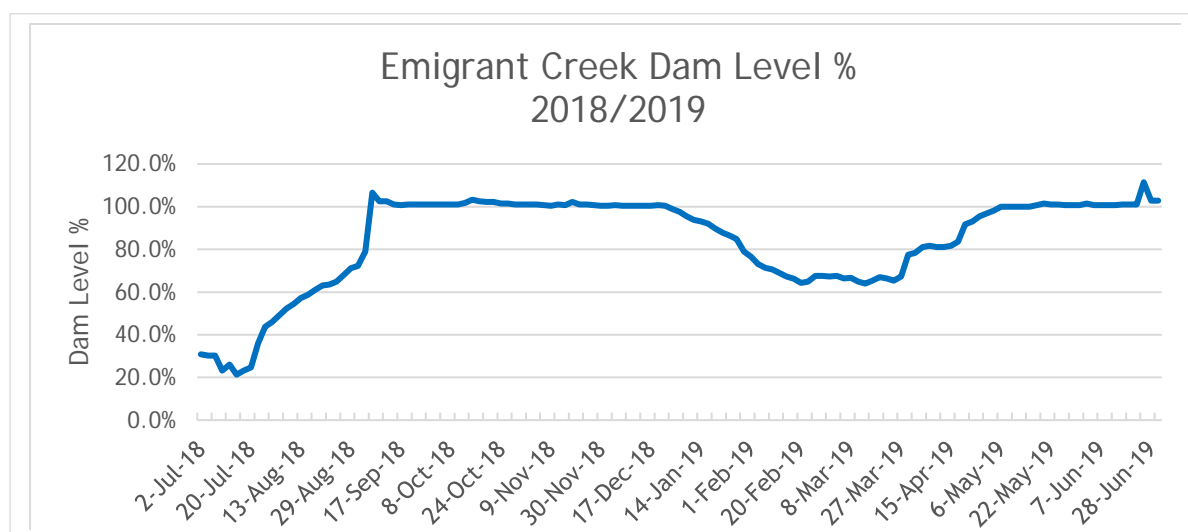
The lowest recorded dam level for the reporting period was 76% in mid-March 2019.



Rocky Creek Dam wall

## Emigrant Creek Dam

Emigrant Creek Dam was manually dewatered in July 2018 to facilitate remediation works being carried out on the re-stressable rock anchors in the concrete spillway blocks.



## Water treatment

- **Water quality management systems**

Rous has continued to build upon its Drinking Water Management System (DWMS) by implementing improvement actions.

The DWMS follows the Australian Drinking Water Guidelines (ADWG) framework for management of drinking water quality. The ADWG framework takes a multiple-barrier, catchment-to-tap approach to water quality management. This helps ensure water quality risks are managed throughout the whole supply process with appropriate monitoring and review.

In addition to our DWMS, Rous also collects drinking water samples on behalf of NSW Health, for analysis by NSW Health laboratories. These samples are taken in the distribution system and are representative of the water supplied to the consumer, with a minimum number of samples for each water supply system recommended by NSW Health. The results from this free-of-charge service are then published on-line through NSW Health's *NSW Drinking Water Database*.

- **Water distribution**

In order to more effectively manage customer relationships, the process for notifying retail customers of interruptions to their water supply was reviewed and updated during 2018/19. The new process allows longer for postal delivery of notifications and utilises text messaging for reminders for customers who have provided their mobile phone numbers.

For both planned and unplanned work every effort is made to minimise disruption to the supply of water to our customers, but where it cannot be avoided, a clear and consistent process is now in place to provide timely information.

The existing 300mm diameter water main supplying water to our St Helena reservoir is 70 years old, and relatively sensitive to changes in pressure. Many of our customers were impacted by breaks on this main in late August/early September 2018. This main is to be replaced by the new 600mm diameter water main project.



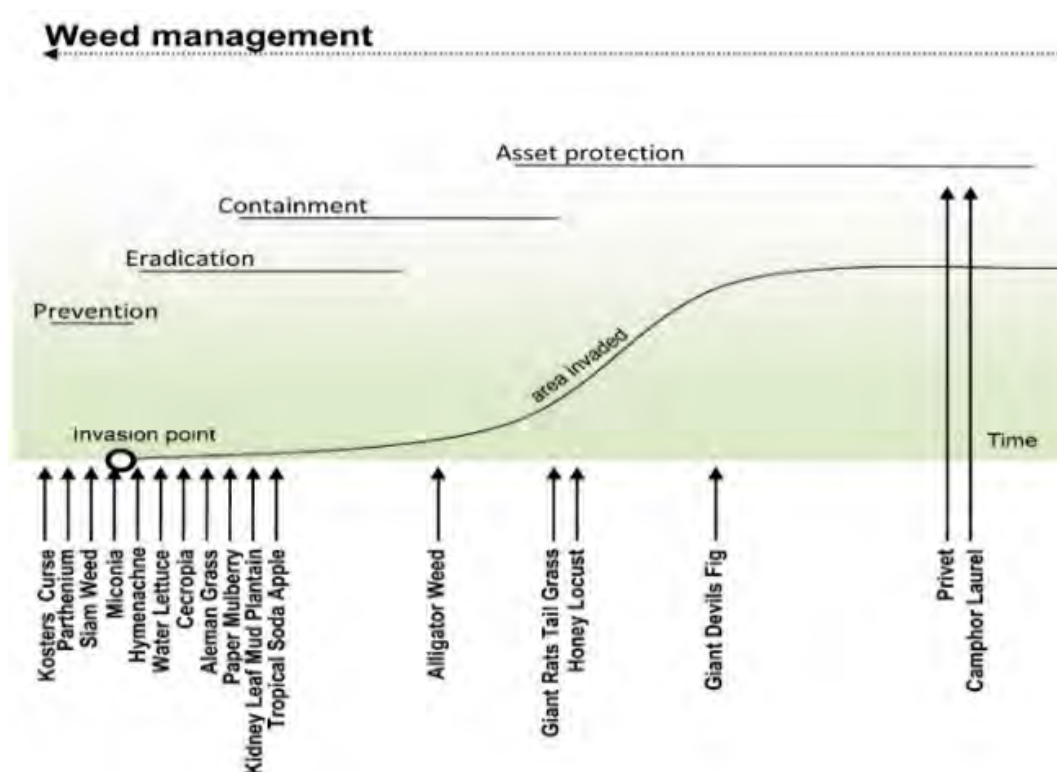
St Helena



## Weed biosecurity services

Weed Biosecurity services extend beyond the four constituent councils of Ballina, Byron, Lismore and Richmond Valley, to include Tweed Shire and Kyogle. All services are covered by a Service Level Agreement; however, for Tweed and Kyogle Shires, there is a fee-for-service arrangement for Rous to fulfil each council's [NSW Weeds Action Program](#) and regulatory services obligations, rather than the financial contribution provided by the constituent councils. Under the Invasive Species Plan of NSW, and with the continuation of the Weeds Action Program, Rous has continued with its pro-active contemporary weed management approach. This approach mirrors the goals and themes of the [Australian Weeds Strategy](#) and the [NSW Biodiversity Reform](#).

The diagram below illustrates the contemporary management platform that focuses on a rapid response to new and emerging weeds while preventing introduction of new weeds to our region. The higher the weed on the invasion curve, the more widespread and economically unviable it is to eradicate and control. Our weed management programs target weeds in the prevention, eradication and containment stage in line with the diagram below. Rous continues to undertake strategic control projects for new and emerging weeds across our areas of responsibility. This includes inspection of high-risk areas to ensure new weed incursions are detected and controlled before they can establish, as well as the control of regional high priority weed species.



- **High risk and high priority species management**

During the reporting period, Rous continued to manage weeds that can feasibly be prevented from establishing. This approach has specific strategies that encompass detection, control and extension activities to achieve this. The goal of long-term eradication of our region's high priority weed species:

- |  |                               |
|--|-------------------------------|
| • Senegal tea plant                      | • Paper mulberry              |
| • Tropical soda apple<br>(Control order) | • Miconia (prohibited matter) |
| • Hymenachne                             | • Cecropia                    |
| • Chinese violet (Control order)         | • Water lettuce               |
| • Seeded banana                          | • Kidney leaf mud plantain    |
| • Aleman grass                           | • Tobacco weed                |

is now considered economically and technically feasible due to the targeted approach taken by Rous in partnership with key community stakeholders and agencies.

In addition to the high priority weeds listed, Rous has 11 high risk species currently targeted to prevent their establishment in our region:

- |                           |                   |
|---------------------------|-------------------|
| • Pond apple              | • Blue heliotrope |
| • Koster's curse          | • Mikania         |
| • Prickly acacia          | • Horsetail       |
| • Witchweed               | • Parthenium      |
| • East Indian hygrophylla | • Frogbit         |
| • Siam weed               |                   |

Two of these targeted species have been found and controlled within the region, and four are known to be within 150km of the NSW border with Queensland. This highlights the importance of remaining vigilant and maintaining our current approach to contemporary weed management. This will ensure resources are targeted to where they will deliver the best return on investment for the region.

Rous' program of targeted extension and awareness initiatives has increased the level of reporting of new infestations by the community and raised the level of commitment and participation of the public towards the management of high priority weeds. The details of our strategic approach to high priority weeds during the reporting period are outlined below.

With the release of the *Tropical soda apple* and *Chinese violet* Ministerial Control Orders significant resources have been directed on finding and eradicating this weed. Over 280 properties have so far been found with Tropical soda apple and three locations of Chinese violet. Strict compliance has occurred as a result and we continue to work with our key stakeholders to halt the threats posed by these weeds in our region. Over 3000 properties have been inspected and Council will continue to focus heavily on eradication programs for these State-wide legislated weeds.

- **Priority weeds**

Giant devil's fig (GDF) and Groundsel bush remain a source of concern, as they continue to spread rapidly throughout the region. Work on these species has occurred on selected roadsides. Information brochures have been developed with tips on identification, control and reporting techniques. These brochures have been distributed to targeted areas informing landowners of the risks and providing best practice guidelines for control.

As part of an integrated weed management program, Rous, in partnership with the Department of Primary Industries, has continued to distribute bio-control agents for the following weeds: Salvinia, Giant parramatta grass, Cat's claw creeper and Lantana. Distributing the agents and recording information, such as landowner contacts and location, as well as mapping the distribution of the release of the biological control agents in the area, has been undertaken by Rous and is proving successful in containing many of the targeted weeds.



Giant devil's fig



Groundsel bush

- **New partnerships established to protect priority assets**

This year has seen a major shift in our approach to weeds listed as “contain/asset protection” in the Regional Weed Management Plan. RCC has established partnerships with Landcare groups within the region to undertake projects that support community action on widespread weeds. The \$120,000 pilot program engages local Landcare groups to complete on-ground weed control projects that will have a significant impact on controlling weed species and protecting the region’s priority assets.

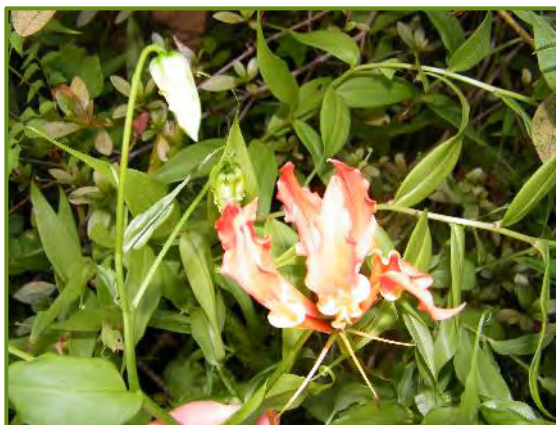
This collaborative approach sees six different year-long projects targeting weeds such as Asparagus fern, Glory lily, Job’s tears and Bitou bush, among others.

The program represents a shift in focus from traditional activities around widespread weed control to a more targeted and strategic approach at a landscape scale.

Our focus and priority rests with high risk and high priority species, but widespread weeds require a collaborative and community focussed effort, particularly in terms of educating landowners of the benefits of best practice weed management and transforming that into on-ground effort.



Asparagus fern



Glory lily



Job’s tears



Bitou bush

- **Biological control**

Biological control, or biocontrol, complements the integrated weed management approach adopted in our area and is an important tool for Council. Biocontrol involves using a natural agent (typically an insect or fungus) to help control a target weed.

Over the past year, Council has assisted with 10 requests for biocontrol to tackle weeds including Crofton weed, Cat's claw creeper, Madeira vine, Salvinia and Water hyacinth.

Salvinia weevils particularly have provided positive results this year, namely at Waterlily Park in Ocean Shores. When weeds take over aquatic environments, they raise water temperatures and deplete oxygen levels, which can lead to a fish kill and can also impact waterfowl and reptiles. The weevil, which is bred by the NSW Department of Primary Industries, was released in September 2018 by Council's staff. Seven months later, the Salvinia weed was practically gone.

Council plays a critical role in facilitating the community's uptake of biocontrol agents by promoting it as a tactic, identifying suitable sites and willing landowners, and sourcing and releasing the agents onsite.

Council is an important link between research organisations that are breeding and developing biocontrol agents (NSW Department of Primary Industries) and landowners with weed issues.

Council has been an active proponent of biocontrol for more than 30 years.



Salvinia weevil, doing its job

## Weed management on roadsides

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Rous continues to apply resources toward control of weeds over the 12,000km of public roads across our region.

Road networks provide pathways for invasive plants to spread throughout the region. Due to the diversity of weed species present on roadsides in the Council area, eradication and control of all roadside weeds is deemed impractical and not cost effective.

Currently in northern NSW there are many weed species that have already established themselves and are widespread throughout the area. They can be spread by various means such as wind, waterways, animals, machinery and the road network itself.

A strategic approach focuses our limited resources toward the control of weed species where control will provide the greatest benefit. Resources available for roadside weed control are strategically allocated towards those plants that are classed as State Prohibited Weeds, Regionally Prohibited Weeds and Regionally Controlled Weeds as well as weeds that are recognised as new and emerging threats.

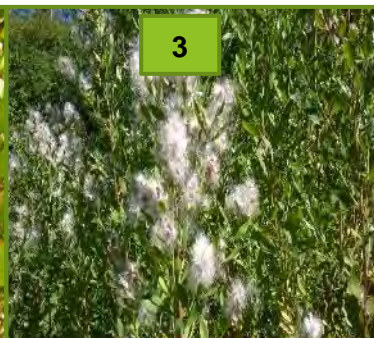
In addition to conventional treatment methods, we also use a selection of bio-control agents to assist in the management of widespread weed species that exist within the public road network.



Weeds within the public road network

Weed species treated on roadsides for the reporting period include the following targeted priority weeds:

1. Giant devil's fig
2. Yellow bells
3. Groundsel bush
4. Mysore thorn
5. Broad-leaf pepper tree
6. Kudzu
7. Honey locust
8. Chinese tallow
9. Chinese celtis
10. Bitou bush



### Special project: review of Active Floodgate Management Plans

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During 2018/19 Council commenced reviewing its Active Floodgate Management Plans (AFMP), with a dedicated staff member appointed to the project for two years. AFMPs identify how floodgates are operated outside of flood times to allow tidal flow in drainage systems to improve water quality. The review will reconfirm landowner support and identify the optimal management strategy for sites that are located across Ballina, Lismore and Richmond Valley Council areas.

During the review's first nine months, AFMPs for three sites were reviewed and updated: Rocky Mouth Creek, Bora Creek and Boggy Creek. A standardised approach has been developed to reviewing all 62 sites which includes liaising with landowners on each system. The review of the first three systems involved 53 letters to landowners, 25 phone calls to landowners and 10 farm visits.

Council's AFMPs are now publicly available on the website along with the status of floodgates that are operated by Council staff for tidal flushing. To communicate the review's outputs and progress, a quarterly report card has been developed and distributed to Ballina Shire Council, Lismore City Council, Richmond Valley Council, Department of Primary Industries Fisheries, and the sugar cane industry.



Keith Hall floodgates at Mobbs Bay, South Ballina

The Workplace Health and Safety program for landowner volunteer floodgate operators has also been reviewed and updated and will include new face-to-face training of volunteers on-site.

The review of Active Floodgate Management Plans will ensure they achieve maximum environmental benefit whilst not impacting upon land upstream, high compliance with the identified management strategy and improve the safety of volunteer and staff operators.



Floodplain Engagement Officer, Chrisy Clay  
with Bungawalbyn landowner, Cindy Murphy

## Continued roll out of inspection program

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We have continued with our inspection program of assets, providing important information to develop the capital works program for 2019/20, identifying assets in need of immediate repair, and prioritising maintenance activities.

## Maintaining stakeholder relationships

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During 2018/19 we have continued to look for opportunities to engage with key stakeholders. One of these involved meetings with Ballina Shire Council, Richmond River Canegrowers' Association and the Department of Premier and Cabinet regarding the complexity of permit requirements for carrying out work at drain outlets. As a stakeholder in the study we provided representation on the Tuckean Hydrologic Options Study steering committee. We participated in and hosted a meeting of the North Coast Floodplain Forum, which was an opportunity for technical and professional staff involved in flood mitigation and management across the North Coast of New South Wales to network and share ideas.

## Field monitoring of water quality

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As we work to maintain and operate flood mitigation assets it is important that we monitor and manage impacts on natural resources. To assist with the monitoring, we have invested in our own set of water quality meters, which allows us to do field tests for pH, salinity, dissolved oxygen and temperature. These have been used when investigating sites, spot monitoring, and when we have been doing significant works in and around drains and other assets.

## Voluntary House Raising (VHR) Scheme

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Following the 2017 flood, Rous County Council (RCC) reviewed the Lismore Floodplain Management Plan and its list of eligible houses for the Lismore Voluntary House Raising Scheme. Approximately 40 houses were considered highest priority, with RCC seeking an Expression of Interest from these highest priority homeowners.

During 2017/18 and 2018/19, Rous successfully coordinated the raising of three houses in Lismore through combining NSW Government funding and homeowner contributions. Voluntary House Raising is a combination of State Government funding and homeowner contribution, currently at a 2:1 basis.

Upon successful completion on a previous Voluntary Housing Grant in 2018/19 and due to high demand, Rous applied for up to \$1.2m to assist 15 homeowners over an additional three years under the 2018/19 Floodplain Management Program. It is understood due to limited funds the application to assist 15 homeowners is unlikely to be funded in full. Following consultation with Department of Planning, Industry and Environment, RCC currently has approval and is assisting two homeowners with VHR as part of a 2019/20 program.

### Richmond River Governance and funding framework

The NSW Government, in collaboration with Rous County Council (RCC) and local councils in the Richmond River catchment, is currently working on a project designed to identify, scope and develop a preferred governance framework for delivering improved river health outcomes in the Richmond River catchment. The need for this new governance arrangement has been repeatedly identified by both stakeholders and several recent studies of the river and its catchment. This new approach is necessary to mitigate the ongoing degradation of the river system and to improve environmental, economic, and social opportunities for current and future generations.

Local government (including RCC) has contributed 50% of the funding to this project, with the remaining 50% funded by the Office of Environment and Heritage's Coastal and Estuaries Grants Program. The project has worked in a collaborative manner with stakeholders currently involved in the management of the Richmond River and its catchment. This included indigenous groups, industry associations, Landcare groups, local and state government and other relevant groups. A series of stakeholder workshops were then held in different parts of the catchment to ensure local representation at the workshops and to reflect on the high diversity of values and issues associated with different sections of the catchment. These workshops were also informed by a detailed background review of the governance in the natural resource management space, including a detailed consideration of attributes for successful and effective collaborative governance. A final report and recommendation to government is expected in late 2019.

### The Northern Rivers Watershed Initiative

In 2018/19, Rous County Council led the development of a catchment and estuary restoration proposal that has been specifically devised to address ecosystem health, water security and flood risk issues across the Tweed, Brunswick, Richmond and Evans River systems in an integrated fashion.

A recent Ecohealth assessment of the Richmond River overall found the river to be a 'D-' - in a 'poor condition' and one of the worst in NSW. Whilst not as degraded, the Tweed, Brunswick and Evans River systems face similar challenges. Poor Ecohealth outcomes across the Northern Rivers also lead to compromised social and economic values within the catchment and estuarine systems. On 8 February 2019, the Northern Rivers Joint Organisation (NRJO) - comprising Ballina Shire Council, Byron Shire Council, Kyogle Shire Council, Lismore City Council, Richmond Valley Council, Rous County Council and Tweed Shire Council - endorsed a landmark agreement 'The Northern Rivers Watershed Initiative' (NRWI) - to restore the Tweed, Brunswick, Richmond and Evans River systems.

It would involve large-scale investment in catchment works in upper catchment areas that restore natural hydrologic functions that deliver both improvements in stream bank condition and river health and that also contribute to reduced flood risk within the catchment. In addition, it would also involve implementation of coastal zone management plan actions to address high priority estuarine health issues. These measures will deliver a range of environmental, social and economic benefits. The NRW is premised on the concept of natural flood management (NFM) that consists of a range of measures that aim to restore the natural functioning of river catchments, floodplains and rivers to retain water in the landscape in order to reduce downstream flood risks.

The area to be covered by the NRW consists of the entirety of the Tweed River, Brunswick River, Richmond River and Evans River catchments, covering an area of approximately 8,220 km<sup>2</sup>. The NRW will cover the local government areas of Tweed, Byron, Ballina, Lismore, Richmond Valley and Kyogle. In this way, a truly regional solution to water security and catchment health will be achieved.

The NRW would consist of the following key modules:

- Soil health improvement
- Riparian restoration and catchment revegetation
- Agronomic best management practice
- Redesigned floodplain drainage to meet contemporary standards
- Sustainable agriculture reform package (including buy backs)
- Scientific framework for landscape design and monitoring.

Implementation of the NRW would involve expenditure of the \$150 million package over a 10-year or 15-year program of works. It will feature genuine and active consultation and partnerships with landholders, industry, stakeholder groups, community groups, Landcare, all levels of government and the broader community to involve a regional collaborative effort. It will be coordinated by Rous County Council in partnership with the NRJO and its member Councils.

The NRW is based on a holistic approach to the management of water within the Northern Rivers catchments that will utilise modern, best practice approaches in catchment modelling and natural flood mitigation to target improvements in stream bank condition and river health that also contribute to reduced flood risk within the catchments. The NRJO, together with the General Managers and Mayors of the member Councils will be actively and urgently seeking long-term financial support from both the NSW Government and Australian Government to fund the NRW.

## Wilsons River Tidal Pool Riparian Restoration

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In 2018/19, Rous County Council completed the *Wilsons River Tidal Pool Riparian Restoration* project that has been conducted over the past three years and co-funded by the NSW Environmental Trust. The project enhanced and restored native vegetation at a series of riparian sites in the lowland rainforest environment along the Wilsons River, near Lismore on land owned by State Government, Local Government and private landholders. In addition to the protection of water quality and the conservation and enhancement of biodiversity within the Wilsons River Tidal Pool, the project also aimed to leverage these substantial restoration works in order to raise awareness within the local school and broader community of the significance of these works and appropriate restoration techniques in the riparian zone.

