

Liverpool Plains Shire Council

ANNUAL REPORT

2021 - 2022



ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the traditional owners and custodians of this land, the people of the Kamilaroi Nation.

We pay our respects to the Aboriginal Elders, both past and present.

We acknowledge and respect their continuing culture and the contribution they make to Liverpool Plains Shire.

Prepared by

**Liverpool
Plains**
Shire Council

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CONTENTS

1. WELCOME	4		
Message from the General Manager	5	Equal Employment Opportunity Management Plan	48
2. INTRODUCTION	6	Total Number of Persons Employed	49
Our Planning and Reporting Framework	7	General Manager and Senior Staff Remuneration	49
About our Annual Report	9	Stormwater Management Services	50
Our Community Vision and Strategic Direction	10	Coastal Protection Services	50
Our Highlights	12	Companion Animal Management	50
Financial Summary	14	Planning Agreements	52
Revenues and Expenditure Summary	14	Environmental Upgrade Agreements	52
Your Rates at Work	17	Inspection of Private Swimming Pools	52
3. OVERVIEW	18	Disability Inclusion Action Plan Reporting	53
About the Liverpool Plains Shire	19	Public Interest Disclosures Reporting	54
About our Community	20	6. CAPITAL WORKS REPORT	55
Our Council	23	Roads and Transport Infrastructure	56
Our Governance	24	Gravel road re-sheeting	56
2021 Local Government Election	24	Road renewal, kerb and gutter and footpath	56
Mayoral and Deputy Mayor Election	25	Resealing	57
Our Councillors	26	Buildings, Parks and Reserves Infrastructure	57
Council Meetings	28	Waste Management Infrastructure	57
Council Committees	28	Water and Sewer Infrastructure	58
Organisation Structure	29	Major Projects	59
Our Executive Team	31	7. SPECIAL RATE VARIATION REPORT	60
4. DELIVERY PLAN REPORTING	32	Special Rate Variation	61
Delivery Program results	33	Appendix A – Government Information (Public Access) Act Reporting	64
Notable achievements for 2021-22	34	Government Information (Public Access) Act 2009	65
5. STATUTORY REPORTING	38	Review of proactive release program	65
Overview	39	Number of access applications received	65
General Reporting Requirements	40	Number of refused applications for Schedule 1 information	65
Rates and Charges Written Off	40	Appendix B – Audit, Risk and Improvement Committee Performance Report	68
Overseas Visits	40	About this report	69
Councillor Expenses and Provision of Facilities	41	About the Audit, Risk and Improvement Committee	70
Mayor and Councillor Professional Development	42	Annual Chairperson's Report	75
Contracts	45	Appendix C – Delivery Program Progress Report	
Legal Proceedings	46	Appendix D – Audited Financial Statements	
Subsidised Private Works	46		
Financial Assistance to Others	47		
Delegated External Bodies	48		
Controlling Interest in Companies	48		
Participation in Corporations, Partnerships, Joint Ventures or Other Bodies	48		

1. WELCOME

A stylized landscape illustration in shades of blue. It features rolling hills, a winding path, and a single tree on the right side. The illustration is positioned below the 'WELCOME' text and above the footer.

Message from the General Manager

Throughout 2021-2022 Liverpool Plains Shire Council has continued to focus on improving our financial sustainability. This has meant a greater focus on core services including roads maintenance, water infrastructure, waste management and the renewal of community recreational facilities. As an organisation we have focussed on improving service delivery, while containing costs. The organisation has responded with compassion, flexibility and creativity to adapt to a constantly changing environment including the challenges of the COVID-19 pandemic and numerous extreme weather events.

The Quirindi Library remodelled and opened in September 2021 is a great example of how Council has been able to renew an aging asset using predominately State and Federal grant funding to provide a modern community space which is being well utilised by a wide cross-section of the community. The new community space at the Library has been well utilised by community groups as has the regular story time, book club and tech savvy seniors' programs.