The project was implemented in partnership with Envite Environment, Lismore City Council, Landcare, WIRES, Friends of the Koala, Southern Cross University (SCU), Dorroughby Environmental Education Centre, six local schools and seven private landholders. The project was highly successful, with 8,486 trees planted, 27.5 ha of land restored, 857 students directly engaged in the project and awareness raising events reaching an estimated 17,000 people over the 3-year project period. This project involved an innovative and evolving partnership that has provided students with excellent learning opportunities in the fields of sustainability, environmental education, water supply and natural area restoration issues, as well as assisting landholders with restoration of the water catchment area that provides the regional water supply. RCC continues to liaise with our partners and stakeholders to identify ways to enable this type of project to continue.

## Drinking water catchment quality and health

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The quality of the water provided to Rous customers is partly dependent on the quality of the water flowing to the extraction point from the respective catchment areas. The Australian Drinking Water Guidelines (ADWG) state that the most effective means of assuring drinking water quality and the protection of public health is through the adoption of a preventative management approach that encompasses all steps in water production from catchment to consumer. The catchment area forms the first barrier for the protection of the water supply.

In keeping with the 'catchment to tap' management approach recommended in the ADWG, Rous has developed and is implementing Catchment Management Plans (CMPs) for its major drinking water supply catchments. The CMPs cover the 'catchment to treatment plant' component of the water supply system and feed into the more engineering-focused 'treatment plant to tap' management plans being implemented by Rous and its constituent councils. Altogether this body of management plans forms the Drinking Water Management Systems (DWMS) that is required under the *Public Health Act 2010*.

During 2018/19 Rous completed the following catchment-based initiatives:

- **Buffer zone management (Rous estate)**

Revegetated stream buffer zones serve a range of functions, including filtering sediments and nutrients contained in runoff from upslope, improving stream bank stability, shading of stream and foreshore areas impacting on stream water temperature, algal growth and fish, and providing improved habitat for a range of plants and animals.

These functions improve the quality of the catchment and have a beneficial effect on water quality. Council bush regeneration staff actively manage over 100ha of Rous-owned buffer zone land for water quality control and weed control purposes at Rocky Creek Dam, Emigrant Creek Dam, the Wilsons River Source at Howard's Grass and at the proposed Dunoon Dam site.



Pictures are from private land on a site close by to the Wilsons River offtake at Howards Grass, showing the change in vegetation after approximately 3 years of revegetation work managed by RCC.

## Emigrant Creek Catchment Management Plan Implementation – River Reach Plan

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One of the key actions contained in the Emigrant Creek Catchment Management Plan is to 'co-ordinate an assessment of watercourse condition, focusing on bed and bank stability and channel sediment profiles' and to 'prepare and implement reach-based rehabilitation plans addressing key river health threats (lack of riparian vegetation, emerging weeds, stock access, and bank erosion)'.

In 2018/19, Rous continued to implement the River Reach Plan for the extent of Emigrant Creek and significant tributaries between the Pacific Highway and Emigrant Creek Dam. The Plan outlines at both the reach scale and the property scale, recommended activities to rehabilitate Emigrant Creek, including weed control, planting and erosion control works, stock management and in-stream improvements.

The works involve high priority weed control and rehabilitation work on approximately 24ha of riparian land in partnership with catchment landholders.

This Stage 1 work involved the planting of approximately 5,500 trees. These plantings have been successful, and work has continued with Stage 2 in 2017/18 and 2018/19 with the vital work of follow up weed suppression plus some additional tree plantings.

A focus for 2018/19 included physical bank restoration on two sites in the catchment where revegetation alone would not remediate (*see photos following page*). These works involved both rock protection and log realignment in priority areas, with details as follows:

- Project 1 consists of 30m of rock revetment at the base of a large farm dam that adjoins Emigrant Creek – the toe of the dam had been damaged in the 2017 flood and represented a potential erosion risk and the risk of triggering additional release of sediment downstream.
- Project 2 used a bio-engineering approach in an area of instability through the construction of a log jam/raft or 'fascine' that is designed to capture other woody debris and sediment and give a secure base for planting and aims to stop this loose bank breaking away further.

Follow up plantings of Lomandra and rainforest trees were made following the completion of the major earthworks.



Project 1 Rock protection provided at eroding bend preventing further sediment loss.



Project 2 Construction of a matrix of woody debris with wooden stakes and ground anchors providing a suitable substrate for the planting of Lomandras and Sandpaper



Successful riparian plantings – 18 months old

## Community education and engagement

Council implements a range of catchment stakeholder education and engagement activities that aim to raise awareness of drinking water catchment issues and to build consensus and involvement in the undertaking of catchment management programs and actions. The key focus of the catchment-based community education and engagement during 2018/19 involved the following:

- **Big Scrub Rainforest Day 2018**

Big Scrub Rainforest Landcare Group in partnership with Rous County Council held its 20th annual Big Scrub Rainforest Day on Sunday the 21st October 2018. Originally planned for a return to Rocky Creek Dam, forecast wet weather had the event relocated to the Lismore City Hall.

The 2018 event was a significant one, celebrating 25 years of Big Scrub Landcare and the 20th Big Scrub Rainforest Day.

There were approximately 20 exhibitors on the day including our sponsors and partners, the Rous County Council stall, plus food trucks, creative workshops, bush games, kids' activities and lots of informative talks and demonstrations across four different presentation areas in a festival style day.

A great day was had by all with a turn-out of approximately 1500 people.



Mark Dunphy presenting at the Rous tent at the 2018 Big Scrub Day



Native plants and some of the stalls at the 2018 Big Scrub Day



Climate change adaptation presentation at the 2018 Big Scrub Day

Rous' winning relationship with the Big Scrub Rainforest Day has also been recognised through a state-wide award.

Rous won the Innovation in Special Events Award at the RH Dougherty Awards for its role in co-presenting the 2018 Big Scrub Rainforest Day. Managed by Local Government NSW, the awards recognise excellence in communication by councils to their local communities. Council was one of 20 finalists for the award.



Phillip Rudd (GM) and Anthony Acret (NRMPC) accept the Innovation Award at Local Government Week

## Coastal Zone Management Plan for the Richmond River

Actions completed in 2018/19 were focussed in the following areas:

*Action 3a: EcoHealth Monitoring Program:* RCC continued to implement the Richmond River floodplain water quality monitoring program. Consultation was undertaken with councils and agencies to determine how the currently collected data is being used and what is important for future water quality monitoring – this monitoring network will be upgraded in 2019/20.

*Action 4a: Identify, prioritise and optimise drains and levees.* RCC completed extensive modelling of the performance of flood mitigation assets that will assist triple bottom line assessments that will inform future reviews of service levels.

*Action 4b: Review floodgate management protocols:* Refer to details of the Active Floodgate Management Program reported in this Annual Report.

## Water quality monitoring

Rous County Council continues to undertake extensive water quality monitoring in the lower Richmond River with assistance from Department of Planning Industry and the Environment (DPIE) through its Estuary Management Program. Monitoring undertaken as part of an existing DPIE grant included manual sampling of six sites and gathering of data from automated loggers at five sites with regular reporting, with this work concluding in June 2019.

Rous County Council was also recently successful with securing an additional three years for matched 50/50 funding for Water Quality Monitoring in the Richmond River, allowing the existing monitoring effort to continue.

Rous County Council intends to review the outcomes of its current monitoring (the type and age of equipment, locations tested, frequency and quality of data) with the assistance of the University of NSW Water Research Laboratory, and by working with OEH Science Unit as part of its Draft Richmond River Water Quality Strategy. This approach is being taken to ensure the next 3 years of monitoring beginning in the 2019/20 financial year is done in the most effective way for both Rous and other stakeholders along the Richmond River.

### ***Manual sampling***

Manual sampling is currently undertaken by Richmond Water Laboratories with weekly reporting of results on our website for pH, EC, turbidity, dissolved oxygen and temperature. The sites include:

Coraki Wharf	Swan Bay
Rocky Mouth Creek	Woodburn wharf
Kilgin	Bagotville Barrage.

Results can be viewed on Council's [website](#).

### **Data loggers**

Five sites in the lower Richmond chosen as good indicator sites regarding water quality have automated water quality data loggers installed. These loggers are located at:

North Creek (AT-Troll)	Rocky Mouth Creek (WP81)
Tuckean site 1 (WP81) Tuckean site 2 (WP81)	Tuckean site 4 (WP81)

Rous aims to continuously sample and report on Dissolved Oxygen, pH, Electrical Conductivity (EC), Total Dissolved Solids (TDS), water density and temperature from each of these sites each month. Water height and rainfall are also measured where possible. The results obtained are extremely valuable in understanding the water quality conditions in the lower Richmond and to measure any improvement or decrease in water quality over time.



Tuckean datalogger

## Risk and Audit

### • Formation of the Risk and Compliance Team

The end of 2018 saw the creation of the Risk and Compliance Team, combining the Governance Officer role along with the Work Health and Safety Officer role under the direct supervision of the newly created Risk and Compliance Coordinator.

The function of this team is to cultivate a robust health, safety and governance culture throughout the organisation based on contemporary risk management principles and practices.

The primary activities of the team are to:

- Provide high quality and timely technical advice on risk and compliance matters
- Drive continual improvement whilst balancing innovation with risk appetite
- Coordinate and facilitate policy and procedure reviews informed by legislative requirements and industry standards and best practice with a focus on red tape reduction
- Lead, enable and empower staff through targeted training and coaching
- Coordinate and perform audit, inspection and compliance activities

Reporting directly to the Group Manager People and Performance, the Risk and Compliance Coordinator is responsible for the day-to-day management of the team.

### • Audit, Risk and Improvement Committee

The *Local Government Amendment (Governance and Planning) Act 2016* was passed on 30 August 2016. It is the first phase of the Government's broader reform of the *Local Government Act 1993* which aims to provide a modernised and streamlined legislative framework for local government in New South Wales.

An inclusion in the Act requires councils to establish an Audit, Risk and Improvement Committee to review compliance, risk management, fraud control, financial management, governance, implementation of the strategic plan, delivery program and strategies, and other aspects of council operations. This was proposed as a measure to support the financial transparency of councils.

Whilst an Audit, Risk and Improvement Committee is already established for the Council, a number of changes are expected with the enactment of reforms that will impact the way the Committee operates. Subsequent improvements to the functionality of the Audit, Risk and Improvement Committee have been introduced, primarily by means of an annualised agenda schedule to assist the Committee with meeting the reporting requirements for the various activities.

- **Internal Audit program**

The Rous County Council Internal Audit Strategy 2019/2022 was finalised in January 2019, endorsed by the Audit Risk and Improvement Committee on 25 March 2019, and subsequently adopted by Council on 17 April 2019. The strategy was developed and finalised in consultation with Grant Thornton, the Rous County Council Leadership Team, and the Audit, Risk and Improvement Committee.

An internal audit program helps ensure that appropriate controls, governance and risk management processes are in place. The purpose of the program is to identify objective findings and to make recommendations for corrective actions.

The Internal Audit Strategy 2019/2022 has been developed to guide the activities of the internal audit program for the next three-year period. The strategy identifies the following focus areas for review for the 2019/2022:

1. Financial Year 2018/2019 – Work Health and Safety
2. Financial Year 2019/2020 – Asset Management and Procure to Pay
3. Financial year 2021/2022 – Project Management

These focus areas were selected based on the organisation's current risks, issues, and operating environment as well as advice from Grant Thornton on industry trends.

## Governance

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- **Code of Conduct**

On 17 April 2019 Council adopted a revised Code of Conduct. The Code of Conduct establishes minimum standards of conduct for all council officials and staff members.

The Code of Conduct is prescribed by state laws to assist council officials and staff members to fulfil their statutory duties, to act honestly and exercise a reasonable degree of care and diligence. In doing so, it assists in enhancing public confidence in local government. All council officials and staff members must comply with the code of conduct.

Key changes as made by the OLG and incorporated into the proposed Code include:

- pecuniary interest provisions previously contained in the *Local Government Act 1993* and *Local Government (General) Regulation 2005*
- new standards relating to discrimination and harassment, bullying, work health and safety, behaviour at meetings, access to information and maintenance of Council records
- new rules governing the acceptance of gifts including mandatory reporting
- a new ongoing disclosure requirement for councillors and designated persons requiring disclosure of new interests in returns of interests within three months of becoming aware of them
- requirements of Councillors to disclose in their returns of interests whether they are a property developer or a close associate of a property developer.

A copy of the Code of Conduct is available on the Council website.

- **Code of Meeting Practice**

Changes to the Code of Meeting Practice were instigated due to amendments made to the *Local Government Act 1993*, providing for a Model Code of Meeting Practice (the Model Code) which is prescribed by the *Local Government (General) Regulations 2005*. Council was required to adopt a Code of Meeting Practice incorporating the mandatory provisions of the Model Code.

The amended Code was advertised via public notice and publicly exhibited on Council's website from Thursday, 18 April 2019 until Friday, 31 May 2019 (43 days) and via public notice in The Northern Star newspaper on Friday, 19 April 2019, allowing submissions up until 31 May 2019 (42 days).

Council received no submissions and the proposed Code of Meeting Practice was adopted by Council at their 19 June 2019 meeting.

A copy of the Code of Meeting Practice is available on the Council website.

- **Policy and Procedure Review Schedule**

A Policy and Procedure Review Schedule has been developed in consultation with key stakeholders within Council to help ensure that all governance documents meet current legislative requirements, are aligned with organisational practices, and provide value to the organisation.

The review process has been prioritised on the immediate business needs, risk exposure, and externally imposed requirements.

The process to date has identified a number of policies and procedures no longer relevant to the organisation, and a significant number of documents that have been able to be consolidated to assist in more streamlined operations.

## Work health and safety

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Each year Rous undertakes the StateCover self-audit to assist in the evaluation and monitoring of the WHS Management Systems (WHSMS). This comprehensive audit explores a range of issues that are critical to the effective implementation of a WHSMS and the resulting reduction of work injuries and illnesses.

The audit consists of two main sections:

Section 1 – WHS Management System: Examines the 14 key elements of a WHSMS, including questions on the availability of WHS documentation and the effective implementation of procedures.

Section 2 – Key priority areas: Examines how Council manages 21 common types of hazards that can lead to injury or illness. This year the audit was updated in Section 2 to provide a greater focus on hazards most relevant to the local government sector (for example contractor management) and more closely related to areas of greatest risk of personal injury (for example psychosocial risk).

As a result of this re-focus, this year's Council responses for Section 2 is not comparable to previous year's responses. Council's overall score (combined section 1 and Section 2 scores) has varied this year compared to last year's score. The following graph shows the overall results for Council, based on the submitted audit responses. The graph also indicates Council's performance against several benchmarks.

Specifically, the graph shows:

- Rous' overall score (the combined score for Sections 1 and 2)
- Rous' score for each Section
- Comparison of our Rous' scores to last year; all councils and councils in our region.

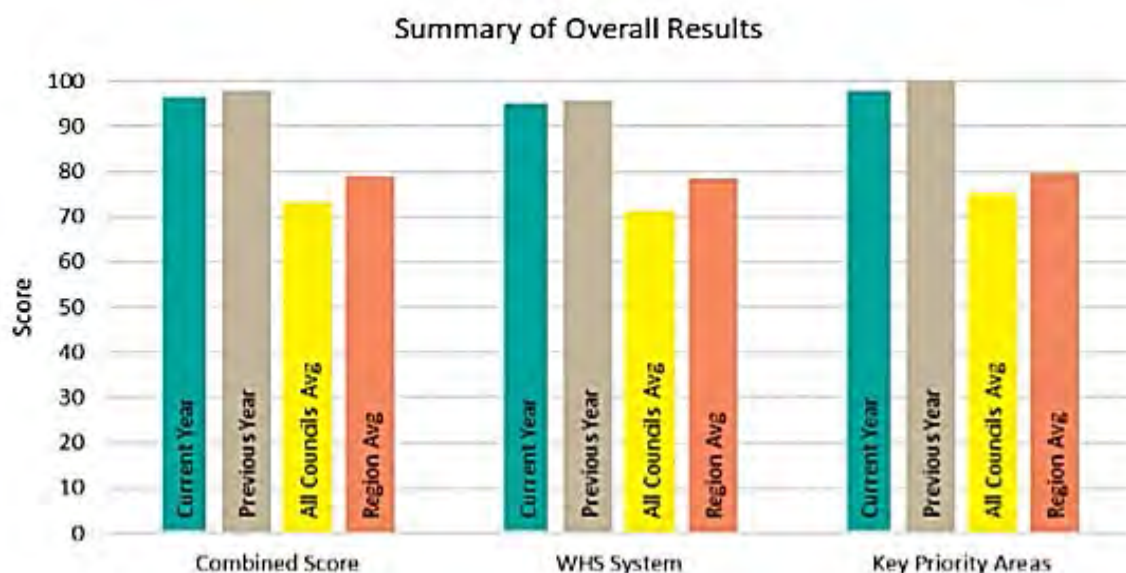
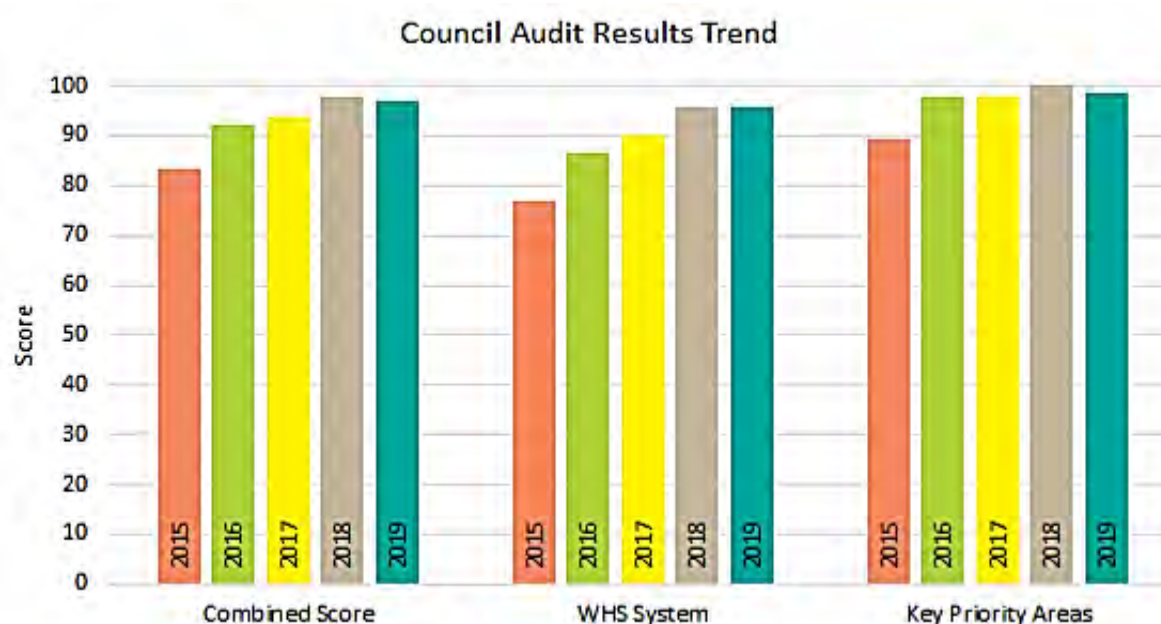


Figure 1 StateCover WHS Audit Report 2019 for Rous County Council

The above result shows that Council's overall WHS performance (considering both Sections 1 and 2) is 97.1% which is above average when compared to the average score for all councils.



The above results from the audit show that Council is still trending well although an identified area for improvement was to schedule and conduct periodic internal and/or external audits by qualified personnel to identify any deficiencies in the WHS Management System and the corrective actions required.

- **WHS Audit**

Council's consultant-internal auditor, Grant Thornton, completed a review of work health safety in March/April 2019. A detailed draft report was provided by Grant Thornton to staff in June 2019. The main takeaway from this report was that there were no major non-conformances found.

#### ***WHS risk register – development and use to inform decision making***

Council developed a WHS Risk Register to improve visibility and understanding of WHS risk and to inform decision making including training (type and frequency).

The register is also used as a means of helping demonstrate compliance with WHS legislative requirements. It holds current information about hazards, associated risks, contributing factors and risk controls. For training that does not have a legislated expiry it also contains a section that determines training and training frequency based on risk exposure as identified through the risk assessment process.

The process revealed that overall, the current type and frequency of most training is appropriate.

- **WHS initiatives**

A number of activities and presentations were held during the reporting period including:

#### ***National Work Health and Safety Month – October***

Each year Council participates in Safety Month. During the lead up, Council's Health and Safety Committee is tasked with choosing a topic for the month. This year's theme was *Mental Health*. Activities included:

- mental health awareness competition
- introduction to yoga classes
- Health and Safety Committee meetings
- art therapy class
- guest speaker from Beyond Blue

#### ***Skin checks***

As part of our Health Monitoring procedure, Council offered skin checks to high risk workers. Each check took approximately 15 minutes with 42 workers participating, which related to 98% of all outdoor workers.

Workers were checked for possible skin cancers and referred to their doctors if a suspicious spot was detected. 23 (54.8%) were given a follow up letter to seek further investigation with their GP. Healthworks has also sent a follow up reminder to those identified as needing further investigation.

The skin cancer checks identified that:

- 16.7% (7) employees tested had moderate to severe sun damage.
- 13 (31%) employees tested have suspected squamous or basal cell carcinoma.
- 2 (4.8%) employees tested had a suspected melanoma.

### **Dust monitoring**

Dust monitoring (silica) by ENV Solutions was undertaken at the two main fluoride dosing plants. Monitoring was undertaken to determine the amount of silica dust that may be generated in the dosing process.

Results of the monitoring indicated that levels of dust generated were well below workplace exposure limits. Due to no detectable levels of silica within the workplace there is no need to implement more controls than the ones in place however, the controls that are currently being used should continue to be used and maintained to ensure protection against other potential contaminants.

### **SafetyHub**

SafetyHub, our online assessment and learning management system, has been in operation for over a year. Council has assigned 13 modules during the 2018/19 financial year with a total of 715 participants.

### **Vault - trial**

'Vault' is an electronic safety event management system for managing work health and safety, environment and other risks. It includes a wide range of specialist risk management functionality and customisable reporting and compliance applications in one platform. 'Vault' is an electronic alternative to Council's paper-based management of incidents and hazards. The 'Vault' iPhone app is easy to use and intuitive and allows for field mobility. It enables the reporting of incidents and hazards in real time with the ability to identify the GPS location of the reported issue including photos.

A project proposal was developed to trial the 'Vault' application within select operational areas. The objective of the project is to assess the application as a technology solution that creates efficiencies through mobility, end-to-end electronic workflows and escalation processes across a variety of different work settings.

Groups trialling the application include Weed Biosecurity and Bush Regeneration teams, Water Operators, and Human Resources. These groups were selected based on historically high reporting rates of incidents and hazards, and due to their exposure to a larger range of potential hazards than other groups within the organisation. It is anticipated that these groups would be able to report a reasonable number of safety events to allow for an adequate assessment of the software. A decision on implementation is expected to be made in 2019/20.

## Human resources activities

Activities during the reporting period focused on continuing the review and implementation of workplace policies and procedures; skills identification and development; and recruitment activities.

- **Industrial matters**

The *Local Government (State) Award 2017* was ratified by the Industrial Relations Commission of NSW on 30 June 2017. A general wage increase of 2.5% was applied from the first full pay period following 1 July 2018 for all staff in line with the *Local Government (State) Award 2017* increases.

During the reporting period changes were also made to the *Local Government (Electricians) State Award*.

There were no industrial disputes during the reporting period.

- **Attrition and recruitment**

Council experienced a turnover rate of 14% (permanent employment) during the reporting period. A total of 21 separate recruitment activities were undertaken for 16 permanent positions. Rous also continued efforts to build and attract a diverse workforce through its first Aboriginal business administration traineeship.

- **Learning and development**

Rous has continued its support of staff learning and development, investing nearly \$260K (including course, labour and plant costs) in staff training and professional development activities during the reporting period.

- **Workforce Management Plan and Succession Plan**

During the reporting period Rous focussed on delivery of objectives set out in the second year of the Workforce Management Plan. In order to continue to enhance management and leadership skills throughout the organisation the pilot 'Leader In Me' (LiMe) program was launched in 2018.

The LiMe program provides an opportunity for emerging leaders across all areas of the business to enhance their management and leadership skills; creating a pool of leaders not just for Rous but other local government organisations and industries in the region.



**Council's first LiMers group**

Front: Kim Edwards, Susie Hine, Samantha Watkins  
Back: Chrisy Clay, Dave Patch, Rhett Patrick,  
Khaila-Rose Prior, Jason Nelson

## Communications and engagement

At the start of 2019, a new team was formed to specifically focus on communication and engagement activities both from an organisational and operational level at RCC. A Communications and Engagement Coordinator was appointed at this time with an Extension Officer and temporary Communications and Engagement Officer providing support for this team.

The primary focus has been the development of a Communications and Engagement Strategy to provide rationale, context and direction on what projects and activities will be prioritised. Key focus areas identified were:

1. Branding – raising awareness and understanding in the community for Council's core functions
2. Web presence – streamlining how information is shared digitally and maximising online visibility.
3. Media – a proactive approach to media management to maintain the community informed of operational activity.
4. Engagement – providing information and activities at selected events that are innovative and engaging to support Council's objectives.

The strategy will be updated at the same frequency as the Integrated Planning and Reporting (IPR) with an Operational Plan reviewed at the beginning of each financial year. A social media framework has also been produced to support the strategy, providing the basis and outline for how RCC uses social media.

### Extension work – Weed Biosecurity

Extension work carried out during this reporting period focused on the continuation of services and activities associated with the Department of Primary Industry WAP funding.

Activity	Measured by	Agreed SL/Target
Distribute weed identification literature	Number of brochures/flyers developed and distributed	1,200
Distribute hygienic practice protocols	Number of hygienic practice protocols developed and distributed	15
Provide media coverage	Number of media releases developed and published	10
Conduct bi-annual review workshop	Number of workshops conducted and documented	Every second year
Early detection content on Council's website	Number of reporting tools available on website for reporting new weeds	2
Distribute brochures/flyers with photos describing high priority weeds	Number of high priority weed brochures/flyers distributed	1000

Activity	Measured by	Agreed SL/Target
Distribute targeted weed information (print and electronic)	Number and type of weed information published and distributed	1000
Weeds information to high risk sites	Number of weed brochures distributed to high risk sites (nurseries, aquariums etc)	150
Website to include section for new landholders	New landholder section developed and included on website	1
Media coverage by media releases	Number of media releases developed and published	10
Website to include section for new landowners	New landowner section developed and included on website	1
Attend and document field days targeting new incursions	Number of field days attending targeting new weed incursions	3 field days targeting new weed incursions
Utilise television, print and social media to communicate key messages	Number of instances where integrated electronic communication pathways have been utilised	2
Biocontrol programs targeting greatest impact	Number of release sites targeting the management of widely established weeds	5
Provide weed species information to education providers	Number of educational providers given information on weed species	2
Advice to landholders on best practice etc	Number of landholders provided best practice advice	1,200
Local control authorities promote integrated weed control	Number of landholders and other key stakeholders provided advice on an integrated approach to weed management	1,000
Host weed biosecurity field day	Number of weed field days hosted	1
Attend relevant displays, shows and industry events	Number of relevant displays, shows and industry events attended	3
Presentations to relevant interest groups	Number of presentations to relevant interest groups	3
Distribute information about use of new web-based facilities and weed management technology	Council website contains latest weed management information and downloadable advice	Achieved
Distribute information regarding legal obligations	Number of media releases published highlighting landholder obligations for weed management	3
Update or create best practice control guidelines	Develop best practice control guidelines for preventing weed seed spread and post on website	Achieved

## Events

**2019 Primex** was Council's first combined display featuring weed biosecurity, flood mitigation and water sustainability initiatives.

From 16-18 May 2019, Council provided an exhibition at Primex, one of the largest and most diverse primary industry exhibitions in Australia. The event provided Rous with a regional community engagement and education opportunity, with Rous showcasing interpretive materials from all areas of service delivery including best practice catchment and natural resource management at its stall.

The event presented an opportunity to engage with land managers from around the immediate region and beyond. Council's site provided information about priority weeds, water sustainability and water tank rebates, and the catchment.



Weed Biosecurity Officer pointing out a Tropical soda apple display weed at Primex.

Council's stand at Primex



**The Biosecurity Forum** held at the Lismore showgrounds in June 2019 attracted over 150 people and was a first for the region. It featured topics ranging from wild dog control to red fire ants and invasive species. Keynote speaker Lorraine Gordon, Southern Cross University Director of Strategic Projects, spoke on regenerative agriculture. A similar event is planned for the Tweed Shire in 2020.



Weed Biosecurity Team Leader, Rhett Patrick presenting at the 2019 Biosecurity Forum

**2019 Rocky Creek Dam Schools Tree Planting** event was a postponed component of the 2018 Big Scrub Rainforest Day due to poor weather. The event hosted around 160 grade 3 and 4 students from 14 schools across our drinking water catchment areas, planting over 1,000 seedlings to protect water quality in the supply catchment.



(L to R) Dave Havilah and Elise Ross and her daughter from sponsors GeoLink, Shannon Davidson and Georgina Jones from Big Scrub Landcare, Uncle Mick Roberts, Weed Biosecurity Officer Brooke Hoosan and children from Dunoon Primary School.

- Engagement items



Refurbished catchment trailer



Catchment trailer model detail

The catchment trailer model received a well-needed refurbishment and a new design painted on the outside of the trailer by local artist, Samantha Wortelhock. Although the trailer is over 10 years old, it continues to be a key educational tool by Rous and constituent councils.

## Financial performance year ended 30 June 2019

Rous' financial performance is aligned with its continued focus on long-term financial sustainability. Quarterly reviews of the Operational Plan and its financial performance are monitored and adjusted to the changing conditions and requirements identified throughout the year. The Long-Term Financial Plan is reviewed annually to ensure short-term needs are considered against long-term sustainability. As a result, Rous remains in a strong financial position with cash and investments at satisfactory levels to ensure that all current liabilities can be met when due.

The financial position remains strong with a net surplus result of \$2.6 million (2018: \$7.2 million) and included depreciation expense of \$6.8 million (2018: \$6.7 million). Overall income has decreased by \$1.5 million compared to the previous year. Most of the decrease can be attributed to a one-off compensation payment in the previous year.

Rous continued to pursue its strategy of using government guaranteed investments, giving preference to financial institutions that do not invest in or finance the fossil fuel industry or other unethical institutions. Over the past 12 months Council has achieved an average ethical investment percentage of 74% of the total portfolio. Overall investment return for the year was 2.7%. The result achieved is consistent with Council's strong investment performance despite difficult market conditions. Council continues to outperform the bank bill swap rate (BBSW) which had an annual result of 1.83%.

Council's overall financial position improved during the past 12 months with total equity increasing by \$13.47 million.

### Summary of financial report for the year ended 30 June 2019

	2018/19 \$'000	2017/18 \$,000
<b>Income statement</b>		
Total income from continuing operations	30,345	31,948
Total expenses from continuing operations	27,708	24,720
<b>Operating result from continuing operations</b>	<b>2,637</b>	7,228
Gain on local government amalgamation	-	-
<b>Net operating result for the year</b>	<b>2,637</b>	7,228
Net operating result before grants and contributions provided for capital purposes	(3,034)	1,636
<b>Balance sheet</b>		
Total current assets	35,078	39,059
Total current liabilities	8,389	6,572
Total non-current assets	493,811	480,334
Total non-current liabilities	21,587	24,205
<b>Total equity</b>	<b>498,913</b>	488,616
<b>Other financial information</b>		
Unrestricted current ratio	5.43 : 1	6.30 : 1
Operating performance ratio	(4.43%)	11.56%
Building and infrastructure renewals ratio	1.27 : 1	0.20 : 1
Debt service ratio	1.80 : 1	2.81 : 1

## Non-core business activity

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Rous continues to review its non-core business activities to assess their relevance to future operations. These reviews established performance benchmarks and strategic objectives in ensuring that our operations in non-core activities are financially advantageous to core water supply operations.

## Commercial properties

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Council owns two commercial properties in the Lismore CBD which are leased to business entities to obtain a commercial return. This property portfolio is regularly reviewed to ensure returns are optimised and are making a positive contribution to revenue overall. Council also continues to explore market opportunities to dispose of part of its investment property portfolio.

In addition, Council is the head lessee of the Rous County Council Administration Centre, 218-232 Molesworth Street, which accommodates a number of Council staff, as well as providing commercial leasing revenue from non-Council occupied space.

## Procurement and properties

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A new Procurement and Properties team was created in the revised structure, effective from August 2018. The team encompasses three newly created roles with a focus on best practice and continuous improvement in the procurement, properties, fleet and stores activities of Council. Internal service delivery is a core function, providing support at various stages of the procurement cycle, as well as directly managing Council properties including Kyogle Street, Wyrallah Road, and Trustum's Hill Road Depots, and coordinating stores and fleet operations.

Despite its relative newness and recruitment to all permanent positions yet to be finalised, progress has been made in core areas. Highlights for the team in the 2018/19 year include ongoing enhancements made to Kyogle Street Depot as recommended by a Depot Improvement Initiative Action and Implementation Plan developed in June 2018, and a renewed focus on ensuring compliance with procurement requirements. To assist in determining strategic priorities, a Procurement, Properties and Fleet Business Plan is being developed and forms part of Council's Delivery Program/Operational Plan for the 2019/20 year.

## Richmond Water Laboratories (RWL)

During the reporting period RWL has refined its focus on customer service, accuracy and turnaround time.

Local and regional councils combined with commercial enterprise account for the majority of income. The Laboratory also opens to the public for water testing of tanks, bores etc. A consequence of the drought in our local community has been a significant increase in 'walk in' business as the need to ensure water quality from tanks and bores becomes even more important. This additional workload has been managed within existing resources and cost structures whilst maintaining our quality of service for all.

During 2019, the final KPMG independent review of the Laboratory was finalised, with the strong support of Council to maintain 'business as usual' and commit to further investment in technology to underpin the future sustainability of the laboratory.

Richmond Water Laboratory customers include:

## Perradenya Estate

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Perradenya Estate is a low-impact residential housing development situated in the Caniaba area, close to the City of Lismore. It has been designed as an ecologically sustainable development with energy and water efficiency; healthy housing and facilities.

On completion, Perradenya will consist of up to 160 residential dwellings and a small commercial centre. The vision for the Estate is that it will connect to education and employment centres through upgraded and extended public transport services.

Release 5, Stage 2 (15 lots) contracts for sale were completed within the first quarter of 2019. Engineering designs and approvals were finalised for Release 6 (20 lots) with encouraging signs of strong demand for the new lots.

Council issued tender documents to the market for civil construction in June 2019.



Perradenya Estate



## Information and communication technology (ICT)

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Information and communication technology platforms continue to evolve and transform the way we do business.

Going forward, to ensure the alignment of information and communication technology with business goals, an ICT Business Plan 2019-2021 was created. The plan was developed in consultation with key stakeholders and verified against Council's Integrated Planning and Reporting objectives.

The plan identifies significant initiatives for electronic records management, customer relationship management, geographical information systems, asset management, human resource management, meeting management, electronic incident reporting and project management.

Ensuring well defined and articulated operating models are essential to the continued delivery of efficient and secure information and communication services for our business units.

As part of managing Council ICT risk environment and governance framework a review of current practices against adopted IT Standards was commenced to identify gaps and to inform remediation actions.

### Highlights for 2018/19

During the last financial year, the following significant projects were successfully completed.

- Replaced physical server cluster located at the RCC administration building;
- Migration of legacy servers to Microsoft Windows Server 2019;
- Upgraded all desktop and laptop environments to Microsoft Windows 10;
- Business Continuity Plans verified, and annual test restore of offline backups successfully completed;
- Network switching equipment was redesigned and upgraded at key sites, significantly reducing the risk of network service outage.

## Reconciliation Action Plan

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Implementation of Rous County Council's Reconciliation Action Plan (RAP) continues to progress.

The highlight achievements for the year were:

- Commencement of Council first traineeship (Certificate III in business administration);
- Participation in Close the Gap and NAIDOC week activities in conjunction with local indigenous communities;
- Support for *Dungarimba Wandarah* inspired by the stories and recollections of a significant Bundjalung Elder, Aunty Irene Harrington, and her experience of attending the high school in the 1950s whilst living on the mission in Lismore;
- Collaboration and relationship building with Ngulingah Local Aboriginal Land Council through a partnership between Ngulingah Rangers and Council staff on improving WHS procedures and on-ground and cultural education programs;
- Commenced development of our new RAP 2020 – Innovate.



Reconciliation Day at Rocky Creek Dam



## 2018/19 Delivery Program

What we will do in Y1: 2018/19

### IP&R Delivery Program / Operational Plan

#### LEADERSHIP

**Our goal: 1. Values based leadership and culture**

**What achieving our goal will look like:**

**1.1 Leaders are visible at all levels of the organisation and are supported to effectively lead and drive performance.**

How we will achieve our goal:

1.1.1 Enhance management and leadership skills

**Legend:**

**Green:** Acceptable. Complete or on track according to schedule.

**Amber:** Monitor. In progress but behind schedule.

**Red:** Review. Corrective action required.

Activity	How we will measure our performance	Links to*	Comment	STATUS
1.1.1.1 Implement leadership program for the Leadership Team.	Improvement in leadership and management skills (assessed before, during and after undertaking the program).	WFMP		●
1.1.1.2 Develop leadership program for all supervisors.	Suite of leadership and management tools/resources available and being used.	WFMP		●
1.1.1.3 Develop a business management program for all supervisors.	Suite of leadership and management tools/resources available and being used.	WFMP	Deferred pending completion of recruitment to vacant positions post-organisation review of August 2018.	●
1.1.1.4 Continue to implement and undertake ongoing review of activities associated with embedding the mission, vision and values.	Implementation activities completed and ongoing activities reviewed by the Leadership Team at least twice.	WFMP		●
1.1.1.5 Performance planning and management processes include discussion of individual staff member alignment with Council values.	Individual mission, vision and values discussion held with all staff members at least 6 monthly. Record of discussion made by the supervisor and reported to manager upon completion.	WFMP		●

## STRATEGY AND PLANNING

### Our goal: 2. Align strategic direction to core functions and sustainability

#### What achieving our goal will look like:

2.1 Being responsive to the impact of population growth on our core functions.

#### How we will achieve our goal:

2.1.1 Develop new Operational Plan (having regard to the actions outlined in the Delivery Program).

2.1.4 Subject to non-viability of key action 2., complete key action 3. of the Future Water Strategy (re-use).

#### What achieving our goal will look like:

2.2 Strategic partnerships/relationships supportive of our mission and vision.

#### How we will achieve our goal:

2.2.1 Partner with stakeholders to facilitate implementation of the Coastal Zone Management Plan for the Richmond River catchment.

2.2.2 Partner with stakeholders for the ongoing development of Flood Management Plans for the Richmond River catchment.

**What achieving our goal will look like:**

**2.3 Business activity contributes to local and regional growth and optimal environmental outcomes.**

**How we will achieve our goal:**

**2.3.1 Implement Reconciliation Action Plan.**

**2.3.2 Develop new Reconciliation Action Plan (informed by the Reconciliation Action Plan Advisory Group) that is endorsed by Reconciliation Australia.**

**2.3.4 Implement Greenhouse Gas Abatement Strategy.**

**2.3.5 Implement enhanced Demand Management Plan**

**2.3.6 Review effectiveness of energy efficiency measures (Administration building)**

**What achieving our goal will look like:**

**2.4 Converting strategy into action plans that anticipate and accommodate change and allocate accountability.**

**How we will achieve our goal:**

**2.4.2 Implement Capital Works Plan.**

**2.4.3 Implement Disability Inclusion Action Plan.**

**2.4.6 Complete operational readiness actions as identified in the Drought Management Plan.**

**2.4.7 Assess physical security review audit results and develop implementation plan .**

**2.4.8 Implement physical security review improvements.**

**2.4.9 Establish and embed a consistent and integrated approach to workforce planning.**

**2.4.10 Implementation of advanced asset management planning.**

**2.4.12 Staged Implementation of IT Strategic Plan.**

**2.4.13 Staged Implementation of Catchment Management activities.**

**2.4.14 Implement Rous County Council activities as outlined in the Coastal Zone Management Plan for the Richmond River catchment.**

**2.4.15 Develop a corporate properties management plan (proposed Dunoon Dam properties).**

**2.4.16 Service level agreement negotiation for exercise of 2 year option (Tweed Shire Council).**

**2.4.18 Develop Richmond Water Laboratories strategic business options paper.**

**2.4.24 Investigate the development of a targeted weed eradication and control plan.**

Activity	How we will measure our performance	Links to*	Comment	STATUS
2.1.1.1 Develop Operational Plan for 2018/19.	Operational Plan adopted by 30 June 2019.	AMP; LTFP; WFMP		●
2.1.4.1 Undertake detailed investigations to assess the suitability of increased use of groundwater as a new water source.	Complete detailed assessment on the remaining 3 shortlisted ground water investigation areas for suitability as a new groundwater source.	FWS	Drilling works have been completed and results have been reported to Council. Assessments are ongoing on the suitability of the 3 shortlisted investigation areas as a new potential source of water.	●
2.2.1.1 Progress implementation of the Coastal Zone Management Plan for the Richmond River catchment through the CZMP Implementation Committee.	Progress of completion of actions under the Coastal Zone Management Plan for the Richmond River catchment.	CZMP		●
2.2.1.2 Determine a policy position governing the ownership and management of Rous County Council's non-critical flood mitigation infrastructure/assets.	Implement policy position.	AMS	Project to improve our understanding of floodplain drainage systems and our flood mitigation assets is substantially delayed and currently on-hold pending resourcing. However, substantial asset mapping and verification to the asset register has been completed.	●
2.2.2.1 Undertake update of Flood Risk Management Plan inclusive of flood evacuation routes areas protected by Lismore CBD and South Lismore Levees.	Achieved.	AMS	Flood Risk Management Strategy commenced late 2018 & scheduled for completion in Nov 2019.	●

Activity	How we will measure our performance	Links to*	Comment	STATUS
2.3.1.2 Develop and maintain mutually beneficial relationships with Aboriginal and Torres Strait Islander people, communities and organisations to support positive outcomes.	Establishment of communication protocol and evidence of engagement.	RAP		●
2.3.1.3 Raise internal and external awareness of our Reconciliation Action Plan.	Evidence of internal and external awareness initiatives.	RAP		●
2.3.1.4 Engage employees in cultural learning opportunities to increase understanding and appreciation of Aboriginal and Torres Strait Islander cultures, histories and achievements.	Implement Councilor and staff processes to encourage and support engagement in Aboriginal and Torres Strait Islander community events.	RAP		●
2.3.1.5 Participate and celebrate National Reconciliation Week, NAIDOC, Close the Gap and other recognised events as supported via the communication protocol.	Evidence of participation.	RAP		●
2.3.1.6 Investigate Aboriginal and Torres Strait Islander supplier diversity.	Identify Aboriginal and Torres Strait Islander businesses based in the four constituent council areas.	RAP		●
2.3.1.7 Aboriginal and Torres Strait Islander employment outcomes within our workplace.	Successful implementation of employment outcomes.	RAP		●
2.3.1.8 Complete the Reconciliation Action Plan Impact Measurement Report.	Report to Reconciliation Australia annually on performance against key RAP targets to track and measure the broader impact of the RAP program.	RAP		●
2.3.2.1 Develop Reconciliation Action Plan 2018/19.	Reconciliation Action Plan endorsed by Reconciliation Australia.	RAP	Currently with Reconciliation Australia for endorsement.	●
2.3.4.1 Implement Greenhouse Gas Abatement Strategy.	Achieve year 1 actions of the Greenhouse Gas Abatement Strategy.	GGAS	Contracts for 2 sites were awarded in June 2019.	●
2.3.5.1 Enhanced Demand Management Plan actions.	Achieve year 1 actions from the enhanced Demand Management Plan.	DMP	Reasonable progress has been made in the Sustainable Water Partnership Program, Rainwater Tank Rebates and Community Engagement and Education areas.	●
2.3.6.1 Assess effectiveness of energy efficiency measures implemented in the Rous County Council Administration building.	Report to the Leadership Team.	GGAS		●
2.4.2.1 Implement Capital Works Plan.	Less than 20% carried forward from 2018/19 capital works budget.	AMS		●
2.4.3.1 Review staff induction process to include access awareness.	All new staff inducted in Council's Disability Inclusion Action Plan, and how it relates to them and the community.	DIAP		●
2.4.3.2 Staff training in access awareness.	Design stage complete.	DIAP	Deferred pending the staff induction process.	●
2.4.3.3 Promote Council's Disability Inclusion Action Plan in local community.	Disability Inclusion Action Plan promoted on Council's website.	DIAP		●
2.4.3.4 Promote Council services and events that are inclusive/accessible.	Services and events promoted on Council's website.	DIAP		●
2.4.3.5 Establish a project team to assess accessibility reports relating to Council sites, determine priorities and resourcing for years 2-4.	Priorities determined and incorporated into the annual Operational Plan.	DIAP		●
2.4.3.6 Install signs as a result of signage audit.	Signs installed by 30 September 2018.	DIAP		●
2.4.3.7 Administration Centre - Level 2 (foyer) upgrade.	Level 2 (foyer) upgraded in accordance with the relevant accessibility building codes and standards (including Building Code of Australia, Australian Standard 1428.1).	DIAP		●
2.4.3.8 Administration Centre - Level 4 (foyer) upgrade.	Level 4 foyer upgraded in accordance with the relevant accessibility building codes and standards (including Building Code of Australia, Australian Standard 1428.1, Access to Premises Standards).	DIAP		●
2.4.3.9 Review event management documents/practices.	Event management documents/practices current and include accessibility content.	DIAP	Progress item in new financial year.	●