The Quipolly Water Project totalling \$36.9 million delivered in partnership with the Federal and State Governments is on track for delivery in late 2023. This significant investment in infrastructure underpins our economic development strategy to not only ensure enough high-quality water for our current population, but to enable population growth. As experienced in the recent drought, water security is key to a thriving community and economy.

Last financial year Council continued to focus on better maintaining its 1,300km of roads and delivered 21.84 km of sealed road rehabilitation, 48.4km of gravel resheeting, 25.07 km of bitumen resealing and 350m of kerb and guttering works. We have made significant progress in implementing the Waste Management Strategy 2027 thanks to the \$3.5 million dollars provided by the NSW State Government under the Resources for Regions program. Currently Waste transfer stations are being constructed and a new compliant landfill is being designed at Willow Tree, to be constructed in the coming financial year.

I would like to thank all the staff of the Liverpool Plain Shire Council for their on-going commitment to our community there is not a week that goes by that I don't see or hear of one of our team going that extra mile to make sure our community is well looked after, thank you for all your efforts.

Jo Sangster
General Manager



2.

INTRODUCTION



Our Planning and Reporting Framework

Our Integrated Planning and Reporting Framework brings together all of Council's plans. This set of inter-related plans reflects the community's vision and guides Council to make the best-value decisions (see diagram below).

NSW legislation ensures councils make short, medium and long-term plans to meet the community's needs and operate more sustainably. Councils are required to develop an integrated set of strategic plans:

- Community Strategic Plan (10+ years)
- Delivery Program (4 years)
- Operational Plan (1 year).

Councils must also have a 10-year Resourcing Strategy made up of a Long-Term Financial Plan, Asset Management Strategy and Workforce Management Plan.







About our Annual Report

This report outlines Liverpool Plains Shire Council's performance of the Community Strategic Plan for 2017-2027, the Combined Delivery Program and Operational Plan for 2021-2022 actions and the achievement of our 2021-2022 Budget.

It is Council's primary tool for reporting to our community and stakeholders on its service delivery and financial performance and it provides feedback to ensure we remain accountable to our community in addition to meeting our legislative reporting obligations. The report provides an insight into the key outcomes for each of the shire's four strategic directions to demonstrate our commitment to deliver on our 2027 vision. It also includes Council's audited financial statements for the year ending 30 June 2022.

Our Community Vision and Strategic Direction

OUR COMMUNITY STRATEGIC PLAN VISION

To have a great rural lifestyle with access to quality services, strong community, Council and business leadership, whilst encouraging a thriving economy and a sustainable environment to carry us on to the future.

Our four strategic directions are:

COMMUNITY



We value our beautiful landscapes, dynamic towns and villages and safe communities



Our health and education services meet our needs and are available in our local community



We celebrate local events and festivals as a cohesive community



Our transport and telecommunications options support our business and lifestyle

GOVERNANCE



We have a strong, sustainable, supported volunteer base



Our council, community and business leaders work together effectively



Liverpool Plains Shire Council represents the community it serves



We encourage our youth to become involved in the community as the leaders of tomorrow

SUSTAINABILITY



Our infrastructure is well planned and maintained and will meet our needs now and, in the future



We have access to affordable clean water supplies



We actively manage the impact on our natural environment



Our local farming is sustainable



We actively foster and utilise renewable energy

ECONOMY



Our economy is growing, and we offer a diverse range of job opportunities



We foster new business development for our future prosperity



Town planning reflects the diversity of our towns and villages



We embrace tourism



Our Highlights

INVESTMENT IN LPSC ROADS

Council delivered extensive road works across its 1,300km road network.

21.84km of sealed roads rehabilitated,
48.4km of gravel resheeting,
25.07km of bitumen resealing and,
350m of kerb and gutter works.

These works were completed in line with Council's Transportation Asset Management Plan.

BUSINESS SYSTEMS UPGRADE UNDERWAY

Council adopted to upgrade the business system and residents are now also able to make credit card payments through the Liverpool Plains Shire Council website.