Activity	How we will measure our performance	Links to*	Comment	STATUS
2.4.3.10 Inclusion of accessibility requirements in 'Recruitment' procedure and related documents.	Recruitment' procedure and related documents developed and implemented by 30 June 2019.	DIAP	Progress item in new financial year.	●
2.4.3.11 Review 'Feedback' policy, procedure and other related documents.	Feedback' policy, procedure and other related documents revised, developed (where appropriate) and implemented by 31 December 2018.	DIAP		●
2.4.3.12 Review website to ensure WCAG 2.0 AA compliance.	Website compliant to standard.	DIAP		●
2.4.6.1 Complete Rous' operational readiness actions as identified in the Drought Management Plan.	Achieved.	DMP		●
2.4.8.1 Finalise the review of the enterprise keying system.	Achieved.	AMS	Trial of electronic keying system completed & evaluated. Implementation deferred pending assessment of costs and effectiveness.	●
2.4.8.2 Install enterprise keying system in high risk sites.	Achieved.	AMS	Trial of electronic keying system completed & evaluated. Implementation deferred pending assessment of costs and effectiveness.	●
2.4.9.1 Review the Succession Plan for business critical roles.	Two workforce planning sessions per annum (including review of Succession Plan).	WFMP	Not progressed due to a change in business priorities (focus on progressing recruitment for multiple vacant positions).	●
2.4.9.2 Workforce planning sessions with the Leadership Team (for forecasting, assessment, challenge and review, monitoring and succession planning).	Two workforce planning sessions per annum (including review of Succession Plan and business critical roles).	WFMP	Not progressed due to a change in business priorities (focus on progressing recruitment for multiple vacant positions).	●
	Biannual workforce report to the Leadership Team.		Not progressed due to a change in business priorities (focus on progressing recruitment for multiple vacant positions).	●
2.4.10.1 Implement advanced asset management planning.	Achieved Y2 actions from the Asset Management Plan.	AMP	50% of actions completed. Outstanding actions include review of flood mitigation assets (currently underway but unresourced), revaluation of flood mitigation assets (scheduled for second half of 2019) and reviewing NRM initiatives for flood mitigation assets.	●
2.4.12.1 Review and prioritise actions from the IT Strategic Plan in line with enterprise priorities.	Recommendations reported to the Leadership Team and future position determined.	ITSP	IT Strategic Plan has been replaced by the ICT Business Action Plan, which is in draft form, awaiting feedback and LT adoption.	●
2.4.13.1 Areas of buffer zones/catchment lands 'actively managed' for water quality control purposes through ongoing regeneration.	Develop site plans for priority areas and report to the Leadership Team for approval.	DWMS	Buffer zone management zones assigned a Management Intensity Class (MIC) based on a generalised assessment of site condition, weed composition and cover and other management requirements. Reported to Leadership team and Council workshop.	●
	Priority buffer zones/catchment lands under 'active management'.		Available bush regeneration resources assigned in accordance with Management Intensity Class.	●
2.4.13.2 Report on Catchment Management Plan outcomes.	External audit of implementation of one Catchment Management Plan reported to the Leadership Team.	DWMS	Audit scheduled for 2019/20.	●
2.4.13.3 River Reach Plan - Implement Year 3 works identified in riparian zone restoration partnerships with property owners in Emigrant Creek catchment.	Implement bed and bank stabilisation on properties within the Emigrant Creek catchment.	DWMS	Work completed involved the planting of approximately 1,000 trees, bush regeneration, weed control and planting maintenance conducted across approximately 23 ha of high priority lands identified in the plan involving 7 landholders. In-stream/bank stabilisation yet to be completed - investigations/design underway.	●
2.4.13.4 Implement Catchment Stakeholder Engagement Strategy.	Complete the planning and staging of the 20th annual Big Scrub Rainforest Day.	DWMS		●
2.4.14.1 Develop floodgate management plans/protocols for Rous County Council's critical infrastructure sites as identified in the Rous County Council Service Level Agreements (CZMP 4b).	5 plans developed based on the enhanced active floodgate management template	CZMP	4 plans completed (Rocky Mouth Creek; Bora Creek; Boggy Creek; Wades Canal). In addition: 1 plan in consultation phase (Haughwood Canal); 1 plan review underway (Seelims Canal); 1 plan identified for 'close out' (Patches drain); 1 plan awaiting additional information (Keith Hall No.1 and 2).	●
2.4.14.2 Partner with constituent councils to develop educational collateral in relation to wastewater/onsite sewerage management and practices (CZMP 10b).	Achieved.	CZMP	Grant to be submitted in August 2019 for development and implementation of this material over a 3 year period.	●

Activity	How we will measure our performance	Links to*	Comment	STATUS
2.4.16.1 Service Level Agreement two-year option agreed (Tweed Shire Council).	Option exercised and agreement in place for a further 2 years.	BAU		●
2.4.18.1 Develop Richmond Water Laboratories strategic business options paper.	Achieved.	BAU		●
2.4.24.1 Prepare a targeted weed eradication and control plan.	Reprioritisation of effort to achieve greatest return on investment.	Regional priorities		●
	Endorsement of plan by constituent councils.		Draft Plan under review.	●

Activity	How we will measure our performance	Links to*	Comment	STATUS
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## INFORMATION AND KNOWLEDGE

### Our goal: 3. Create value through applying knowledge

What achieving our goal will look like:

3.1 We will better utilise the knowledge and expertise of our people and the knowledge embedded in our organisational systems to inform decision-making and enhance transparency, business continuity and resilience.

How we will achieve our goal:

3.1.1 Optimise current information management systems and processes.

3.1.2 Review and update the Emergency Response Plans.

3.1.3 Minimise risks and optimise efficiencies.





3.1.4 Maximise the full potential of our workforce.

3.1.5 Encourage transparency and an effective risk culture across Council.

3.1.6 Continually review Council's policies and procedures for suitability and currency.

3.1.7 Develop and implement a compliance and enforcement framework.

Activity	How we will measure our performance	Links to*	Comment	STATUS
3.1.1.1 Assess level of utilisation of existing systems (Confirm, PayGlobal, NAV, PropertyWise etc) and opportunities to enhance business efficiency, reduce double handling and waste through optimisation.	System owners deliver recommendations on potential improvements to Group Manager Corporate and Commercial, in consultation with users.	BAU		
3.1.2.1 Review the Emergency Response Plans and supporting appendices to ensure currency.	Achieved.	ERP	High level review completed.	
3.1.3.1 Use business analysis techniques to map key end to end processes/workflows (linked to Merger Transition Plan).	Stage 1: Map and document key processes by 30 June 2019. Stage 2: Mapping and process documentation part of business as usual by 30 June 2022.	WFMP		
3.1.3.2 Partial field exercise.	Exercise completed and lessons learned.	ERP	Desktop exercise planned before end of 2019.	
3.1.3.3 Perform security focused external review of a key Information Technology system.	Review result reported to the Leadership Team (including actions arising).	BAU		
3.1.3.4 Implement the internal communications framework.	Organisational performance results accessible to all staff and discussed at Group/team meetings.	WFMP	Performance reporting is occurring through channels such as the 'Rous Connect' internal newsletter, all staff meetings, and email communication. The formation of the 'Leadership Group' forum has also provided an additional platform to communicate organisational performance results as a conduit directly to teams. The internal communications framework will be reviewed having regard to these existing communication channels (as an activity through the Communication and Engagement Strategy and Plan).	
3.1.4.1 Review roster arrangements in the Water Treatment and Dam Operations teams.	Roster review completed by 30 June 2019.	WFMP		
3.1.4.2 Implementation of values-based reward and recognition program.	Outstanding values-based behaviours recognised and rewarded.	WFMP	In progress. Informed by employee engagement initiatives (Item 4.1.1.1)	
3.1.5.1 Develop a fit-for-purpose and effective Governance Framework.	Leadership Team endorsed Governance Framework by 30 June 2019 which is consistent with best practice (Lighthouse Model - Audit Office of NSW).	BAU		

Activity	How we will measure our performance	Links to*	Comment	STATUS
3.1.5.2 Provide regular communications and/or training to workforce covering risk and governance issues.	Release an e-bulletin and/or deliver training on a bi-monthly basis covering topical risk and governance-related issues.	BAU		
3.1.6.1 Ongoing review of policies and procedures for suitability and currency.	Quarterly progress report on renewal status of policies and procedures to the Leadership Team.	BAU	Policy Review Schedule has been implemented. Work progressed to schedule reviews of 'expired' documents. Reporting to Audit, Risk and Improvement Committee has commenced.	
3.1.6.2 Internally review at least three categories of current policies and procedures against the Office of Local Government's <i>Promoting better practice self-assessment checklist</i> .	Review completed by 30 June 2019.	BAU	Review completed against HR related policies and procedures. All other policies and procedures are being reviewed and updated in accordance with the Policy Review Schedule.	
3.1.7.1 Develop a fit-for-purpose and effective compliance and enforcement framework for weed biosecurity actions.	Leadership Team endorsed compliance and enforcement framework by 30 March 2019 which is modern, risk-based and outcomes focussed.	BAU		

Activity	How we will measure our performance	Links to*	Comment	STATUS
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## PEOPLE

### Our goal: 4. Organisational capability through our people

What achieving our goal will look like:

4.1 A high performing team enriched through diversity.

How we will achieve our goal:

4.1.1 Measure and improve employee engagement.

4.1.2 Invest in employee skill development.

4.1.3 Build and attract a diverse workforce.













What achieving our goal will look like:

4.2 A workplace where safety and wellbeing come first.

How we will achieve our goal:

4.2.1 Implement the Work Health and Safety Management System.

4.2.2 External Implementation audit of Work Health and Safety Management System.

Activity	How we will measure our performance	Links to*	Comment	STATUS
4.1.1.1 Conduct employee 'pulse' surveys.	Undertake a pulse survey annually (Y1, Y2, Y3). Improvements in employee engagement from initial survey results (measured using pulse survey). Monthly employee communications using a variety of channels.	WFMP	Organisational-wide culture survey complete as at 30 June 2019. To be measured as part of employee engagement survey.	  
4.1.2.1 Enhance the Rous three-month induction program (incl. best-fit options for electronic delivery of induction and refresher program).	At least 90% of new employees are satisfied with the three month induction program.	WFMP	Project on hold. It has been identified that completion of this action will occur post implementation of the organisation-wide position review project (OO-soft job evaluation). To be included as part of the best practice recruitment and selection methodology activity (Item 4.1.3.2)	
4.1.2.2 Develop a technical training program for the Dams and Treatment Operators (informed by 2.3 of the WFMP).	Technical training program established (aligned to skill steps).	WFMP	Activities linked to this item commenced in January 2018.	
4.1.3.1 Implement graduate/traineeship program (targeting people from an Indigenous heritage and under 30's)(informed by 6.1 of the WFMP).	Achieved.	WFMP		
4.1.3.2 Develop and implement a best practice recruitment and selection methodology.	Vacancies are filled within 90 business days (notice to acceptance).	WFMP		
	Less than or equal to 5% turnover for new employees within first 18 months post probation.	WFMP		
	Recruitment and selection activities promote and comply with Equal Employment Opportunity principles.	WFMP		
4.2.1.1 Work Health and Safety (WHS) Management reporting.	Officers (Leadership Team) informed of WHS performance and accountable for continuous improvement in workplace safety.	WHSMS		
4.2.1.2 Participate in National Safe Work month (October).	Program of safety related awareness raising activities undertaken.	WHSMS		
4.2.2.1 External implementation audit of WHS Management System and gap analysis against ISO45001.	WHS Management System that is compliant and practical for Council's business needs.	WHSMS	WHS Internal Audit was undertaken by Grant Thornton in April 2019 and preliminary report provided by auditors at the end of June. Risk and Compliance Team are reviewing the report and preparing management responses for issues raised. The management responses will be furnished to the October 2019 meeting of the Audit, Risk and Improvement Committee.	

Activity	How we will measure our performance	Links to*	Comment	STATUS
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## CUSTOMERS AND STAKEHOLDERS

**Our goal: 5. Proactive management of relationships with member councils and key stakeholders**

**What achieving our goal will look like:**

5.1 Mutual understanding of needs, priorities, expectations, functions, operations, service standards, span of control and influence.

**How we will achieve our goal:**

5.1.2 Participation In Performance Audits undertaken by the NSW Audit Office.

Activity	How we will measure our performance	Links to*	Comment	STATUS
5.1.2.1 Participation in NSW Audit Office performance audit reviews.	Achieved.	CSP		●
5.1.2.2 NSW Audit Office audit of fraud control.	Fraud controls assessed against the Audit Office's Fraud Control Improvement Kit.	CSP	In progress. To be reported to the Audit, Risk and Improvement Committee in October 2019.	●
5.1.2.3 NSW Audit Office audit of shared service arrangements.	Key enablers and barriers to effective and efficient shared services arrangements identified.	CSP		●

## PROCESS MANAGEMENT, IMPROVEMENT AND INNOVATION

**Our goal: 6. Continuous improvement through process management and innovative thinking**

**What achieving our goal will look like:**

6.1 Recognising and being open to opportunities for improvement through innovation.

**How we will achieve our goal:**

6.1.2 Staged digitisation of paper records.

6.1.3 Review the relevancy of tests, limits and matrices in reference to customer service level agreements (Richmond Water Laboratories).

6.1.4 Determine appropriate NATA accreditation (Richmond Water Laboratories).







6.1.7 Develop business case for any proposed non-core business activity to inform decision on whether to proceed with the activity/project.

6.1.8 Create a performance culture linked to turnaround times for key business processes.

6.1.9 Optimise efficiencies in people management processes.

6.1.10 Audit administration of the Development Servicing Plan for Bulk Water Supply.

Activity	How we will measure our performance	Links to*	Comment	STATUS
6.1.2.1 Staged digitisation of paper records.	Plan for digitisation of paper records developed and costed.	BAU	As advised to Council and the Audit Risk and Improvement Committee in December 2018, original project was terminated. New project has commenced.	●
6.1.3.1 Review scope for Richmond Water Laboratories equipment renewal or purchase.	Achieved.	RWLSP		●
6.1.4.1 Review Richmond Water Laboratories NATA accreditation and determine business requirements.	All NATA accredited tests reviewed.	RWLSP		●
6.1.7.1 Business case developed for any proposed non-core activity and submitted to the Leadership Team or Council for consideration/determination as appropriate.	Only non-core business activities/projects that are formally approved, have an acceptable level of risk and rate of return on investment, to be undertaken.	BAU		●

Activity	How we will measure our performance	Links to*	Comment	STATUS
7.1.3.1 Deliver services according to service contracts in place (Richmond Water Laboratories).	Achieved.	RWLSP		
7.1.4.1 Complete all development and construction requirements for the marketing of Perradenya Release 5 Stage 2.	Land Title registration achieved for individual lots.	BASP		
7.1.4.2 Progress design, cost and construction of Perradenya cycle path in negotiation with Lismore City Council.	Construction budget and timetable adopted by Council.	BASP	Ongoing	
7.2.1.1 Water quality monitoring report card for drinking water supply monitoring programs.	Report card produced and provided to NSW Health.	DWMS		
7.2.3.1 Report on progress of actions to mitigate risk of environmental harm from activities (environmental action list).	Annual report to Council until actions on the action list are closed out.	BAU	Annual report planned for October 19 meeting.	
7.2.4.1 Undertake a review of water charge methodology (retail).	Review completed and outcome reported to the Leadership Team.	BAU		

### Statutory reporting requirements

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#### **Audited financial reports - section 428(4)(a)**

A copy of Rous' audited financial reports are provided at [Attachment 2](#).

#### **Asset reporting - section 406(2) (refer Planning and Reporting manual requirement)**

In accordance with the requirements of the *Local Government Act 1993* and the *Local Government (General) Regulation 2005*, the NSW Local Government Code of Accounting Practice and Financial Reporting and the Australian Accounting Standards:

- a) Assets to the value of \$9.512 million were acquired by Rous during the reporting period, bringing total assets held as at 30 June 2019 to the value of \$485.272 million (refer to page 33 of the audited financial reports 2018/19 at [Attachment 2](#)).
- b) Rous' report on the condition of public works, Special Schedule No. 7 is available on page 3 of 5 – Special Schedules 2019 of the audited financial reports 2018/2019 (refer to [Attachment 2](#)).

#### **Rates and charges written-off – Reg.132**

There was \$2,500.39 rates and charges written-off for the reporting period.

## Regional State of the Environment report - section 428A

The preparation of the Regional State of the Environment report 2016 was funded by the 15 participating general and county councils of the north coast region of New South Wales and North Coast Local Land Services. The report assesses both local and regional environmental states using a set of indicators and measures specifically designed for the region and remains in place for four years.

The report allows participating councils to make informed decisions on environmental objectives and is a guide for both local and regional environmental planning and resourcing. It also informs the State on regional environment conditions. A [copy](#) of the report is available on Council's website.

The Regional State of Environment report has three main goals:

1. To provide information to the community and decision-makers on the condition of the local environment and where resources are best placed to respond to community expectations;
2. To better align with State natural resource management reporting; and
3. To meet the reporting requirements of the *Local Government Act 1993*.

### Legal proceedings - section 428(4)(b) and Reg. 217(1)(a3)

Rous incurred \$4,533 in relation to legal proceedings during the reporting period.



## Councillor fees and expenses - section 428(4)(b) and Reg. 217(1)(a1)

The following fees and expenses were incurred by councillors in accordance with the policy titled 'Payment of Expenses and Provision of Facilities for Chairperson and Councillors' attached at [Attachment 1](#):

Member fees and expenses: expenditure		1/07/18 - 30/06/19
Chair fees		\$16,250
Member fees and travel reimbursed		\$82,301
	<b>Total</b>	<b>\$98,551</b>
	<b>Budget allocation</b>	<b>\$102,700</b>
Dedicated office equipment allocated to councillors on a personal basis.	cl 217(1)(a1)(i)	0
Telephone calls made by councillors.	cl 217(1)(a1)(ii)	0
Councillor attendance at conferences and seminars (includes airfares, registrations, meals and accommodation).	cl 217(1)(a1)(iii)	\$6,920
Training of councillors and provision of skill development for councillors.	cl 217(1)(a1)(iv)	\$3,655
Interstate visits undertaken during the year by councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses.	cl 217(1)(a1)(v)	0
Overseas visits undertaken during the year by councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses.	cl 217(1)(a1)(vi)	0
Expenses of any spouse, partner (whether of the same or the opposite sex) or other person who accompanied a councillor in the performance of his or her civic functions, being expenses payable in accordance with the <i>Guidelines for the Payment of Expenses and the Provision of Facilities for Mayors and Councillors for Local Councils in NSW</i> prepared by the Director-General from time to time.	cl 217(1)(a1)(vii)	0
Expenses involved in the provision of care for a child of, or an immediate family member of, a councillor, to allow the councillor to undertake his or her civic functions.	cl 217(1)(a1)(viii)	0
<b>Total</b>		<b>\$10,575</b>
<b>Budget allocation</b>		<b>\$32,300</b>

## Additional information for inclusion in annual report - section 428(4)(b) and Reg. 217(1)(a)

No overseas visits were undertaken during the year by councillors, Council staff or other persons while representing the Council.

### Senior staff - section 428(4)(b) and Reg. 217(1)(b)(i-v)

Under the *Local Government Act 1993* Rous is required to appoint and employ a person under a performance-based contract to be its general manager. The General Manager is the only senior staff person employed by Rous. The total amount payable to the General Manager during the reporting period was:

Total value of the salary component of the package	\$207,434
Total amount of any bonus payments, performance payments or other payments made to the general manager that do not form part of the salary component of the general manager	-
Total amount payable by council by way of the employer's contribution or salary sacrifice to any superannuation scheme to which the general manager may be a contributor	\$19,728
Total value of any non-cash benefits for which the general manager may elect under the package	-
Total amount payable by council by way of fringe benefits tax for any such non-cash benefits	\$6,812
<b>Total</b>	<b>\$233,974</b>

### Contracts awarded for amounts greater than \$150,000 - section 428(4)(b) and Reg. 217(1)(a2)

- Rocky Creek Dam carpark and park entrance upgrade was let to Price Civil Pty Ltd for \$1,027,276.73 (incl. GST).
- Perradenya land development: Release 5 Stage 2 – construction of 15 lot residential was let to Santin Earthmoving for \$1,286,353 (incl. GST).
- Emigrant Creek Dam repair of 16 permanent rock anchors was let to SRG Ltd for \$516,530 (excl. GST).
- Administration building foyer and entry upgrade was let to Greg Clark Building Pty Ltd for \$251,600 (incl. GST).
- Roof replacement and structural repairs – Cnr Conway and Carrington Street was let to Greg Clark Building for \$353,800 (incl. GST).

### Private works - section 67 and Reg. 217(1)(a4)

Rous did not undertake any works on private land during the reporting period. Therefore, no resolutions pursuant to section 67 of the *Local Government Act 1993* were required.

### Contributions under section 356 - section 428(4)(b) and Reg. 217(1)(a5)

Contributions of \$13,493.02 were made under section 356 in accordance with Council's 'Retail Customer Water Account Assistance' policy.

### **Activities to implement EEO Management Plan - sections 345 and 428(4)(b)**

It is Council's commitment to ensure our workplace is free of discrimination and supports a diverse workforce. In order to provide equal opportunity in employment for all persons in accordance with relevant State and Commonwealth legislation, Councils EEO policy sets out the following strategies:

- *Policies and procedures:* Review and development of policies and procedures are assessed against EEO objectives
- *Communication:* Rous' values are proactively promoted and enforced through business practices
- *Recruitment and selection:* EEO objectives are integrated within our 'Recruitment' procedure
- *Training and development:* EEO principles are embedded into staff training and development. Refresher training is provided to staff periodically on EEO policy and principles
- *Career planning:* Recruitment, appointment and promotion and training opportunities are monitored to ensure EEO principles are adhered to
- *Grievance handling:* Grievance resolution procedures are promoted to all staff. Relevant staff are trained in grievance resolution procedures and refresher harassment and bullying training provided to all staff.

Through staff training and awareness, policy development and implementation, key messaging has been provided to reinforce Rous' strong position against discrimination and harassment in any form.

### **External bodies - section 428(4)(b) and Reg. 217(1)(a6)**

Rous has not delegated any of its functions to external bodies.

### **Controlling interests in companies - section 428(4)(b) and Reg. 217(1)(a7)**

Council does not hold a controlling interest in any companies.

### **Partnerships, cooperatives and joint ventures - section 428(4)(b) and Reg. 217(1)(a8)**

During the reporting period Rous was a party to the following arrangements:

- Statewide Mutual
  - A self-insurance pool covering public liability and professional indemnity insurance as well as providing risk management advice.
- StateCover
  - A self-insurance pool providing cover for workers' compensation insurance as well as providing advice on work health and safety matters.

### **Disability Inclusion Act 2014 - section 13(1)**

The implementation of Council's Disability Inclusion Action Plan is included in the Delivery Program/Operational Plan of Council's Integrated Planning and Reporting Framework. Achievements in delivering the various actions for 2018/19 are provided at page 70 above, with activities relating directly to the DIAP outlined at items 2.4.3.1 - 2.4.3.17 inclusive.

### **Government Information (Public Access) Act 2009 - section 125 and section 7**

Following is a copy of Rous' Government Information (Public Access) ('GIPA') annual report to the NSW Ombudsman's office:

Agency name	Rous County Council
Reporting period	1 July 2018 – 30 June 2019

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

	Reviews carried out by agency	Information made publicly available by the agency
7(a)	Yes	Yes

Council reviews the open access information on its website to ensure the information that should be available to the public is. In terms of the authorised proactive release of information, this is generally assessed and determined at the time information is created. This has resulted in the release of a range of information in relation to the following:

- Advertisements for positions available within Council; Council meeting minutes and agendas; media releases; Integrated Planning and Reporting documentation; "Water Wednesday" at Rocky Creek Dam details being an event contributed to by Rous County Council, water restriction information, details about Rous County Council staff attendance at Local Government conference, funding details regarding successful grant applications for coastal planning and weed control, Big Scrub Day details being an event contributed to by Rous County Council, links to competition details about the "Waterwise Challenge" and announcement of winners, donation of trees for "Plant a Tree Day" and "Schools Tree day", information including photographs involving local school children.

**Clause 7B:** The total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications).

	Total number of applications received
7(b)	0

**Clause 7C:** The total number of access applications received by the agency during the reporting year that the agency refused either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure).

Number of applications refused	Wholly	Partly	Total
	0	0	0
% of total	0%	0%	

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

Table A: Number of applications by type of applicant and outcome*										
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn	Total	% of total
Media	0	0	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0	0	100
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>% of total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>100</b>

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

**Table B: Number of applications by type of applicant and outcome**

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn	Total	% of total
Personal information applications	0	0	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**Table C: Invalid applications**

Reason for invalidity	Number of applications	% of total
Application does not comply with formal requirements (section 41 of the Act)	0	0
Application is for excluded information of the agency (section 43 of the Act)	0	0
Application contravenes restraint order (section 110 of the Act)	0	0
Total number of invalid applications received	0	0
Invalid applications that subsequently became valid applications	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

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

	Number of times consideration used*	% of total
Overriding secrecy laws	0	0
Cabinet information	0	0
Executive Council information	0	0
Contempt	0	0
Legal professional privilege	0	0
Excluded information	0	0
Documents affecting law enforcement and public safety	0	0
Transport safety	0	0
Adoption	0	0
Care and protection of children	0	0

Ministerial code of conduct	0	0
Aboriginal and environmental heritage	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

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

	Number of occasions when application not successful	% of total
Responsible and effective government	0	0
Law enforcement and security	0	0
Individual rights, judicial processes and natural justice	0	0
Business interests of agencies and other persons	0	0
Environment, culture, economy and general matters	0	0
Secrecy provisions	0	0
Exempt documents under interstate Freedom of Information legislation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Table F: Timeliness**

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

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

	Decision varied	Decision upheld	Total	% of total
Internal review	0	0	0	0
Review by Information Commissioner*	0	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0	0
Review by ADT	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>% of total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

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

**Table I: Applications transferred to other agencies**

	Number of applications transferred	% of total
Agency-initiated transfers	0	0
Applicant-initiated transfers	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Environmental Planning and Assessment Act 1979 - section 7.5**

Constituent councils are the relevant planning authority for their local government areas and as such, Rous has no function in reporting on planning agreements.

**Privacy and Personal Information Protection Act 1998 - section 33**

Rous adopted its 'Privacy management' policy in 2015. The policy is based on the Model Privacy Management Plan for local government. No reviews were conducted during the reporting period by or on behalf of Rous under Part 5 of the Act.

**Public Interest Disclosures Act 1994 - section 31**

Following is a summary of Rous' Public Interest Disclosures ('PID') annual report to the NSW Ombudsman:

Reporting period: 1 July 2018 – 30 June 2019			
	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
Number of public officials who made PIDs directly	0	0	0
Number of PIDs received	0	0	0
Of PIDs received, number primarily about:			
- Corrupt conduct	0	0	0
- Maladministration	0	0	0
- Serious and substantial waste	0	0	0
- Government information contravention	0	0	0
- Local government pecuniary interest contravention	0	0	0
Number of PIDs finalised	0	0	0

Rous has in place an internal reporting policy. In terms of steps taken by the General Manager to meet staff awareness obligations, a range of measures are in place: Staff training on our policy is delivered at team meetings; and Public Interest Disclosure Information is available on the staff intranet and incorporated into our Employee Induction Program.

## Attachments

**1. Payment of Expenses and Provision of Facilities for Chairperson and Councillors' policy**

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**2. Annual Financial Statements and Auditor's Report as at June 2019**

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# Policy



## Payment of expenses and provision of facilities for chairperson and councillors

Approved by Council: 19/04/2017

To outline the expenses that can be incurred and facilities provided to councillors to assist in the discharge their civic duties as members of the governing body of Rous County Council.

**Safety**

**Teamwork**

**Accountability**

**Respect**

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## Background

Rous County Council's governing body is elected by constituent councils. Each member of the governing body is elected from among the councillors of constituent councils. Under the *Local Government Act 1993* Council is required to have in place a policy governing the payment or reimbursement of expenses and the provision of facilities by Council to the chairperson and councillors. The policy must be prepared having regard to the 'Guidelines for the payment of expenses and provision of facilities for mayors and Councillors in NSW' in effect at the time.

Councillors have a range of obligations many of which arise through the *Local Government Act 1993* and are embedded in and reinforced through the Code of Conduct. This includes the requirements to act lawfully, honestly and exercise a reasonable degree of care and diligence in carrying out their functions. To support councillors, this policy sets out the expenses that can be incurred and reimbursed (including dollar limits) and facilities available. It also describes the process for application, approval, reconciliation and reimbursement (where applicable). Councillors may only receive reimbursement for expenses and access and use facilities as set out in this policy.

## Definitions

**ATO** means Australian Taxation Office.

**expenses** means payment or reimbursement by Council for reasonable costs or charges associated with the performance of a councillor's civic duties. Expenses are separate and in addition to annual fees.

**facilities** means equipment or services provided by Council to councillors to enable them to perform their civic functions with relative ease and at a standard appropriate to their role as councillors.

**official business of Council** means functions that the chairperson or councillor are required, invited, or requested to attend to fulfil their obligations as Council representatives and/or have a direct benefit to Council including but not limited to:

- (a) Council meetings and Council committee meetings
- (b) meetings of committees facilitated by Council (for example, section 355 committees)
- (c) meetings, functions, workshops and other events to which attendance by a councillor has been requested or approved
- (d) receptions hosted or supported by Council (for example, Council's Christmas celebration or equivalent functions; charitable functions formally supported by Council)
- (e) professional development.

**professional development** means a seminar, conference, training course or other development opportunity relevant to the role of the chairperson or councillor.

**valid GST receipt** means an original tax invoice or receipt for an expense that meets the requirements of *A New Tax System (Goods and Services) Tax Act 1999*.

## Policy statement

### 1. Key policy principles

#### 1.1 Accessibility

In accordance with the principles of equity and inclusion, councillors with accessibility needs will be provided with the aids, equipment and assistive technology they require to effectively perform their civic duties.

#### 1.2 No general expense allowance

In accordance with the requirements of the *Local Government (General) Regulation 2005* Council does not provide councillors with a general expense allowance. A general expense allowance is a sum of money paid by Council to a councillor to expend on an item or service that is not required to be receipted and/or otherwise reconciled according to a set procedure and within a specified timeframe.

#### 1.3 Access to and use of expenses and facilities – only incidental and private benefit allowed

Council resources (for example, property, official services and facilities) must be used ethically, efficiently and carefully. They must not be used for private benefit or gain or personal interest including but not limited to: a councillor's re-election, a political party event or activity. Councillors must avoid any action or situation that could create the appearance that council resources are being used inappropriately.

Councillors must not obtain more than an incidental private benefit under this policy. Incidental private benefit is not subject to compensatory payment back to Council.

Benefits received under consumer loyalty programs or other incentive bonus schemes (such as 'frequent flyer' schemes), where the rewards are convertible directly or indirectly to money, are considered to be a non-incidental private benefit. Where any non-incidental private benefit occurs, reimbursement to Council to the estimated value of the private benefit is required. This is calculated at the estimated private use percentage versus business use percentage.

#### 1.4 Giving of gifts and benefits – only token value

Where is it appropriate for a councillor to give a gift or benefit while on official business of Council (for example, on a Council business related trip or when receiving visitors), these gifts and benefits must be of token value only (refer to Council's Code of Conduct). For the purpose of this policy, 'token value' means \$25.00 or less.

## 2. Monetary limits – expenses

Expense - description	Monetary limits	Who can approve the expense?	What will be provided?
Carer	\$1,000 (excl. GST) per councillor, per financial year.	General Manager.	Reimbursement for reasonable care arrangements to allow the councillor to attend official business of Council. Includes reimbursement up to one hour before and after the scheduled start and conclusion of the official business of Council. Reimbursement may be provided for childcare expenses (of the councillor's children up to and including the age of 16 years), care of the elderly, disabled and/or sick immediate family members for whom the councillor has carer responsibilities.
Legal	<b>Level 1:</b> ≤ \$5,000 (excl. GST) per councillor, per financial year.	General Manager.	<p>Council may provide reimbursement or indemnify a councillor for reasonable costs properly incurred:</p> <ul style="list-style-type: none"> <li>For legal proceedings being taken against them in defending an action arising from: <ul style="list-style-type: none"> <li>The performance of good faith of a function of a county councillor; or</li> <li>Defending an action in defamation.</li> </ul> </li> <li>For an inquiry, investigation or hearing into a councillor's conduct by an investigative or review body, including: <ul style="list-style-type: none"> <li>Local Government Pecuniary Interest and Disciplinary Tribunal</li> <li>Independent Commission Against Corruption</li> <li>NSW Ombudsman</li> <li>Office of Local Government</li> <li>NSW Police Force</li> <li>Director of Public Prosecutions</li> <li>Council's Conduct Review Committee/Reviewer,</li> </ul> </li> </ul>
	<b>Level 2:</b> > \$5,000 (excl. GST) per councillor, per financial year.	Council's indemnity protection provider (in consultation with the General Manager).	

Expense - description	Monetary limits	Who can approve the expense?	What will be provided?
			<p>provided that:</p> <ul style="list-style-type: none"> <li>(i) The inquiry/hearing arises from the performance of good faith or a councillor's functions and the matter has proceeded to a formal investigation or review.</li> <li>(ii) Code of Conduct complaints: only available where the General Manager has referred the matter to a Conduct Reviewer/Conduct Review Committee to make formal inquiries into a matter in accordance with the procedures in the Code of Conduct.</li> <li>(iii) Pecuniary interest or misbehaviour matters: only available where a formal investigation has been commenced by the Office of Local Government.</li> <li>(iv) Where the investigative or review body makes a finding that is not substantially unfavourable to the councillor (eg. does not proceed to a finding, an inadvertent minor technical breach).</li> </ul>
Official business of Council – excluding professional development	<b>Level 1:</b> ≤ \$500 (excl. GST) per councillor, per financial year.	General Manager.	<p>The councillor's direct expenses to attend, including (where applicable):</p> <ul style="list-style-type: none"> <li>• ticket/registration</li> <li>• travel</li> <li>• accommodation</li> <li>• meals</li> <li>• incidentals.</li> </ul>
	<b>Level 2:</b> > \$500 (excl. GST) per councillor, per financial year.	Resolution of Council (as a consequence of an appointment to a council committee for the term of the appointment (for attendance at committee meetings, etc.).)	
	<b>Level 3:</b> > \$500 (excl. GST) per councillor, per financial year.	Resolution of Council.	
	<b>Level 1:</b> ≤ \$2,500 (excl. GST) or less	General Manager.	

Expense - description	Monetary limits	Who can approve the expense?	What will be provided?
Official business of Council – professional development	per councillor, per financial year.		The councillor's direct expenses to attend, including (where applicable): <ul style="list-style-type: none"> <li>• ticket/registration</li> <li>• travel</li> <li>• accommodation</li> <li>• meals</li> <li>• incidentals.</li> </ul>
	<b>Level 2:</b> > \$2,500 (excl. GST) per councillor, per financial year.	Resolution of Council.	

Information and financial data is correct as at 30 June 2019.

### **3. Provision of facilities**

The Chairperson will be provided access to a Council office (equipped with a telephone, photocopier, facsimile machine and secretarial/administrative support services).

Councillors may access printing and secretarial/administrative support services on request, where it can be demonstrated that it is related directly to official business of Council.

### **4. Procedures**

#### **4.1 General rules**

All bookings for official business of Council will, wherever possible, be paid for or reimbursed in accordance with relevant limits. These limits include:

- Any monetary limits listed in part 2 of this policy
- kilometre allowance under the Local Government (State) Award or airfare rate, whichever is the lower
- ATO 'Reasonable Travel and Meal Allowance Expenses' Determination applicable for the date of travel.

#### **4.2 Pre-purchasing**

Bookings and payments for tickets/registration, accommodation and travel relating to official business of Council must, wherever possible, be coordinated through the Executive Secretary or Executive Support Officers.

All requests to attend official business of Council must be made using the 'Councillor request for attendance at official business of Council' form.

#### **4.3 Advance payment**

Advance payment for meals and incidentals is available by EFT provided that a completed 'Vendor payment request form' has been lodged with sufficient notice to allow for the preparation of the advance (minimum two weeks).

#### **4.4 Reimbursement**

Reimbursement will only be made:

- (a) in accordance with the general rules listed at part 4.1 of this policy;
- (b) on lodgement of a completed 'Request for reimbursement' form within three months of the cost or expense being incurred (unless otherwise required by this policy) and accompanied by:
  - i. itemised account of the expenditure; and
  - ii. valid GST receipts.

For periods of less than a full year, for example, after a local government election, the reimbursement per councillor will be calculated on a pro rata basis.

##### **4.4.1 Meals**

Meals that are not included in the official business of Council will be reimbursed subject to the conditions outlined at part 4.1 of this policy and the production of a signed statutory declaration outlining the expenses (where valid GST receipts are unavailable).

#### **4.4.2 Incidentals**

Reasonable out of pocket expenses or incidental travel expenses incurred (such as telephone calls, facsimile calls, internet charges, taxi fares, parking fees, tolls etc.) will be reimbursed subject to the conditions outlined at part 4.1 of this policy and the production of a signed statutory declaration outlining the expenses (where valid GST receipts are unavailable).

#### **4.4.3 Use of private vehicles**

Travel to official business of Council in a private vehicle will be reimbursed in accordance with part 4.1 of this policy.

**Note 1:** All travel relating to official business of Council must be undertaken using the most direct route and most practicable and economic mode of transport, subject to any personal and medical considerations.

**Note 2:** If travelling to official business of Council, every attempt should be made to car pool with other councillors or Council staff.

**Note 3:** The driver is personally responsible for all traffic or parking fines incurred while travelling in private or Council vehicles.

#### **4.4.4 Carer**

Reimbursement for carer expenses may be provided on completion of the 'Request for reimbursement' form and statutory declaration. The following information is to be included in the statutory declaration:

- (a) official business of Council attended
- (b) individual requiring care
- (c) duration care was provided, and cost.

### **5. Dispute resolution**

Should a dispute arise under this policy including the dispute regarding the approval or rejection of a claim, then the dispute should be reviewed by the chairperson. A report regarding the review and outcome must be put to the next full Council meeting.

### **6. Reporting**

#### **6.1 Councillor reports**

Where a Council staff member does not attend the official business of Council, the councillor must prepare a report for Council detailing highlights, particularly noting aspects relevant to Council business and/or the community. This report is to be included in the next Council business paper following attendance at the official business of Council.

#### **6.2 Quarterly budget review statement report**

Any expenses provided to a councillor will be reported in the quarterly budget review statement report to Council.

#### **6.3 Annual report**

The General Manager will provide a summary of all expenses and facilities provided under this policy in Council's Annual Report.

#### **Contact officer**

General Manager.

## Related documents

### Policies

Not applicable.

### Procedures

Not applicable.

### Legislation

*Local Government Act 1993.*

### Other

Code of Conduct.

Code of Conduct Procedures.

Councillor Induction and Professional Development Guide (2012).

Guidelines for the payment of expenses and provision of facilities for mayors and Councillors in NSW, Office of Local Government (October 2009).

Local Government (State) Award.

No excuse for misuse: Preventing the misuse of council resources, Guidelines: 2, Independent Commission Against Corruption (November 2002).

Office of Local Government Circulars and Guidelines.

Office use only	File no. 172/13	Next review date: 4 years	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0.0	New System, revised provisions relating to professional development	19/04/2017	31/17

## Attachment 2

Annual Financial Statements and Auditor Report year ending  
30 June 2019 (see attached)

# Rous County Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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# General Purpose Financial Statements

for the year ended 30 June 2019

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# Rous County Council

## General Purpose Financial Statements for the year ended 30 June 2019

### Statement by councillors and management

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 22 October 2019.**



Cr Keith Williams  
**Chair**

22 October 2019



Cr Sharon Cadwallader  
**Deputy Chair**

22 October 2019



Phillip Rudd  
**General Manager**

22 October 2019



Guy Bezrouchko  
**Responsible Accounting Officer**

22 October 2019

## Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 <sup>1</sup>
<b>Income from continuing operations</b>				
<u>Revenue:</u>				
18,903	User charges and fees	3a	19,500	18,604
700	Interest and investment revenue	3b	971	848
2,700	Other revenues	3c	2,692	5,566
714	Grants and contributions provided for operating purposes	3d,3e	1,511	1,320
2,623	Grants and contributions provided for capital purposes	3d,3e	5,671	5,592
<u>Other income:</u>				
2	Net gains from the disposal of assets	5	—	—
25,642	<b>Total income from continuing operations</b>		<b>30,345</b>	<b>31,930</b>
<b>Expenses from continuing operations</b>				
8,187	Employee benefits and on-costs	4a	7,460	7,171
1,746	Borrowing costs	4b	1,680	1,834
7,178	Materials and contracts	4c	8,976	6,952
6,540	Depreciation and amortisation	4d	6,788	6,668
890	Other expenses	4e	862	665
—	Net losses from the disposal of assets	5	1,562	1,412
—	Fair value decrement on investment properties		380	—
24,541	<b>Total expenses from continuing operations</b>		<b>27,708</b>	<b>24,702</b>
1,101	<b>Operating result from continuing operations</b>		<b>2,637</b>	<b>7,228</b>
1,101	<b>Net operating result for the year</b>		<b>2,637</b>	<b>7,228</b>
1,101	Net operating result attributable to council		2,637	7,228
(1,522)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(3,034)</b>	<b>1,636</b>

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

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

## Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018 <sup>1</sup>
<b>Net operating result for the year (as per Income Statement)</b>		<b>2,637</b>	<b>7,228</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9	7,660	8,773
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>7,660</b>	<b>8,773</b>
<b>Total other comprehensive income for the year</b>		<b>7,660</b>	<b>8,773</b>
<b>Total comprehensive income for the year</b>		<b>10,297</b>	<b>16,001</b>
Total comprehensive income attributable to Council		10,297	16,001

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

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

# Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018 <sup>1</sup>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	6(a)	2,698	2,334
Investments	6(b)	29,000	33,950
Receivables	7	2,414	1,901
Inventories	8a	464	346
Other	8b	502	528
<b>Total current assets</b>		<b>35,078</b>	<b>39,059</b>
<b>Non-current assets</b>			
Investments	6(b)	6,000	–
Receivables	7	13	–
Inventories	8a	1,417	1,473
Infrastructure, property, plant and equipment	9	485,272	477,736
Investment property	10a	740	710
Intangible assets	11	369	415
<b>Total non-current assets</b>		<b>493,811</b>	<b>480,334</b>
<b>TOTAL ASSETS</b>		<b>528,889</b>	<b>519,393</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	3,959	2,367
Borrowings	12	2,585	2,426
Provisions	13	1,845	1,779
<b>Total current liabilities</b>		<b>8,389</b>	<b>6,572</b>
<b>Non-current liabilities</b>			
Borrowings	12	21,560	24,145
Provisions	13	27	60
<b>Total non-current liabilities</b>		<b>21,587</b>	<b>24,205</b>
<b>TOTAL LIABILITIES</b>		<b>29,976</b>	<b>30,777</b>
<b>Net assets</b>		<b>498,913</b>	<b>488,616</b>
<b>EQUITY</b>			
Accumulated surplus	14a	238,191	235,554
Revaluation reserves	14a	260,722	253,062
<b>Council equity interest</b>		<b>498,913</b>	<b>488,616</b>
<b>Total equity</b>		<b>498,913</b>	<b>488,616</b>

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

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

## Statement of Changes in Equity

for the year ended 30 June 2019

\$ '000	Notes	2019			2018 <sup>1</sup>		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		235,554	253,062	488,616	228,326	244,289	472,615
Net operating result for the year		2,637	–	2,637	7,228	–	7,228
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9	–	7,660	7,660	–	8,773	8,773
<b>Other comprehensive income</b>		–	7,660	7,660	–	8,773	8,773
<b>Total comprehensive income</b>		2,637	7,660	10,297	7,228	8,773	16,001
<b>Equity – balance at end of the reporting period</b>		238,191	260,722	498,913	235,554	253,062	488,616

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

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

## Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
<b>Cash flows from operating activities</b>				
	<u>Receipts</u>			
18,903	User charges and fees		19,250	20,272
700	Investment and interest revenue received		895	727
3,337	Grants and contributions		7,027	7,523
2,700	Other		2,647	4,182
	<u>Payments</u>			
(8,187)	Employee benefits and on-costs		(7,241)	(7,270)
(7,178)	Materials and contracts		(8,562)	(6,943)
(1,746)	Borrowing costs		(1,709)	(1,861)
(890)	Other		(1,490)	(713)
<b>7,639</b>	<b>Net cash provided (or used in) operating activities</b>	15b	<b>10,817</b>	<b>15,917</b>
<b>Cash flows from investing activities</b>				
	<u>Receipts</u>			
–	Sale of investment securities		30,950	31,370
–	Sale of real estate assets		2,654	–
5,554	Sale of infrastructure, property, plant and equipment		141	338
	<u>Payments</u>			
–	Purchase of investment securities		(32,000)	(36,200)
–	Purchase of investment property		(410)	–
(11,647)	Purchase of infrastructure, property, plant and equipment		(7,288)	(8,516)
–	Purchase of real estate assets		(1,983)	–
–	Purchase of intangible assets		(91)	–
<b>(6,093)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(8,027)</b>	<b>(13,008)</b>
<b>Cash flows from financing activities</b>				
	<u>Payments</u>			
(2,391)	Repayment of borrowings and advances		(2,426)	(2,275)
<b>(2,391)</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>(2,426)</b>	<b>(2,275)</b>
<b>(845)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>364</b>	<b>634</b>
–	Plus: cash and cash equivalents – beginning of year	15a	2,334	1,700
<b>(845)</b>	<b>Cash and cash equivalents – end of the year</b>	15a	<b>2,698</b>	<b>2,334</b>
Additional Information:				
–	plus: Investments on hand – end of year	6(b)	35,000	33,950
<b>(845)</b>	<b>Total cash, cash equivalents and investments</b>		<b>37,698</b>	<b>36,284</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 22 October 2019. Council has the power to amend and reissue these 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.