WASTE MANAGEMENT STRATEGY 2027

Work to deliver Council's Waste Management Strategy is underway, with \$3.5M provided from the NSW Governments Resources for Regions funding.

Waste Transfer Stations are being constructed at Carroona, Premer, Spring Ridge and Werris Creek, with designs being completed for the rehabilitation and closure of the existing landfills in these locations.

A new contemporary landfill is being designed at Willow Tree to accept all waste from the Council area. Construction of this is planned in the 2022/23 financial year.

New contracts were entered into for the kerbside collection and landfill management.



LPSC FACILITIES UPGRADE

Council upgraded various facilities throughout the shire including; Bell Park Toilet Block, Currabubula Hall, Spring Ridge Hall, Warrah Creek Hall and the Rotunda at Premer Park. With these facilities being regularly utilised by the community the upgrades will be enjoyed by many throughout the shire.

COMMUNITY PARTNERSHIPS

Partnerships between Council and Community organisations and businesses remained as important as ever throughout the year. For example, our partnership with Quirindi High School meant students were able to utilise the pool and gym facilities within the shire.

AUSTRALIA DAY

Council's Australia Day Citizenship Ceremony saw four new citizens join the Liverpool Plains community. A number of activities and entertainment also took place throughout the shire, with many in the community getting involved.

QUIPOLLY WATER PROJECT MAKES BIG SPLASH

Council's \$36.9M upgrade to provide a secure, quality water supply to Werris Creek, Quirindi, and Willow Tree under Council's Regional Water Supply Scheme commenced.

Design works were completed for the 6ML/day treatment plant, and transfer pipelines between Werris Creek and Quirindi.

17.5km of pipeline was completed, a new reservoir at Werris Creek was constructed, and works underway at the new treatment plant at Quipolly Dam.

QUIRINDI LIBRARY

Since the new library was opened in September 2021, more than 10,000 people have been through the doors and making use of the facilities, whether it be the Community Hub for meeting, gatherings, training or other events. Both Quirindi and Werris Creek library regularly held story time, book club, tech savvy seniors' program and a trivia competition just to mention a few. The new Library also had a special lighting of the Christmas tree event for the new community Christmas tree, with lots of toys donated to charity by individuals in the community.