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

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

and are clearly marked.

#### (a) New and amended standards adopted by Council

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

Those newly adopted standards which had an impact on reported position, performance and/or disclosures have been discussed in Note 14.

#### (b) Historical cost convention

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

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

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

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

#### 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 investment properties – refer Note 10
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- (iii) employee benefit provisions – refer Note 13.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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#### Monies and other assets received by Council

##### (a) The Consolidated Fund

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

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

- Water service
- Flood mitigation services
- Biological weeds management.

##### (b) The Trust Fund

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

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

#### Goods and Services Tax (GST)

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

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

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

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

##### 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 2019 reporting periods (and which have not been early adopted by Council).

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

##### AASB 16 Leases

AASB 16 will result (for YE 19/20 and beyond) in almost all operating leases being recognised on the balance sheet by Council (alongside existing finance leases) with the distinction between operating and finance leases removed.

Under the new standard, a financial liability (ie. a lease liability) and an asset (ie. a right to use the leased item) will be recognised for nearly all arrangements where Council commits itself to paying a rental fee for the use of a specific asset.

The only exceptions are short-term and low-value leases which are exempt from the accounting (but not disclosure) requirements of AASB 16 - Leases.

Council staff have reviewed all of Council's leasing arrangements over the last 12 months taking into consideration the new lease accounting rules in AASB 16 (applicable from 1/7/19).

AASB 16 will (on the whole) affect Council's accounting for existing operating lease agreements that are in place as at 30/6/19.

At the end of this reporting period, Council has non-cancellable operating lease commitments of \$1,040,455 - refer Note 16.

Of these commitments, approximately \$72,233 relate to low value leases.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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These lease types and amounts will continue to be accounted for as they currently are (being expensed on a straight-line basis within the Income Statement).

For the remaining operating lease commitments of \$968,222, Council anticipates it will recognise lease liabilities (on its balance sheet) of \$902,722 (after adjustments for prepayments and accrued lease payments recognised as at 30 June 2019) and also recognise complimentary right-of-use assets (on its balance sheet) totaling \$902,722 on 1 July 2019.

Operating cash flows will increase and financing cash flows decrease by approximately \$309,907 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

Council's activities as a lessor are not material and hence Council does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

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

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contract costs and contracts which contain a financing element.

Councils should assess each revenue stream but particular impact is expected for grant income and rates which are paid before the commencement of the rating period.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The impact of AASB15 is not expected to have any significant impact on the financial statements.

#### **AASB 1058 Income of NFP Entities**

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contributions.

Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity.

AASB 1058 also applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the council's objectives.

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

- (a) contributions by owners
- (b) revenue, or a contract liability arising from a contract with a customer
- (c) a lease liability
- (d) a financial instrument, or
- (e) a provision.

If the transaction is a transfer of a financial asset to enable council to acquire or construct a recognisable non-financial asset to be controlled by council (i.e. an in-substance acquisition of a non-financial asset), the council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will then recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

If the transaction does not enable council to acquire or construct a recognisable non-financial asset to be controlled by council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

The specific impacts of AASB1058 for Council are not expected to have any significant impact on the financial statements.

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2018.

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

Note 1. Basis of preparation (continued)

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## Notes to the Financial Statements

for the year ended 30 June 2019

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

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

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Functions or activities</b>										
Bulk Water Supply	22,963	25,516	19,986	17,892	2,977	7,624	–	38	380,976	374,816
Commerical Property	217	233	622	307	(405)	(74)	–	–	7,222	6,669
Fleet Operations	141	62	181	(28)	(40)	90	–	–	2,046	1,442
Flood Mitigation	1,545	1,418	2,686	2,291	(1,141)	(873)	561	591	125,142	124,860
Retail Water Supply	3,161	2,554	2,224	2,226	937	328	–	10	10,936	9,275
Richmond Water Laboratories	815	779	737	697	78	82	–	–	674	597
Weeds Biosecurity	1,503	1,386	1,272	1,335	231	51	842	597	1,893	1,734
<b>Total functions and activities</b>	<b>30,345</b>	<b>31,948</b>	<b>27,708</b>	<b>24,720</b>	<b>2,637</b>	<b>7,228</b>	<b>1,403</b>	<b>1,236</b>	<b>528,889</b>	<b>519,393</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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

#### **Bulk Water Supply**

The regional water supply authority providing water in bulk to the local government areas of Lismore (excluding Nimbin), Ballina (excluding Wardell), Byron (excluding Mullumbimby) and Richmond Valley (excluding land to the west of Coraki).

#### **Commerical Property**

Real estate development and various rental properties.

#### **Fleet Operations**

All functions relating to vehicle investment, improving efficiency and productivity.

#### **Flood Mitigation**

Responsible for the construction, replacement and routine maintenance of various flood mitigation infrastructure. This includes floodgates and some rural drains and canals. In addition, we also have a key role in relation to an urban levee designed to protect the central business district of Lismore against a 1 in 10 year flood.

#### **Retail Water Supply**

Retail water services that are directly connected to Council's trunk main system.  
Water filling stations.

#### **Richmond Water Laboratories**

Analyse water to assess drinking water quality, and offer a range of tests designed for rainwatertanks and bores. Also test the environmental quality of waste water and effluent, as well as run off and leachates from contaminated landfill sites.

#### **Weeds Biosecurity**

Wide range of activities to combat the spread of targeted weeds across the Northern Rivers region of NSW.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations

\$ '000	2019	2018
<b>(a) User charges and fees</b>		
<b>Specific user charges</b>		
(per s.502 - specific 'actual use' charges)		
Water supply services	19,468	18,573
<b>Total specific user charges</b>	<b>19,468</b>	<b>18,573</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Regulatory/ statutory fees	32	31
<b>Total fees and charges – statutory/regulatory</b>	<b>32</b>	<b>31</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>19,500</b>	<b>18,604</b>

**Accounting policy for user charges and fees**

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

**(b) Interest and investment revenue****Interest on financial assets measured at amortised cost**

– Overdue user fees and charges	3	2
– Cash and investments	968	846
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>971</b>	<b>848</b>

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

General Council cash and investments	971	848
<b>Total interest and investment revenue</b>	<b>971</b>	<b>848</b>

**Accounting policy for interest and investment revenue**

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

\$ '000	Notes	2019	2018
<b>(c) Other revenues</b>			
Rental income – investment property	10	54	74
Rental income – other council properties		176	177
Assessment on other councils		1,457	1,425
Settlement		–	2,950
Water testing		807	779
Other		198	161
<b>TOTAL OTHER REVENUE</b>		<b>2,692</b>	<b>5,566</b>

**Accounting policy for other revenue**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(d) Grants</b>				
<b>Specific purpose</b>				
Weed biosecurity	681	597	–	–
Flood mitigation	722	591	–	–
Water	–	38	–	–
<b>Total specific purpose</b>	<b>1,403</b>	<b>1,226</b>	<b>–</b>	<b>–</b>
<b>Total grants</b>	<b>1,403</b>	<b>1,226</b>	<b>–</b>	<b>–</b>
<b>Grant revenue is attributable to:</b>				
– State funding	1,403	1,226	–	–
	<b>1,403</b>	<b>1,226</b>	<b>–</b>	<b>–</b>

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(e) Contributions</b>					
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 64 – water supply contributions		–	–	5,564	4,980
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>5,564</b>	<b>4,980</b>
<b>Total developer contributions</b>	22	<b>–</b>	<b>–</b>	<b>5,564</b>	<b>4,980</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Bulk supply network		6	–	107	612
Flood mitigation		85	85	–	–
Weed biosecurity		17	9	–	–
<b>Total other contributions – cash</b>		<b>108</b>	<b>94</b>	<b>107</b>	<b>612</b>
<b>Total other contributions</b>		<b>108</b>	<b>94</b>	<b>107</b>	<b>612</b>
<b>Total contributions</b>		<b>108</b>	<b>94</b>	<b>5,671</b>	<b>5,592</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>1,511</b>	<b>1,320</b>	<b>5,671</b>	<b>5,592</b>

**Accounting policy for grants and contributions**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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

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

**Operating grants**

Unexpended at the close of the previous reporting period	398	550
<b>Add:</b> operating grants recognised in the current period but not yet spent	90	25
<b>Add:</b> operating grants received for the provision of goods and services in a future period	–	–
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(208)	(177)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>280</b>	<b>398</b>

## Weeds Fund:

- NCLLC Community landcare project - work to commence 2019/20
- WAP additional funding received to purchase equipment in 2019/20

## Flood Fund:

- VHR - project delays have resulted in an amended workplan being required by OEH

**Capital grants**

Unexpended at the close of the previous reporting period	14	27
<b>Add:</b> capital grants recognised in the current period but not yet spent	–	–
<b>Add:</b> capital grants received for the provision of goods and services in a future period	–	–
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(7)	(13)
<b>Unexpended and held as restricted assets (capital grants)</b>	<b>7</b>	<b>14</b>

Remaining funds from grant received for flood damage May 2009.

**Contributions**

Unexpended at the close of the previous reporting period	75	29
<b>Add:</b> contributions recognised in the current period but not yet spent	84	74
<b>Add:</b> contributions received for the provision of goods and services in a future period	–	–
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–
<b>Less:</b> contributions recognised in a previous reporting period now spent	(40)	(28)
<b>Unexpended and held as restricted assets (contributions)</b>	<b>119</b>	<b>75</b>

Flood Fund receives a number of operating contribution each year. They consist of:

- Private landholder contributions
- Constituent Council contributions for the catchment activity model trailer & drainage union maintenance

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations

\$ '000	2019	2018
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	5,417	5,198
Employee leave entitlements (ELE)	1,189	1,214
Superannuation	669	662
Workers' compensation insurance	97	95
Fringe benefit tax (FBT)	32	37
Payroll tax	252	317
Training costs (other than salaries and wages)	238	165
Other	111	130
<b>Total employee costs</b>	<b>8,005</b>	<b>7,818</b>
Less: capitalised costs	(545)	(647)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>7,460</b>	<b>7,171</b>

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

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

*Retirement benefit obligations*

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

*Superannuation plans*

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 17 for more information.

**(b) Borrowing costs****(i) Interest bearing liability costs**

Interest on loans	1,680	1,834
<b>Total interest bearing liability costs expensed</b>	<b>1,680</b>	<b>1,834</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>1,680</b>	<b>1,834</b>

**Accounting policy for borrowing costs**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
<b>(c) Materials and contracts</b>		
Raw materials and consumables	5,060	4,289
Contractor and consultancy costs	3,615	2,341
Auditors remuneration <sup>2</sup>	63	81
<b>Legal expenses:</b>		
– Legal expenses: other	5	5
<b>Operating leases:</b>		
– Operating lease rentals: minimum lease payments <sup>1</sup>	233	220
Other	–	16
<b>Total materials and contracts</b>	<b>8,976</b>	<b>6,952</b>
<b>TOTAL MATERIALS AND CONTRACTS</b>	<b>8,976</b>	<b>6,952</b>

**Accounting policy for operating leases**

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

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

Buildings	233	220
	<b>233</b>	<b>220</b>

**2. Auditor remuneration**

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

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

Audit and review of financial statements	63	70
<b>Remuneration for audit and other assurance services</b>	<b>63</b>	<b>70</b>
<b>Total Auditor-General remuneration</b>	<b>63</b>	<b>70</b>

**Non NSW Auditor-General audit firms****(i) Audit and other assurance services**

Other audit and assurance services	–	11
<b>Remuneration for audit and other assurance services</b>	<b>–</b>	<b>11</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>–</b>	<b>11</b>
<b>Total Auditor remuneration</b>	<b>63</b>	<b>81</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Notes	2019	2018
(d) Depreciation, amortisation and impairment of intangible assets and IPP&E			
<b>Depreciation and amortisation</b>			
Plant and equipment		493	471
Office equipment		155	142
Furniture and fittings		30	32
Land improvements (depreciable)		60	35
<b>Infrastructure:</b>			
– Buildings		123	134
– Water supply network		5,032	4,957
– Flood mitigation assets		758	775
Intangible assets	11	137	122
<b>Total gross depreciation and amortisation costs</b>		<b>6,788</b>	<b>6,668</b>
<b>Total depreciation and amortisation costs</b>		<b>6,788</b>	<b>6,668</b>
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR INTANGIBLES AND IPP&amp;E</b>		<b>6,788</b>	<b>6,668</b>

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

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets and Note 11 for intangible 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 2019

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

\$ '000	2019	2018
<b>(e) Other expenses</b>		
Advertising	14	11
Bank fees	7	6
Chairperson's fee	16	16
Councillors' fees	79	77
Councillors' (incl. Chairperson) expenses	17	17
Contributions and donations	5	5
Electricity	36	31
Insurance	242	248
Internal audit	52	22
Postage	4	6
Printing and stationery	93	68
Subscriptions and publications	48	–
Telephone	85	98
Water billing and collection	51	52
Other	113	8
<b>Total other expenses</b>	<b>862</b>	<b>665</b>
<b><u>TOTAL OTHER EXPENSES</u></b>	<b><u>862</u></b>	<b><u>665</u></b>

**Accounting policy for other expenses**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Notes	2019	2018
<b>Property (excl. investment property)</b>			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		(34)	–
<b>Net gain/(loss) on disposal</b>		<b>(34)</b>	<b>–</b>
<b>Plant and equipment</b>			
	9		
Proceeds from disposal – plant and equipment		141	338
Less: carrying amount of plant and equipment assets sold/written off		(105)	(231)
<b>Net gain/(loss) on disposal</b>		<b>36</b>	<b>107</b>
<b>Infrastructure</b>			
	9		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(2,277)	(1,519)
<b>Net gain/(loss) on disposal</b>		<b>(2,277)</b>	<b>(1,519)</b>
<b>Real estate assets held for sale</b>			
	8		
Proceeds from disposal – real estate assets		2,654	–
Less: carrying amount of real estate assets sold/written off		(1,941)	–
<b>Net gain/(loss) on disposal</b>		<b>713</b>	<b>–</b>
<b>Investments</b>			
	6(b)		
Proceeds from disposal/redemptions/maturities – investments		30,950	31,370
Less: carrying amount of investments sold/redeemed/matured		(30,950)	(31,370)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(1,562)</b>	<b>(1,412)</b>

**Accounting policy for disposal of assets**

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	76	81
Cash-equivalent assets		
– Deposits at call	2,622	2,253
<b>Total cash and cash equivalents</b>	<b>2,698</b>	<b>2,334</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 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Investments</b>				
a. 'Financial assets at fair value through profit and loss'				
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	29,000	6,000	33,950	–
<b>Total Investments</b>	<b>29,000</b>	<b>6,000</b>	<b>33,950</b>	<b>–</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>31,698</b>	<b>6,000</b>	<b>36,284</b>	<b>–</b>
<b>Financial assets at amortised cost / held to maturity (2018)</b>				
Long term deposits	29,000	6,000	33,950	–
<b>Total</b>	<b>29,000</b>	<b>6,000</b>	<b>33,950</b>	<b>–</b>

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

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

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

**Financial assets**

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

**Classification**

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

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

Financial assets are not reclassified subsequent to their initial recognition.

**Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 6(b). Investments (continued)

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- 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, cash and cash equivalents, and investments 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.

#### Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

### Accounting policy under AASB 139 – applicable for 2018 comparatives only

#### Classification

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

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

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

#### (b) Held to maturity investments

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

#### (c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

#### (d) Available for sale financial assets

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

#### Recognition and de-recognition

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 6(b). Investments (continued)

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When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

#### **Impairment of financial assets**

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

#### **Impairment of available for sale investments**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Total cash, cash equivalents and investments	31,698	6,000	36,284	–
<b>attributable to:</b>				
External restrictions	3,749	–	3,411	–
Internal restrictions	26,508	6,000	29,953	–
Unrestricted	1,441	–	2,920	–
	31,698	6,000	36,284	–

\$ '000	2019	2018
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## Details of restrictions

## External restrictions – other

Specific purpose unexpended grants	287	412
Water supplies	–	–
Other	3,461	2,999

## External restrictions – other

## Total external restrictions

## Internal restrictions

Flood Fund	1,243	1,328
Weeds Bio Fund	944	56
Retail Water Fund	1,817	607
Richmond Water Laboratories Fund	408	351
Commercial Property Fund	1,835	1,395
Fleet Fund	660	1,331
Bulk Fund - Building & structures	344	638
Bulk Fund - Assets & programs	20,150	19,359
Bulk Fund - Employees leave entitlement	1,871	1,839
Bulk Fund - Electricity	2,272	2,272
Bulk Fund - Office equipment & computers	871	777
Bulk Fund - Greenhouse gas abatement	94	–

## Total internal restrictions

## TOTAL RESTRICTIONS

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Purpose</b>				
User charges and fees	112	–	85	–
Accrued revenues				
– Interest on investments	511	13	448	–
– Other income accruals	527	–	432	–
Government grants and subsidies	572	–	492	–
Sundry debtors	692	–	444	–
<b>Total</b>	<b>2,414</b>	<b>13</b>	<b>1,901</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>2,414</b>	<b>13</b>	<b>1,901</b>	<b>–</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Other	69	–	–	–
<b>Other</b>				
Government grants and subsidies	572	–	492	–
Sec 64 headworks	499	–	417	–
<b>Total external restrictions</b>	<b>1,140</b>	<b>–</b>	<b>909</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>1,274</b>	<b>–</b>	<b>992</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>2,414</b>	<b>13</b>	<b>1,901</b>	<b>–</b>

## Accounting policy for receivables

## Recognition and measurement

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

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

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

## Impairment

## Accounting policy under AASB 9 applicable from 1 July 2018

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

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

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.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 7. Receivables (continued)

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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.

#### **Accounting policy under AASB 139 – applicable for 2018 comparatives only**

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Inventories</b>				
<b>(i) Inventories at cost</b>				
Real estate for resale	98	1,191	–	1,247
Stores and materials	366	226	346	226
<b>Total inventories at cost</b>	<b>464</b>	<b>1,417</b>	<b>346</b>	<b>1,473</b>
<b>TOTAL INVENTORIES</b>	<b>464</b>	<b>1,417</b>	<b>346</b>	<b>1,473</b>

### (b) Other assets

Prepayments	218	–	268	–
Bonds and security deposits	284	–	260	–
<b>TOTAL OTHER ASSETS</b>	<b>502</b>	<b>–</b>	<b>528</b>	<b>–</b>

### (i) Other disclosures

\$ '000	Notes	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Details for real estate development</b>					
Residential – undeveloped		98	1,191	–	1,247
<b>Total real estate for resale</b>		<b>98</b>	<b>1,191</b>	<b>–</b>	<b>1,247</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Development costs		98	1,191	–	1,247
<b>Total costs</b>		<b>98</b>	<b>1,191</b>	<b>–</b>	<b>1,247</b>
<b>Total real estate for resale</b>		<b>98</b>	<b>1,191</b>	<b>–</b>	<b>1,247</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		–	1,247	–	1,247
– Purchases and other costs		2,039	(56)	–	–
– WDV of sales (expense)	5	(1,941)	–	–	–
<b>Total real estate for resale</b>		<b>98</b>	<b>1,191</b>	<b>–</b>	<b>1,247</b>

### Accounting policy for inventories and other assets

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

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

#### Inventory held for distribution

Stores and materials held for distribution are held at cost, adjusted where applicable for any loss of service potential.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 8. Inventories and other assets (continued)

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#### **Real estate held for resale/capitalisation of borrowing costs**

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 9. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2018			Asset movements during the reporting period						as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>(1)</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	9,927	–	9,927	5,313	1,135	–	–	(7,276)	–	9,099	–	9,099
Plant and equipment	3,997	(2,343)	1,654	–	415	(105)	(493)	–	–	4,154	(2,683)	1,471
Office equipment	1,572	(1,324)	248	–	218	–	(155)	–	–	1,780	(1,469)	311
Furniture and fittings	701	(308)	393	–	12	–	(30)	2	–	715	(338)	377
<b>Land:</b>												
– Operational land	10,109	–	10,109	–	–	–	–	–	397	10,506	–	10,506
– Non-depreciable land improvements – water supply network	2,337	–	2,337	–	–	–	–	–	37	2,374	–	2,374
– Depreciable land improvements – water supply network	1,841	(779)	1,062	–	151	(11)	(60)	1,245	36	3,247	(824)	2,423
<b>Infrastructure:</b>												
– Buildings	4,757	(2,544)	2,213	–	6	(39)	(123)	–	79	4,853	(2,717)	2,136
– Water supply network	453,168	(124,656)	328,512	2,123	100	(2,189)	(5,032)	5,465	5,184	460,397	(126,234)	334,163
– Flood mitigation	132,773	(11,492)	121,281	39	–	(78)	(758)	–	1,927	134,817	(12,405)	122,412
<b>Total Infrastructure, property, plant and equipment</b>	<b>621,182</b>	<b>(143,446)</b>	<b>477,736</b>	<b>7,475</b>	<b>2,037</b>	<b>(2,422)</b>	<b>(6,651)</b>	<b>(564)</b>	<b>7,660</b>	<b>631,942</b>	<b>(146,670)</b>	<b>485,272</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9. Infrastructure, property, plant and equipment (continued)

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

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

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

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

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

When infrastructure, property, plant and equipment are acquired by Council 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	2 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	2 to 5		
Vehicles	5	<b>Buildings</b>	
Heavy plant	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>Flood mitigation assets</b>	
Dams and reservoirs	80 to 150	Drains	15 to 80
Bores	20 to 50	Culverts	50 to 80
Reticulation pipes: PVC	70 to 90	Flood control structures	10 to 80
Reticulation pipes: other	25 to 75	Bulk earthworks	Infinite
Pumps and telemetry	15 to 20		

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 10. Investment property

\$ '000	2019	2018
<b>(a) Investment property at fair value</b>		
<b>Investment property on hand</b>	<b>740</b>	<b>710</b>
<b>Reconciliation of annual movement:</b>		
<b>Opening balance</b>	710	710
– Net gain/(loss) from fair value adjustments	(380)	–
– Subsequent expenditure	410	–
<b>CLOSING BALANCE – INVESTMENT PROPERTY</b>	<b>740</b>	<b>710</b>

**(b) Valuation basis**

The basis of valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2019 revaluations were based on independent assessments made by:  
Taylor Byrne - Valuers & property consultants

**(c) Contractual obligations at reporting date**

Refer to Note 16 for disclosures relating to any capital and service obligations that have been contracted.

**(d) Leasing arrangements – Council as lessor**

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:

Within 1 year	54	36
Later than 1 year but less than 5 years	75	–
<b>Total minimum lease payments receivable</b>	<b>129</b>	<b>36</b>

Council has a three year lease agreement due to expire 31 October 2021.