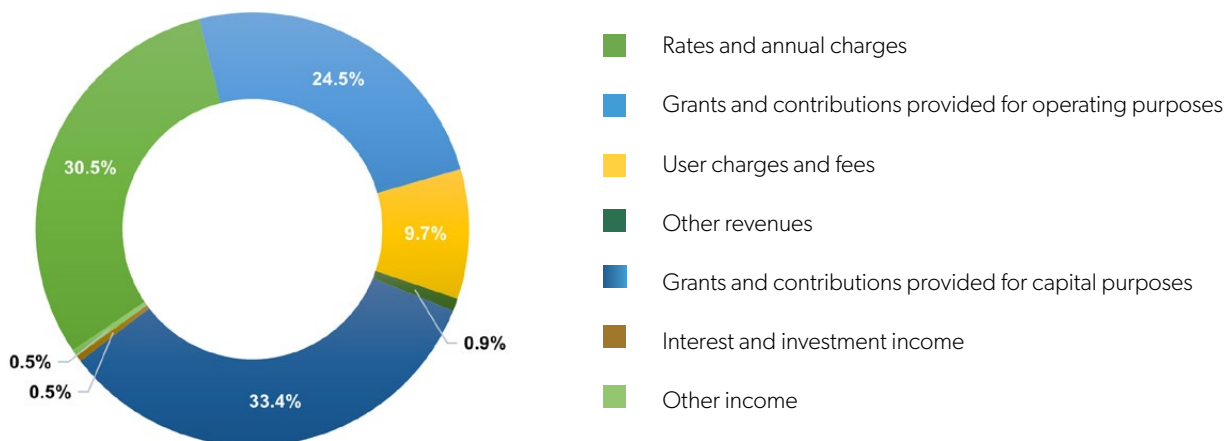
Financial Summary

REVENUES AND EXPENDITURE SUMMARY

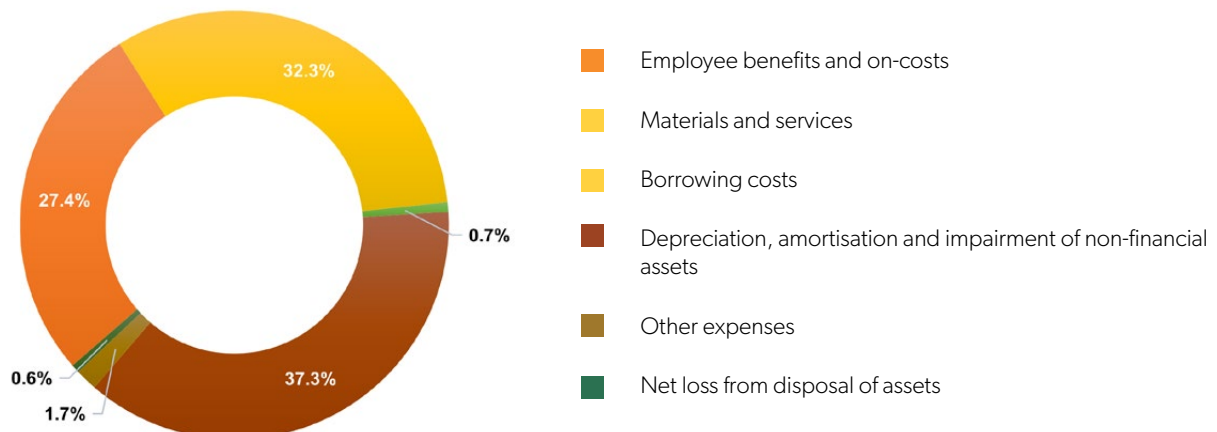
Council's financial position for 2021-2022, including capital income, is an operating surplus of \$8.6 million. The surplus is mainly due to significant grant contributions that became available during the last financial year.

Excluding capital grants and contributions, the net operation result was an operating deficit of \$5.9 million for the 2021-2022 financial year. This is a reduction on last year's deficit of \$9.3 million.

Income from Continuing Operations 2021-2022



Expenses from Continuing Operations 2021-2022



Liverpool Plains Shire Council
Income Statement for the year ended 30 June 2022

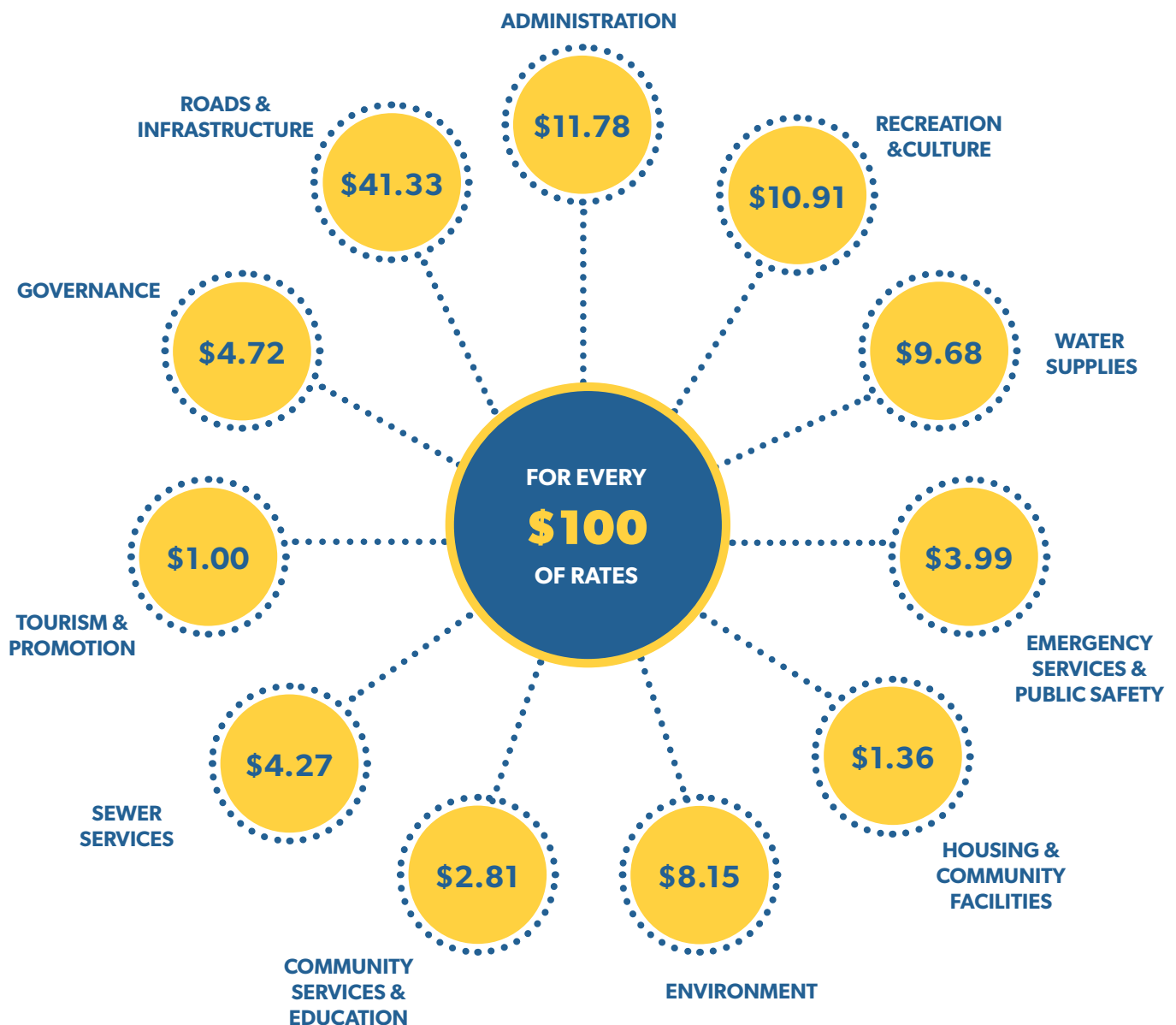
Income from continuing operations	2021-2022 Actual \$'000	2020-2021 Actual \$'000
Rates and annual charges	13,189	12,348
Grants and contributions provided for operating purposes	10,600	8,844
User charges and fees	4,187	3,793
Other revenues	410	285
Grants and contributions provided for capital purposes	14,474	7,291
Interest and investment income	204	252
Other Income	210	267
Total Income from continuing operations	43,274	33,080
Expenses from continuing operations	2021-2022 Actual \$'000	2020-2021 Actual \$'000
Employee benefits and on-costs	9,513	10,422
Materials and services	11,207	9,058
Borrowing costs	250	311
Depreciation, amortisation and impairment of non-financial assets	12,946	14,353
Other expenses	581	379
Net loss from the disposal of assets	215	594
Total Expenses from continuing operations	34,712	35,117
Operating result from continuing operations	8,562	(2,037)
Net operating result for the year before grants and contributions provided for capital purposes	(5,912)	(9,328)



Your Rates at Work

In 2021-22, we managed an income of more than \$43.27 million, a considerable proportion of which came from rates and annual charges. The balance of income was generated from user fees and charges, grants, investment and revenue and the sale of assets.

This income is used to maintain critical infrastructure and provide services across the Liverpool Plains and enhance our community's quality of life.



3.

OVERVIEW



About the Liverpool Plains Shire

Located in the New England North West Region of NSW, the Liverpool Plains Shire extends across the traditional lands of the Gamilaraay (Gomeri) Aboriginal people.

The Liverpool Plains sits at the junction of the New England and Kamilaroi Highways, approximately 350 kilometres north of Sydney, 250 kilometres north west of Newcastle and 60 kilometres south of Tamworth.