**(e) Investment property income and expenditure – summary**

<b>Rental income from investment property:</b>		
– Minimum lease payments	54	74
<b>Direct operating expenses on investment property:</b>		
– that generated rental income	(18)	(17)
<b>Net revenue contribution from investment property</b>	<b>36</b>	<b>57</b>
plus:		
<b>Fair value movement for year</b>	<b>(380)</b>	<b>–</b>
<b>Total income attributable to investment property</b>	<b>(344)</b>	<b>57</b>

**Accounting policy for investment property**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 10. Investment property (continued)

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Properties that are under construction for future use as investment properties are regarded as investment property. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 11. Intangible assets

\$ '000	2019	2018
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Intangible assets are as follows:

**Opening values at 1 July**

Gross book value	1,048	592
Accumulated amortisation	(633)	(510)
<b>Net book value – opening balance</b>	<b>415</b>	<b>82</b>

**Movements for the year**

– Purchases	91	456
– Amortisation charges	(137)	(123)

**Closing values at 30 June**

Gross book value	1,139	1,048
Accumulated amortisation	(770)	(633)

**TOTAL INTANGIBLE ASSETS – NET BOOK VALUE**

<b>369</b>	<b>415</b>
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The net book value of intangible assets represents:

– Software	369	415
	<b>369</b>	<b>415</b>

**Accounting policy for intangible assets****IT development and software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 12. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Payables</b>				
Goods and services	397	–	433	–
Capital creditors	2,321	–	666	–
Accrued expenses:				
– Borrowings	321	–	350	–
– Salaries and wages	186	–	–	–
Accrued expenses	296	–	611	–
Other	438	–	307	–
<b>Total payables</b>	<b>3,959</b>	<b>–</b>	<b>2,367</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	2,585	21,560	2,426	24,145
<b>Total borrowings</b>	<b>2,585</b>	<b>21,560</b>	<b>2,426</b>	<b>24,145</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>6,544</u></b>	<b><u>21,560</u></b>	<b><u>4,793</u></b>	<b><u>24,145</u></b>

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

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

\$ '000	2019	2018
<b>Financing arrangements</b>		
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>		
Bank overdraft facilities <sup>1</sup>	100	100
Credit cards/purchase cards	150	110
<b>Total financing arrangements</b>	<b>250</b>	<b>210</b>
<b>Undrawn facilities as at balance date:</b>		
– Bank overdraft facilities	100	100
– Credit cards/purchase cards	150	110
<b>Total undrawn financing arrangements</b>	<b>250</b>	<b>210</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 12. Payables and borrowings (continued)

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#### 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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 13. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	538	–	522	–
Long service leave	1,254	27	1,215	60
TIL	53	–	42	–
<b>Sub-total – aggregate employee benefits</b>	<b>1,845</b>	<b>27</b>	<b>1,779</b>	<b>60</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>1,845</u></b>	<b><u>27</u></b>	<b><u>1,779</u></b>	<b><u>60</u></b>

\$ '000	2019	2018
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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	1,070	1,059
	<b><u>1,070</u></b>	<b><u>1,059</u></b>

**Accounting policy for provisions**

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

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

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

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

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

**Other long-term employee benefit obligations**

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

**On-costs**

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 13. Provisions (continued)

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

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

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

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

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

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

The Council has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2017. As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the income statement. In prior year, this information was presented as part of other expenses.
- AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year.

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

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

##### **Classification of financial assets**

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9, based primarily on the business model in which a financial asset is managed and its contractual cash flow characteristics are:

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

##### **Measurement of equity instruments**

All equity instruments of the Council are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 that allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) at 1 July 2018.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments, classified as fair value through other comprehensive income, are taken to the relevant reserve.

##### **Impairment of financial assets**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

**Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)****Transition adjustments**

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at 1 July 2018.

\$ '000	Classific- ation under AASB 139	Classific- ation under AASB 9	Carrying amount under AASB 139	Reclassi- fication	Remeasu- rements	Carrying amount under AASB 9
<b>Financial assets</b>						
Cash and cash equivalents	Loans and receivables	Amortised cost	2,334	—	—	2,334
Term deposits (i)	Held to maturity	Amortised cost	33,950	—	—	33,950
Receivables	Loans and receivables	Amortised cost	1,901	—	—	1,901
<b>Total financial assets under AASB 9 at 1 July 2018</b>			<b>38,185</b>	<b>—</b>	<b>—</b>	<b>38,185</b>
<b>Financial liabilities</b>						
Secured bank loans	Other financial liabilities	Other financial liabilities	26,571	—	—	26,571
Payables	Other financial liabilities	Other financial liabilities	2,367	—	—	2,367
<b>Total financial liabilities under AASB 9 at 1 July 2018</b>			<b>28,938</b>	<b>—</b>	<b>—</b>	<b>28,938</b>

**Notes to the table above****(i) Reclassification from 'held to maturity' to 'amortised cost'**

Term deposits that would previously have been classified as 'held to maturity' are now classified at 'amortised cost'. Council intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 15. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6(a)	2,698	2,334
<b>Balance as per the Statement of Cash Flows</b>		<b>2,698</b>	<b>2,334</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		2,637	7,228
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		6,788	6,668
Net losses/(gains) on disposal of assets		1,562	1,412
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investment property		380	–
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(526)	755
Decrease/(increase) in inventories		(20)	(67)
Decrease/(increase) in other current assets		26	(99)
Increase/(decrease) in payables		(36)	241
Increase/(decrease) in accrued interest payable		(29)	(27)
Increase/(decrease) in other accrued expenses payable		(129)	(119)
Increase/(decrease) in other liabilities		131	24
Increase/(decrease) in provision for employee benefits		33	(99)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>10,817</b>	<b>15,917</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 16. Commitments

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

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

**Property, plant and equipment**

Buildings	7	36
Plant and equipment	99	110
Infrastructure	2,949	1,300
Land development	175	1,405

**Investment property**

– Buildings	5	14
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**Total commitments**

<b>3,235</b>	<b>2,865</b>
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**These expenditures are payable as follows:**

Within the next year	3,235	2,865
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**Total payable**

<b>3,235</b>	<b>2,865</b>
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**Sources for funding of capital commitments:**

Internally restricted Bulk Water funds	3,055	1,446
Internally restricted Property funds	180	1,419

**Total sources of funding**

<b>3,235</b>	<b>2,865</b>
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**Details of capital commitments**

Council has committed to progressing the St Helena 600 upgrade.

## (b) Operating lease commitments (non-cancellable)

**a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:**

Within the next year	367	380
Later than one year and not later than 5 years	673	1,109
<b>Total non-cancellable operating lease commitments</b>	<b>1,040</b>	<b>1,489</b>

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

Galactica Tours lease for the Molesworth Street building (Rous Water main office building).

Colorworks lease for organisation wide printers.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 17. Contingencies and other assets/liabilities not recognised

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

#### LIABILITIES NOT RECOGNISED

##### 1. Guarantees

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$ 79,058.80. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 31 December 2018, and covers the period ended 30 June 2018.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

The amount of additional contributions included in the total employer contribution advised above is \$79,058.80. Council's expected contribution to the plan for the next annual reporting period is \$70,219.24.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,784.2	100.8%
Vested Benefits	1,792.0	100.4%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$94,000 as at 30 June 2019.

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

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

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

\* Plus promotional increases

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management

## Risk management

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

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

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

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

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

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	2,698	2,334	2,698	2,334
Receivables	2,427	1,901	2,427	1,901
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	35,000	33,950	35,000	33,950
<b>Total financial assets</b>	<b>40,125</b>	<b>38,185</b>	<b>40,125</b>	<b>38,185</b>
<b>Financial liabilities</b>				
Payables	3,959	2,367	3,959	2,367
Loans/advances	24,145	26,571	32,594	31,450
<b>Total financial liabilities</b>	<b>28,104</b>	<b>28,938</b>	<b>36,553</b>	<b>33,817</b>

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and 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.

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2019</b>				
Possible impact of a 1% movement in interest rates	377	377	(377)	(377)
<b>2018</b>				
Possible impact of a 1% movement in interest rates	363	363	(363)	(363)

## (b) Credit risk

Council's major receivables comprise user charges and fees, contributions from constituent councils and sundry debtors.

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

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.

Credit risk on 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 annual charges and fees at higher than market rates which further encourages the payment of debt.

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 debtors.

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

## Receivables - non-rates and annual charges

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

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2019</b>						
Gross carrying amount	2,062	—	349	5	11	2,427
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	—	—	—	—	—	—
<b>2018</b>						
Gross carrying amount	1,652	134	105	10	—	1,901
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	—	—	—	—	—	—

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

## (c) Liquidity risk

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

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

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

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

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

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
<b>2019</b>							
Trade/other payables	0.00%	–	3,959	–	–	3,959	3,959
Loans and advances	6.58%	–	4,136	16,313	10,755	31,204	24,145
<b>Total financial liabilities</b>		–	<b>8,095</b>	<b>16,313</b>	<b>10,755</b>	<b>35,163</b>	<b>28,104</b>
<b>2018</b>							
Trade/other payables	0.00%	–	2,367	–	–	2,367	2,367
Loans and advances	6.58%	–	4,136	16,428	14,833	35,397	26,571
<b>Total financial liabilities</b>		–	<b>6,503</b>	<b>16,428</b>	<b>14,833</b>	<b>37,764</b>	<b>28,938</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 19/06/2019 and is unaudited.

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

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

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

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

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
<b>REVENUES</b>				
User charges and fees	18,903	19,500	597	3% <b>F</b>
Interest and investment revenue	700	971	271	39% <b>F</b>
Interest & investment revenue was \$271k (F) (39%) in excess of the original budget. The original budget for investment interest was based on an average portfolio balance of \$27.09 million calculated on an average rate of return of 2.5%. The portfolio size remained consistently higher due to Section 64 Developer Contributions and slower than anticipated cash flow requirements for capital works, with an average held balance of \$35 million. Whilst interest rates remained low they outperformed the BBSW on average by 84 points for the 2018/19 year.				
Other revenues	2,700	2,692	(8)	0% <b>U</b>
Operating grants and contributions	714	1,511	797	112% <b>F</b>
Grants & contributions provided for operating purposes were \$797k (F) (112%) above the original budget. Restoration works under the Natural Disaster Relief Assistance Program in relation to the March 2017 flood accounted for \$534k (F) - Lismore levee \$490k, rural levees \$125k (Bungawalbyn levee, Swan Bay levee and Suffolks levee). Funding was also received for OEHPDIE grant Review of Lismore's Flood Risk Management Plan after March 17 flood \$73k (F). Additional funding was also received for Weeds Action Program \$100k (F), Alligator Weed Swan Bay \$30k (F), Miconia Weeds \$21k (F), Yellow Crazy Ants \$19k (F) and NCLLC Community Landcare \$60k (F).				
Capital grants and contributions	2,623	5,671	3,048	116% <b>F</b>
Grants & contributions provided for capital purposes resulted in an increase of \$3.048 million (F) (116%) above budget. The revenue increase can primarily be attributed to increased receipts for Section 64 Developer Contributions of \$3 million (117%) (F) higher than originally budgeted.				
Net gains from disposal of assets	2	–	(2)	100% <b>U</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Material budget variations

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
<b>EXPENSES</b>				
Employee benefits and on-costs	8,187	7,460	727	9% <b>F</b>
Borrowing costs	1,746	1,680	66	4% <b>F</b>
Materials and contracts	7,178	8,976	(1,798)	(25)% <b>U</b>
Materials & contracts costs were \$1.798k (U) (25%) above the original budget. This was largely a result of expenditure on restoration works under the Natural Disaster Relief Assistance Program in relation to the March 2017 flood of \$563k. Costs previously treated as capital work in progress, but were unable to be capitalise and were expensed consist of corrosion & treatment plant works \$244k, flood mitigation studies \$166k, various buiding works \$461k and information technology projects \$317k.				
Depreciation and amortisation	6,540	6,788	(248)	(4)% <b>U</b>
Other expenses	890	862	28	3% <b>F</b>
Net losses from disposal of assets	–	1,562	(1,562)	(100)% <b>U</b>
Traditionally, Council has not provided a budget for loss on disposal of assets due to the inherent difficulty in estimating proceeds from asset disposal. As a result actual loss on disposal of assets has produced a variance of \$1.56 million (U). This loss is comprised of losses to infrastructure \$2.2 million and buiding \$34k assets. Offset by gains to plant & equipment \$36k and land development sales \$713k.				
Fair value decrement on investment property	–	380	(380)	(100)% <b>U</b>
Investment properties are valued annually, with any increment or decrement appearing on the Income Statement. Extensive repairs and maintenance works were conducted on Council's investment property. As these works were greater than the new fair valuation, they are required to be expensed.				

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Fair Value Measurement

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

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

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

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

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

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

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

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

		Fair value measurement hierarchy				
		Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
<b>2019</b>	Notes					
<b>Recurring fair value measurements</b>						
<b>Investment property</b>	10					
Commercial property		01/04/19	–	740	–	740
<b>Total investment property</b>			–	740	–	740
<b>Infrastructure, property, plant and equipment</b>						
	9					
Buildings			–	–	2,136	2,136
Land			–	–	10,506	10,506
Non-depreciable land improvements			–	–	2,374	2,374
Depreciable land improvements			–	–	2,423	2,423
Water infrastructure: water distribution assets			–	–	162,890	162,890
Water infrastructure: dams and treatment assets			–	–	171,275	171,275
Flood mitigation infrastructure			–	–	122,412	122,412
<b>Total infrastructure, property, plant and equipment</b>			–	–	474,016	474,016
<b>Fair value measurement hierarchy</b>						
		Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
<b>2018</b>	Notes					
<b>Recurring fair value measurements</b>						
<b>Investment property</b>	10					
Commercial property			–	710	–	710
<b>Total investment property</b>			–	710	–	710

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Fair Value Measurement (continued)

2018	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
<b>Infrastructure, property, plant and equipment</b>						
Buildings			–	–	2,213	2,213
Land			–	–	10,109	10,109
Non-depreciable land improvements			–	–	2,337	2,337
Depreciable land improvements			–	–	1,062	1,062
Water infrastructure: water distribution assets			–	–	158,395	158,395
Water infrastructure: dams and treatment assets			–	–	170,116	170,116
Flood mitigation infrastructure			–	–	121,281	121,281
<b>Total infrastructure, property, plant and equipment</b>			<b>–</b>	<b>–</b>	<b>465,513</b>	<b>465,513</b>

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Fair Value Measurement (continued)

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

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

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

##### **Investment property**

For Investment property, council obtains external valuations by independent valuers on an annual basis.

The last revaluation was performed by Taylor Byrne Pty Ltd for the 2018/19 financial year.

Taylor Byrne Pty Ltd is an independent entity and is not an employee of Council.

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

For land, buildings and infrastructure council obtains external valuations by independent valuers every five years. The last revaluation was performed by:

- Water Infrastructure – APV Valuers & Asset Management for the 2016/17 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Flood Mitigation Infrastructure – APV Valuers & Asset Management for the 2014/15 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Land & Buildings – Taylor Byrne Pty Ltd for the 2017/18 financial year. Taylor Byrne Pty Ltd is an independent entity and is not an employee of Council.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices.

In accordance with AASB 13 Fair Value Measurement no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

The following non-current assets categorised above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Council considers information from a variety of sources, including:

- Current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- Discounted cash flow projections based on reliable estimates of future cash flows.
- Capitalised income projections based on a property's estimated not market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3.

Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated replacement cost for each building componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Newly Completed Buildings are categorised as level 2, as the initial measurement is recognised at cost and is represented accordingly until subject to revaluation. This is considered appropriate as, once assets are brought into use, there is no longer an identical correlation with the "shelf product". Council did not have any of these assets at reporting date.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Fair Value Measurement (continued)

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For infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is current replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs.

For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial.

#### Water Infrastructure Assets

Council's water infrastructure assets include Distributions assets (such as water pipelines) Treatment Assets (such as treatment plants) and Source Assets (such as Rocky Creek Dam) and Catchment Assets.

These assets are valued by an external valuer every 5 years using the cost approach.

In between full revaluations, these assets are indexed each year in line with the NSW Reference Rates Manuals as published by the NSW Office of Water.

Whilst the units rates based on linear metres of certain diameter pipes and prices per unit per pit or similar capacity can be supported by market evidence (Level 2), other inputs (such as estimates or residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using Level 3 inputs. There has been no change to the valuation process during the reporting period.

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations as well as internal project costs for similar assets. The useful economic life of the assets is assessed in accordance with Council's Asset Capitalisation Policy as described in Note 1. The remaining economic life is assessed based upon physical depreciation and obsolescence. The council provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed in between full revaluation years are included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. Sensitivity to changes in unobservable inputs may significantly impact on fair value. Council's exposure to sensitivity of the unobservable inputs is generally limited to the projected increase in infrastructure construction costs which has historically been in the range of 2-5% per annum. Disclosure of additional quantitative information about significant unobservable inputs is considered immaterial.

#### Flood Mitigation Infrastructure

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations as well as internal project costs for similar assets. The useful economic life of the assets is assessed in accordance with Council's Asset Capitalisation Policy as described in Note 1. The remaining economic life is assessed based upon physical depreciation and obsolescence. The council provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed in between full revaluation years are included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. The Council is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value.

### (4) Highest and best use

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Related Party Transactions

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#### 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:

<b>\$ '000</b>	<b>2019</b>	<b>2018</b>
<b>Compensation:</b>		
Short-term benefits	345	336
Post-employment benefits	20	19
Other long-term benefits	6	14
<b>Total</b>	<b>371</b>	<b>369</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 22. 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

\$ '000	as at 30/6/2018						as at 30/6/2019	
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
S64 contributions	—	5,564	—	—	(5,564)	—	—	—
<b>Total contributions</b>	<b>—</b>	<b>5,564</b>	<b>—</b>	<b>—</b>	<b>(5,564)</b>	<b>—</b>	<b>—</b>	<b>—</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 23. Financial result and financial position by fund

<b>\$ '000</b>	<b>General <sup>1</sup> 2019</b>	<b>Water 2019</b>
<b>Income Statement by fund</b>		
<b>Income from continuing operations</b>		
User charges and fees	–	19,500
Interest and investment revenue	99	872
Other revenues	2,470	222
Grants and contributions provided for operating purposes	1,511	–
Grants and contributions provided for capital purposes	–	5,671
<b>Total income from continuing operations</b>	<b>4,080</b>	<b>26,265</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,442	6,018
Borrowing costs	7	1,673
Materials and contracts	2,231	6,745
Depreciation and amortisation	882	5,906
Other expenses	265	597
Net losses from the disposal of assets	(602)	2,164
Fair value decrement on investment property	380	–
<b>Total expenses from continuing operations</b>	<b>4,605</b>	<b>23,103</b>
<b>Operating result from continuing operations</b>	<b>(525)</b>	<b>3,162</b>
<b>Net operating result for the year</b>	<b>(525)</b>	<b>3,162</b>
<b>Net operating result attributable to each council fund</b>	<b>(525)</b>	<b>3,162</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(525)</b>	<b>(2,509)</b>

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	General <sup>1</sup> 2019	Water 2019
<b>Statement of Financial Position by fund</b>		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	388	2,310
Investments	4,382	24,618
Receivables	885	1,529
Inventories	160	304
Other	292	210
<b>Total current assets</b>	<b>6,107</b>	<b>28,971</b>
<b>Non-current assets</b>		
Investments	–	6,000
Receivables	–	3,901
Inventories	5,141	226
Infrastructure, property, plant and equipment	123,412	361,860
Investment property	740	–
Intangible assets	4	365
<b>Total non-current assets</b>	<b>129,297</b>	<b>372,352</b>
<b>TOTAL ASSETS</b>	<b>135,404</b>	<b>401,323</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	823	3,136
Borrowings	55	2,530
Provisions	–	1,844
<b>Total current liabilities</b>	<b>878</b>	<b>7,510</b>
<b>Non-current liabilities</b>		
Borrowings	5,687	21,559
Provisions	–	27
<b>Total non-current liabilities</b>	<b>5,687</b>	<b>21,586</b>
<b>TOTAL LIABILITIES</b>	<b>6,565</b>	<b>29,096</b>
<b>Net assets</b>	<b>128,839</b>	<b>372,227</b>
<b>EQUITY</b>		
Accumulated surplus	122,736	117,608
Revaluation reserves	6,103	254,619
<b>Council equity interest</b>	<b>128,839</b>	<b>372,227</b>
<b>Total equity</b>	<b>128,839</b>	<b>372,227</b>

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

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018      2017		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	(1,092)	(4.43)%	11.57%	4.82%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	24,674				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	23,163	76.33%	78.35%	81.31%	>60.00%
Total continuing operating revenue <sup>1</sup>	30,345				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	29,675	5.42x	6.44x	6.08x	>1.50x
Current liabilities less specific purpose liabilities	5,474				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	7,376	1.80x	2.81x	2.45x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,106				
<b>5. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	37,698	21.11 mths	22.84 mths	21.00 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	1,786				

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

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Benchmark
	2019	2018	2019	2018	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	(18.31)%	0.59%	(1.68)%	13.10%	>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>	62.97%	66.96%	78.41%	79.93%	>60.00%
Total continuing operating revenue <sup>1</sup>					
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	6.05x	9.38x	4.03x	5.94x	>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>	2.33x	16.93x	1.79x	2.61x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
<b>5. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	14.52 mths	18.22 mths	22.60 mths	23.88 mths	>3.00 mths
Payments from cash flow of operating and financing activities					

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

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



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Rous County Council

To the Councillors of the Rous County Council

### Opinion

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

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been presented, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

### Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements.

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.

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

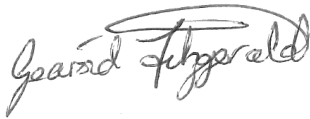
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, reading "Gearoid Fitzgerald". The signature is written in dark ink and is positioned above the printed name.

Gearoid Fitzgerald

Delegate of the Auditor-General for New South Wales

25 October 2019  
SYDNEY



Keith Williams  
Chair  
Rous County Council  
PO Box 230  
LISMORE NSW 2480

Contact: Gearoid Fitzgerald  
Phone no: (02) 9275 7392  
Our ref: D1925772/1821

25 October 2019

Dear Mr Williams

**Report on the Conduct of the Audit  
for the year ended 30 June 2019  
Rous County Council**

I have audited the general purpose financial statements (GPFS) of Rous County Council (the Council) for the year ended 30 June 2019 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2019 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## INCOME STATEMENT

### Operating result

	2019 \$m	2018 \$m	Variance %
User charges and fees	19.5	18.6	↑ 4.8
Other revenues	2.7	5.6	↓ 51.8
Grants and contributions revenue	7.2	6.9	↑ 4.3
Materials and contracts	8.9	6.9	↑ 29.0
Operating result for the year	2.6	7.2	↓ 63.9
Net operating result before capital grants and contributions	(3.0)	1.6	↓ 287

Council's operating result (\$2.6 million including the effect of depreciation and amortisation expense of \$6.8 million) was \$4.6 million lower than the 2017–18 result. This decrease is largely attributable to the following:

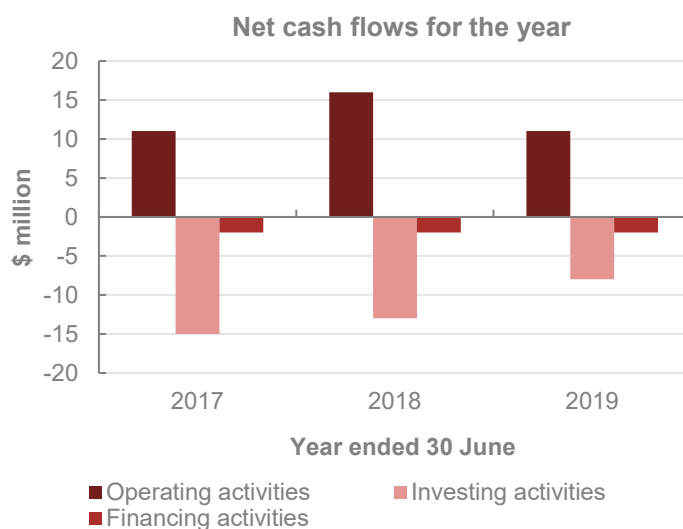
- 51.8 per cent decrease in other revenue due to the settlement of a \$3.0 million compensation claim from highway upgrade works received in the 2017–18 year.
- materials and contracts expenses have increased by 29.0 per cent largely due to increased use of contractors and consultants on Council projects including floodgates and flood levee works resulting from the 2017 flood and work performed on commercial and administration properties.