The population centres of Quirindi and Werris Creek are located at the heart of the Shire and are supported by several smaller villages and hamlets including;

- Blackville
- Carroona
- Currabubula
- Pine Ridge
- Premer
- Spring Ridge
- Wallabadah
- Willow Tree

The Liverpool Plains Shire Council comprises of 5,086 square kilometres and is located on the north-west slopes and plains region of New South Wales.



About our Community



7,551
TOTAL
POPULATION



14.9%
ABORIGINAL AND/
OR TORRES STRAIT
ISLANDER



50.2%
MALE



49.8%
FEMALE



47 years
MEDIAN AGE



2.3
AVERAGE
HOUSEHOLD
MEMBERS



12%
PARENT BORN
OVERSEAS



2
AVG. MOTOR
VEHICLES PER
DWELLING



60%
WITH
NOMINATED
RELIGION



\$1,165
MEDIAN WEEKLY
HOUSEHOLD
INCOME



52%
LABOUR
FORCE OF
WORKING AGE



25.5%
EMPLOYED IN
AGRICULTURE
INDUSTRY



32%
HAVE LONG
TERM HEALTH
CONDITION



19%
OF ELIGIBLE
WORKFORCE
VOLUNTEER



34.6%
HAVE GAINED
TERTIARY
QUALIFICATIONS



THREE LARGEST ANCESTRIES
ARE AUSTRALIAN, ENGLISH
AND AUSTRALIAN ABORIGINAL



Our Council

Liverpool Plains Shire Council is constituted under the *Local Government Act 1993* and was proclaimed on 17 March 2004 following the merger of the former Quirindi Shire with parts of Gunnedah Shire and the former Murrurundi Shire and Parry Shire.

We administer a local government area covering 5,086 square kilometres and provide critical infrastructure and services to a permanent resident population of approximately 7,551 people.

We are bounded by Gunnedah Shire in the north, Tamworth Region in the east, Upper Hunter Shire in the south and Warrumbungle Shire in the west.

Our governing body comprises seven Councillors, and the day-to-day management of our organisation rests with our General Manager.

Our workforce is diverse, reflecting the varied nature of the work we undertake and services we provide. In 2021-2022, our workforce comprised 109 full-time equivalent employees.





Our Governance

Our governing body comprises seven Councillors, all of whom are elected to carry out duties under the *Local Government Act 1993 (the Act)*.

Under the Act, the role of a Councillor is to:

- Be an active and contributing member of the governing body
- Make considered and well-informed decisions as a member of the governing body
- Participate in the development of the Integrated Planning and Reporting framework
- Represent the collective interests of residents, ratepayers and the local community
- Facilitate communication between the local community and the governing body
- Uphold and represent accurately the policies and decisions of the governing body
- Make all reasonable efforts to acquire and maintain the skills necessary to perform the role of a Councillor.

Councillors are responsible for making decisions, developing policies and implementing strategies to guide the activities of Council. This role is performed at Council meetings, where Councillors discuss, debate and make decision on issues of public importance.

2021 LOCAL GOVERNMENT ELECTION

The NSW Local Government Elections scheduled for September 2021 were postponed to 4 December 2021 as announced by the Minister for Local Government. This was due to risks posed by the COVID-19 virus and health orders in place at the time. Council's existing Mayor and Councillors continued hold office for another three months until the election.

Council would like to take this opportunity to once again recognise the contribution and dedication of the existing elected Council members;

Cr Virginia Black

Cr Ken Cudmore, Deputy Mayor

Cr Doug Hawkins OAM, Mayor

Cr Ian Lobsey OAM

Cr Paul Moules

Following the 4 December 2021 election, the elected Councillors were sworn into office at the Extraordinary Council meeting held 5 January 2022. Councillor's Doug Hawkins, Ken Cudmore and Paul Moules were re-elected along with our new Councillor's Donna Lawson, Yvonne Wynn, Terry Cohen and Jason Allan.