## STATEMENT OF CASH FLOWS

Net cash provided by operating activities decreased as the 2018 year included one-off compensation payment received.

Net cash used in investing activities also decreased. This represents a shift in Council's investment portfolio.

Financing activities have remained consistent over the 3-year period as there have been no major changes in the current borrowing structure.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	3.8	3.4	External, internal and unrestricted cash and investments have remained reasonably consistent with the prior year.
Internal restrictions	32.5	30.0	
Unrestricted	1.4	2.9	
<b>Cash and investments</b>	<b>37.7</b>	<b>36.3</b>	

### Debt

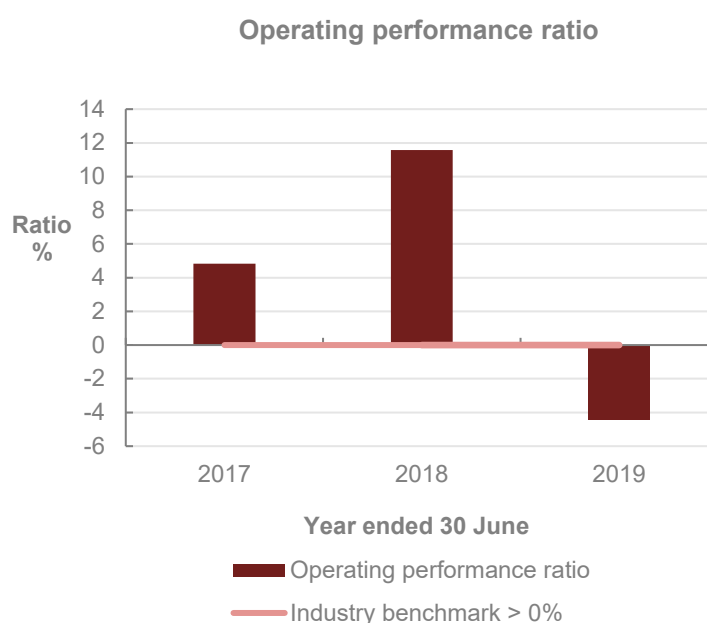
Council has a bank overdraft facility with an approved drawdown limit of \$0.1m, which was unused at 30 June 2019. Council continues to repay borrowings in-line with existing loan agreements.

## PERFORMANCE

### Operating performance ratio

Council's operating performance ratio fell below the industry benchmark in 2018–19. This has been adversely impacted by Council's negative result before capital items mentioned above. The ratio for 2017–18 also included the one-off compensation claim described above.

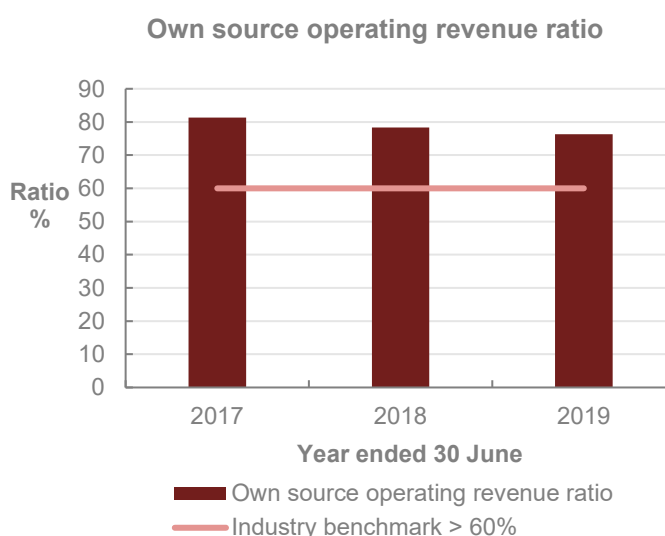
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater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



## Own source operating revenue ratio

Council continues to exceed the benchmark for own source operating revenue ratio demonstrating it is not overly reliant on external funding sources.

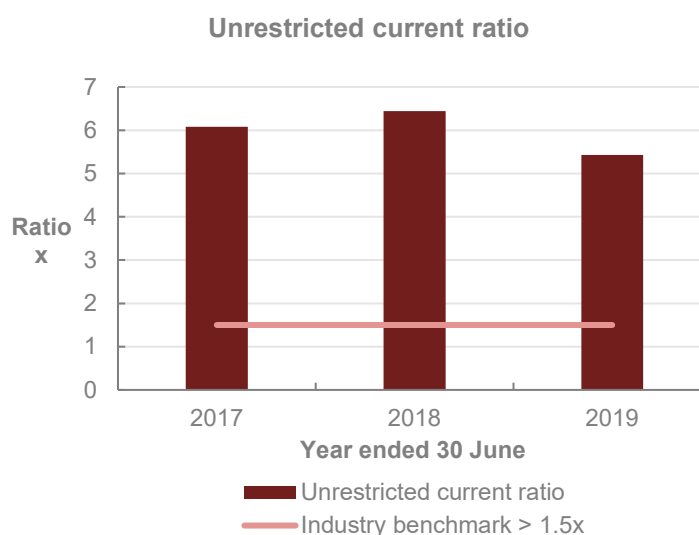
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.



## Unrestricted current ratio

Council continues to exceed the benchmark for the unrestricted current ratio as there are limited restrictions in place over Council's current assets. This ratio shows that Council has \$5.52 in current liquid assets for every \$1 of current liabilities

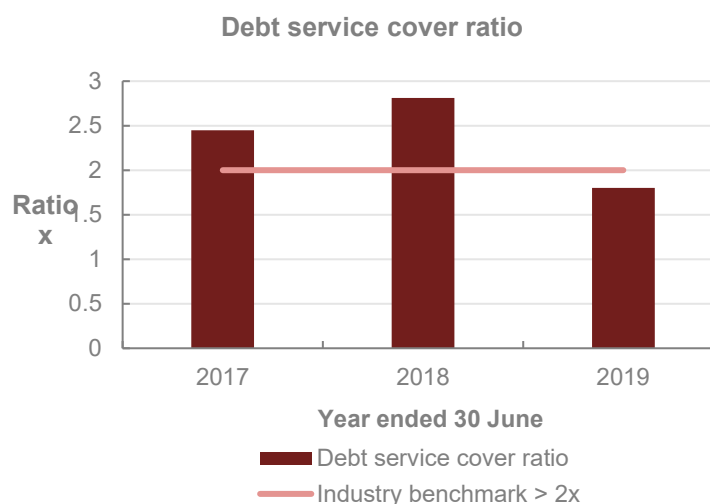
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.



## Debt service cover ratio

Council's debt service cover ratio has decreased below benchmark in 2018–19. Council has not taken out significant borrowings in the current year and loan repayments have remained consistent with the prior year. The 2019 ratio is largely influenced by the reduced result from continuing operations.

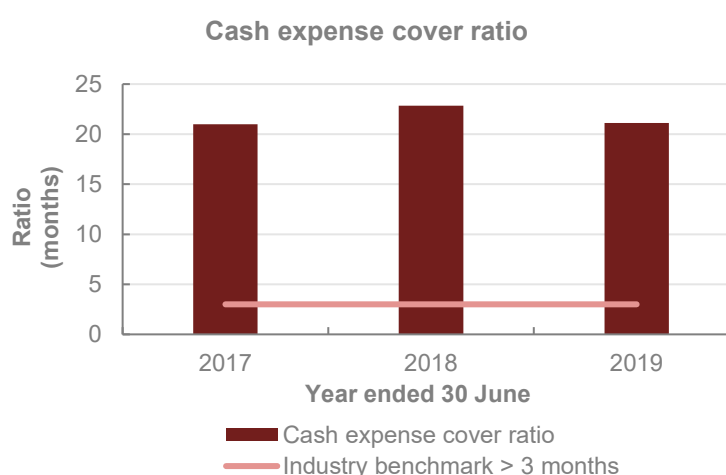
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.



## Cash expense cover ratio

Council continues to exceed the benchmark for cash expense cover ratio, supported by a strong cash and investment position over the past 3 years.

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



## Infrastructure, property, plant and equipment renewals

Council's asset renewal expenditure in the 2018–19 year was \$7.5 million (with significant renewals on the St Helena and Nightcap Tunnel projects) compared to \$6.7 million in the 2017–18 financial year.

## OTHER MATTERS

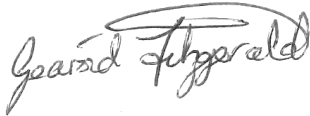
### New accounting standards implemented

Application period	Overview
<b>AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'</b>	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none"> <li>• a simplified model for classifying and measuring financial assets</li> <li>• a new method for calculating impairment</li> <li>• a new type of hedge accounting that more closely aligns with risk management.</li> </ul> <p>The revised AASB 7 includes new disclosures as a result of AASB 9.</p> <p>Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 14.</p>

## Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

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



Gearoid Fitzgerald  
Audit Leader, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Phillip Rudd, General Manager  
Brian Wilkinson, Chair of Audit, Risk and Improvement Committee  
Jim Betts, Secretary of the Department of Planning, Industry and Environment

# Rous County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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# Special Purpose Financial Statements

for the year ended 30 June 2019

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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).

# Rous County Council

## Special Purpose Financial Statements for the year ending 30 June 2019

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

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

- The NSW Government Policy Statement *Application of National Competition Policy to Local Government*
- Office of Local Government Guidelines *Pricing & 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 Supply and Sewerage Guidelines*.

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

- presents 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 business as fair and reasonable.

**We are not aware of any matter that would render this report false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 22 October 2019.**



Cr Keith Williams  
**Chair**

22 October 2019



Cr Sharon Cadwallader  
**Deputy Chair**

22 October 2019



Phillip Rudd  
**General Manager**

22 October 2019



Guy Bezroucho  
**Responsible Accounting Officer**

22 October 2019

## Income Statement – Water Supply Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
<b>Income from continuing operations</b>		
User charges	19,500	18,612
Interest	872	722
Grants and contributions provided for non-capital purposes	–	48
Other income	222	3,124
<b>Total income from continuing operations</b>	<b>20,594</b>	<b>22,506</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	6,018	5,819
Borrowing costs	1,673	1,831
Materials and contracts	6,745	5,267
Depreciation, amortisation and impairment	5,906	5,763
Loss on sale of assets	2,164	1,191
Other expenses	597	218
<b>Total expenses from continuing operations</b>	<b>23,103</b>	<b>20,089</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(2,509)</b>	<b>2,417</b>
Grants and contributions provided for capital purposes	5,671	5,592
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>3,162</b>	<b>8,009</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>3,162</b>	<b>8,009</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(725)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>3,162</b>	<b>7,284</b>
<b>Plus accumulated surplus</b>	<b>114,809</b>	<b>106,875</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	725
<b>Less:</b>		
– Surplus dividend paid	(392)	(75)
<b>Closing accumulated surplus</b>	<b>117,579</b>	<b>114,809</b>
<b>Return on capital %</b>	<b>(0.2)%</b>	<b>1.2%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	3,162	7,284
Less: capital grants and contributions (excluding developer contributions)	–	(612)
<b>Surplus for dividend calculation purposes</b>	<b>3,162</b>	<b>6,672</b>
<b>Potential dividend calculated from surplus</b>	<b>1,581</b>	<b>3,336</b>

# Income Statement – Land

for the year ended 30 June 2019

<b>\$ '000</b>	<b>2019 Category 2</b>	<b>2018 Category 2</b>
<b>Income from continuing operations</b>		
Profit from the sale of assets	713	–
<b>Total income from continuing operations</b>	<b>713</b>	<b>–</b>
<b>Expenses from continuing operations</b>		
Calculated taxation equivalents	28	28
<b>Total expenses from continuing operations</b>	<b>28</b>	<b>28</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>685</b>	<b>(28)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>685</b>	<b>(28)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>685</b>	<b>(28)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>685</b>	<b>(28)</b>
<b>Plus accumulated surplus</b>	<b>(1,206)</b>	<b>(1,206)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	28	28
<b>Closing accumulated surplus</b>	<b>(493)</b>	<b>(1,206)</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>28</b>

# Income Statement – Commercial Property

for the year ended 30 June 2019

\$ '000	2019 Category 2	2018 Category 2
<b>Income from continuing operations</b>		
Interest	4	34
Other income	213	233
<b>Total income from continuing operations</b>	<b>217</b>	<b>267</b>
<b>Expenses from continuing operations</b>		
Materials and contracts	109	207
Depreciation, amortisation and impairment	442	63
Calculated taxation equivalents	3	3
Other expenses	70	38
<b>Total expenses from continuing operations</b>	<b>624</b>	<b>311</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(407)</b>	<b>(44)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(407)</b>	<b>(44)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(407)</b>	<b>(44)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(407)</b>	<b>(44)</b>
<b>Plus accumulated surplus</b>	2,196	2,162
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	3	3
<b>Add:</b>		
– Subsidy paid/contribution to operations	392	75
<b>Closing accumulated surplus</b>	<b>2,184</b>	<b>2,196</b>
<b>Subsidy from Council</b>	<b>407</b>	<b>44</b>

## Statement of Financial Position – Water Supply Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,310	1,993
Investments	24,618	28,978
Receivables	1,529	1,039
Inventories	304	310
Other	210	258
<b>Total current assets</b>	<b>28,971</b>	<b>32,578</b>
<b>Non-current assets</b>		
Investments	6,000	–
Receivables	3,901	6,385
Inventories	226	–
Infrastructure, property, plant and equipment	361,860	354,484
Intangible assets	365	404
<b>Total non-current assets</b>	<b>372,352</b>	<b>361,273</b>
<b>TOTAL ASSETS</b>	<b>401,323</b>	<b>393,851</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	3,136	1,822
Borrowings	2,530	2,374
Provisions	1,844	1,779
<b>Total current liabilities</b>	<b>7,510</b>	<b>5,975</b>
<b>Non-current liabilities</b>		
Borrowings	21,559	24,090
Provisions	27	60
<b>Total non-current liabilities</b>	<b>21,586</b>	<b>24,150</b>
<b>TOTAL LIABILITIES</b>	<b>29,096</b>	<b>30,125</b>
<b>NET ASSETS</b>	<b>372,227</b>	<b>363,726</b>
<b>EQUITY</b>		
Accumulated surplus	117,608	114,809
Revaluation reserves	254,619	248,917
<b>TOTAL EQUITY</b>	<b>372,227</b>	<b>363,726</b>

# Statement of Financial Position – Land

for the year ended 30 June 2019

\$ '000	2019 Category 2	2018 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	255	254
Inventories	98	–
<b>Total current assets</b>	<b>353</b>	<b>254</b>
<b>Non-current assets</b>		
Inventories	5,141	5,127
<b>Total non-current assets</b>	<b>5,141</b>	<b>5,127</b>
<b>TOTAL ASSETS</b>	<b>5,494</b>	<b>5,381</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	301	203
<b>Total current liabilities</b>	<b>301</b>	<b>203</b>
<b>Non-current liabilities</b>		
Borrowings	5,686	6,384
<b>Total non-current liabilities</b>	<b>5,686</b>	<b>6,384</b>
<b>TOTAL LIABILITIES</b>	<b>5,987</b>	<b>6,587</b>
<b>NET ASSETS</b>	<b>(493)</b>	<b>(1,206)</b>
<b>EQUITY</b>		
Accumulated surplus	(493)	(1,206)
<b>TOTAL EQUITY</b>	<b>(493)</b>	<b>(1,206)</b>

# Statement of Financial Position – Commerical Property

for the year ended 30 June 2019

<b>\$ '000</b>	<b>2019 Category 2</b>	<b>2018 Category 2</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	133	78
Investments	1,038	1,131
Receivables	5	17
Other	284	260
<b>Total current assets</b>	<b>1,460</b>	<b>1,486</b>
<b>Non-current assets</b>		
Investment property	740	710
<b>Total non-current assets</b>	<b>740</b>	<b>710</b>
<b>TOTAL ASSETS</b>	<b>2,200</b>	<b>2,196</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	16	–
<b>Total current liabilities</b>	<b>16</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>16</b>	<b>–</b>
<b>NET ASSETS</b>	<b>2,184</b>	<b>2,196</b>
<b>EQUITY</b>		
Accumulated surplus	2,184	2,196
<b>TOTAL EQUITY</b>	<b>2,184</b>	<b>2,196</b>

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

### Note 1. Significant Accounting Policies

---

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

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

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

#### National Competition Policy

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

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

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

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

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

#### Declared business activities

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

##### Category 1

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

##### Water

Provision of safe drinking water to the Constituent Councils and their consumers.

##### Category 2

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

##### Land development

Residential land development incorporating low impact environmental features including water and energy.

##### Commercial properties

Incorporates commercial rental properties at Carrington Street, Conway Street and subleases at Molesworth Street.

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

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

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#### Monetary amounts

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

#### (i) Taxation equivalent charges

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

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

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

#### Notional rate applied (%)

Corporate income tax rate – 27.5%

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

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

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

#### Income tax

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

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

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

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

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

The rate applied of 27.5% is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

#### Local government rates and charges

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

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

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

#### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (ii) Subsidies

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

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

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

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

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

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

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

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

The rate of return is calculated as follows:

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

**Written down value of 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 1.32% at 30/6/19.

#### (iv) Dividends

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

Local government water supply businesses are permitted to pay an annual dividend from its water supply business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply assessments at 30 June 2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



## **INDEPENDENT AUDITOR'S REPORT**

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

#### **Rous County Council**

To the Councillors of the Rous County Council

### **Opinion**

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

The declared business activities of the Council are:

- Water Supply
- Land
- Commercial Property.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared business activities as at 30 June 2019, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code).

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

### **Basis for Opinion**

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

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

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

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

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

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

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

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

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

### **Other Information**

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

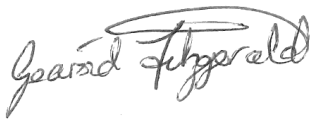
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

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

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

My opinion does not provide assurance:

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



Gearoid Fitzgerald

Delegate of the Auditor-General for New South Wales

25 October 2019  
SYDNEY

# Rous County Council

SPECIAL SCHEDULES  
for the year ended 30 June 2019

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## Special Schedules

for the year ended 30 June 2019

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#### **Special Schedules**

Report on Infrastructure Assets - Values

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## Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance <sup>a</sup>	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
<b>Buildings</b>	Council works depot	178	100	62	301	811	1,812	20.0%	35.0%	43.0%	2.0%	0.0%
	Council houses	55	400	96	39	1,325	3,041	0.0%	30.0%	44.0%	26.0%	0.0%
	<b>Sub-total</b>	<b>233</b>	<b>500</b>	<b>158</b>	<b>340</b>	<b>2,136</b>	<b>4,853</b>	<b>7.5%</b>	<b>31.9%</b>	<b>43.6%</b>	<b>17.0%</b>	<b>0.0%</b>
<b>Water supply network</b>	Water supply network	1,950	9,725	1,632	1,157	334,163	460,397	31.0%	48.0%	12.0%	9.0%	0.0%
	<b>Sub-total</b>	<b>1,950</b>	<b>9,725</b>	<b>1,632</b>	<b>1,157</b>	<b>334,163</b>	<b>460,397</b>	<b>31.0%</b>	<b>48.0%</b>	<b>12.0%</b>	<b>9.0%</b>	<b>0.0%</b>
<b>Water supply land improvements</b>	Land Improvements – Water assets	38	26	459	366	4,797	5,621	23.0%	42.0%	29.0%	6.0%	0.0%
	<b>Sub-total</b>	<b>38</b>	<b>26</b>	<b>459</b>	<b>366</b>	<b>4,797</b>	<b>5,621</b>	<b>23.0%</b>	<b>42.0%</b>	<b>29.0%</b>	<b>6.0%</b>	<b>0.0%</b>
<b>Flood mitigation network</b>	Flood mitigation	370	208	1,619	851	122,412	134,817	10.0%	63.0%	22.0%	5.0%	0.0%
	<b>Sub-total</b>	<b>370</b>	<b>208</b>	<b>1,619</b>	<b>851</b>	<b>122,412</b>	<b>134,817</b>	<b>10.0%</b>	<b>63.0%</b>	<b>22.0%</b>	<b>5.0%</b>	<b>0.0%</b>
<b>TOTAL - ALL ASSETS</b>		<b>2,591</b>	<b>10,459</b>	<b>3,868</b>	<b>2,714</b>	<b>463,508</b>	<b>605,688</b>	<b>26.1%</b>	<b>51.2%</b>	<b>14.6%</b>	<b>8.1%</b>	<b>0.0%</b>

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

## Infrastructure asset condition assessment 'key'

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

## Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018	2017	Benchmark
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio <sup>1</sup>					
Asset renewals <sup>2</sup>	7,631	127.76%	19.78%	—	>=100.00%
Depreciation, amortisation and impairment	5,973				
Infrastructure backlog ratio <sup>1</sup>					
Estimated cost to bring assets to a satisfactory standard	2,591	0.56%	0.58%	—	<2.00%
Net carrying amount of infrastructure assets	461,134				
Asset maintenance ratio					
Actual asset maintenance	2,714	70.17%	84.06%	—	>100.00%
Required asset maintenance	3,868				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	10,459	1.73%	1.42%	—	
Gross replacement cost	605,688				

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

(1) Excludes Work In Progress (WIP)

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

## Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	General fund		Water fund		Benchmark
	2019	2018	2019	2018	
Infrastructure asset performance indicators (by fund)					
Buildings and infrastructure renewals ratio <sup>1</sup>					
Asset renewals <sup>2</sup>					
Depreciation, amortisation and impairment	4.43%	9.02%	149.10%	21.73%	>=100.00%
Infrastructure backlog ratio <sup>1</sup>					
Estimated cost to bring assets to a satisfactory standard					
Net carrying amount of infrastructure assets	0.48%	0.52%	0.59%	0.60%	<2.00%
Asset maintenance ratio					
Actual asset maintenance					
Required asset maintenance	67.02%	63.61%	72.84%	94.58%	>100.00%
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council					
Gross replacement cost	0.51%	0.51%	2.09%	1.69%	

(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.