MAYORAL AND DEPUTY MAYOR ELECTION

The Mayor and Deputy mayor are elected by the Councillors and have additional statutory responsibilities under the Act.

In September 2020, Council elected Cr Doug Hawkins as Mayor and Cr Ken Cudmore as Deputy Mayor. Both served in their respective positions until the 2021 Local Government elections held 4 December 2021.

At the Extraordinary Meeting held on 5 January 2022 both Cr Doug Hawkins OAM and Cr Ken Cudmore were re-elected unopposed as Mayor and Deputy Mayor respectively. While the Mayor and Deputy Mayor are normally elected for a two-year period, due to the postponement of the 2021 Local Government ordinary election from September 2021 to December 2021, Cr Hawkins and Cr Cudmore will have a shorter term than the usual two (2) years, culminating in their term concluding in September 2023. The Mayor and Deputy Mayor elected at the mid-term Mayoral election in September 2023 will hold their office until the day of the next Local Government ordinary election in September 2024.



From left Deputy Mayor Cr Cudmore and Mayor Cr Hawkins OAM

OUR COUNCILLORS

Cr Doug Hawkins OAM – Mayor

- Namoi Unlimited Joint Organisation
- Rural Fire Service (RFS) Liaison Committee
- General Manager's Performance Review Panel



Cr Ken Cudmore – Deputy Mayor

- Local Traffic Committee
- Mid North Weight of Loads
- Namoi Unlimited Joint Organisation
- North West Regional Weed Committee
- General Manager's Performance Review Panel



Cr Jason Allan

- Local Traffic Committee
- Rural Fire Service (RFS) Liaison Committee



Cr Terry Cohen

- North West Regional Weed Committee
- Werris Creek Coal Mine Community Consultative Committee (CCC)
- Audit, Risk and Improvement Committee
- General Manager's Performance Review Panel



Cr Donna Lawson

- Werris Creek Mine Community Consultative Committee (CCC) - alternative delegate
- Audit, Risk and Improvement Committee



Cr Paul Moules

- Australian Railway Monument (ARM) Inc. Management Committee
- Central Northern Regional Library (CNRL)
- Mid North Weight of Loads
- General Manager's Performance Review Panel



Cr Yvonne Wynne

- Australian Railway Monument (ARM) Inc. Management Committee
- Central Northern Regional Library (CNRL)



COUNCIL MEETINGS

Council is required to hold a minimum of 10 Ordinary Council meetings per year.

Ordinary meetings are held on the fourth Wednesday of the month (except in January), or as otherwise determined by Council. From time to time, extraordinary meetings may be held to deal with urgent matters that may arise throughout the year.

Meetings are held from 2.30pm in the Council Chambers at 60 Station Street, Quirindi and conducted in accordance with the Code of Meeting Practice. Copies of meeting business papers, including agendas and minutes, as well as audio-visual recordings of meetings, are available online from Council's website for members of the public to view.

Fourteen meetings were held in 2021-22, comprising 12 ordinary meetings and two extraordinary meetings.

COUNCIL COMMITTEES

We support and administer various committees and advisory groups and are represented on numerous external committees and organisations. The appointment of Councillor committee members and delegates were nominated and elected at the February Council meeting.

In 2021-22, we operated the following internal committees:

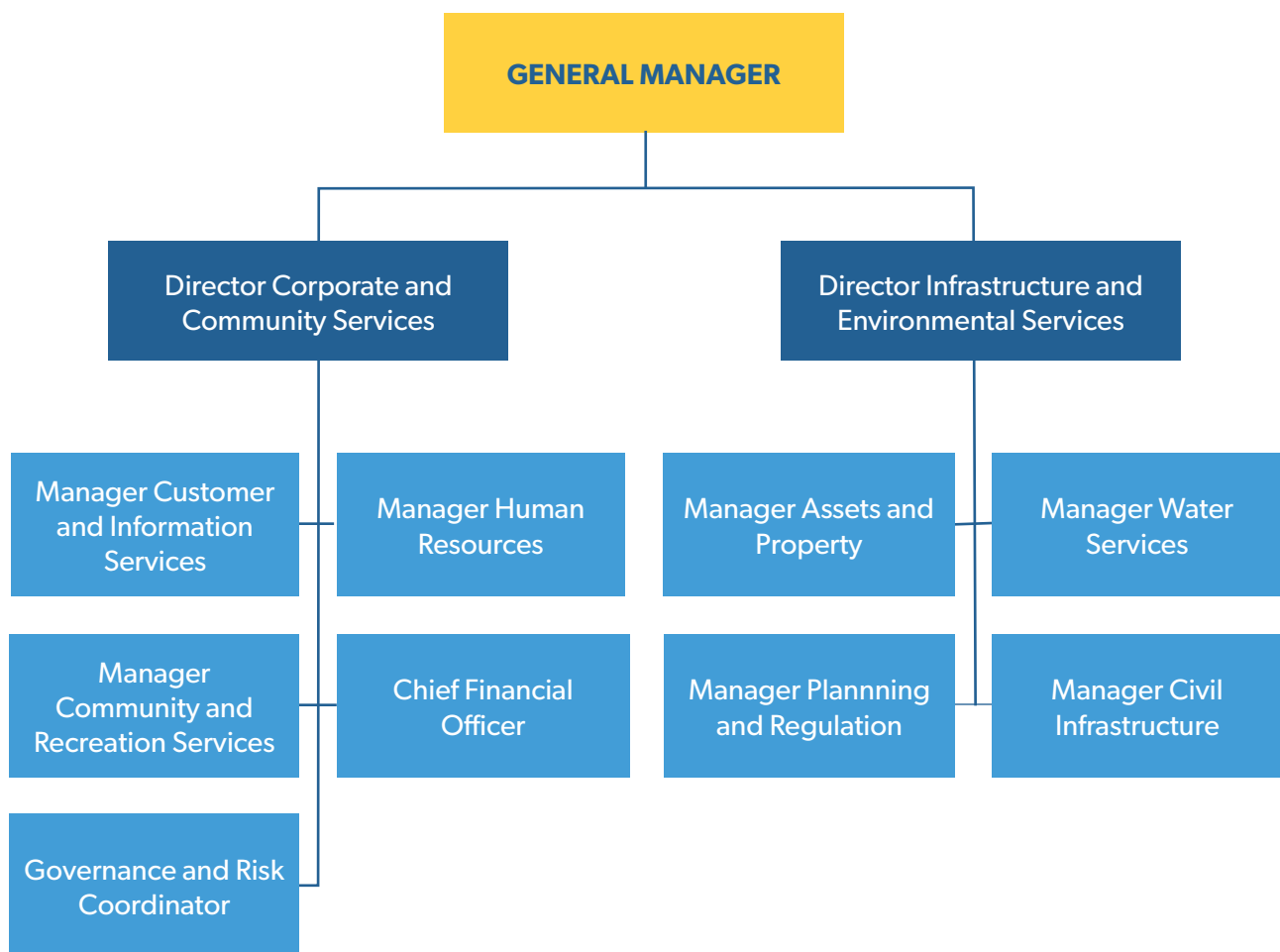
- Audit, Risk and Improvement Committee
- Business Advisory Group
- Community Advisory Group
- Cultural and Events Advisory Group
- General Manager's Performance Review Panel
- Local Traffic Committee
- Planning and Economic Development Committee
- Summerhill Lodge Committee

During 2021-22, we were represented on a further eight external committees and organisations:

- Australian Railway Monument (ARM) Inc. Management Committee
- Central Northern Regional Library (CNRL)
- Local Emergency Management Committee
- Mid North Weight of Loads
- Namoi Unlimited Joint Organisation
- North West Regional Weeds Committee
- Rural Fire Service (RFS) Liaison Committee
- Werris Creek Coal Community Consultative Committee (CCC)

Organisation Structure

The General Manager leads our organisation with the delivery of key functions and activities through the following departmental structure.





OUR EXECUTIVE TEAM

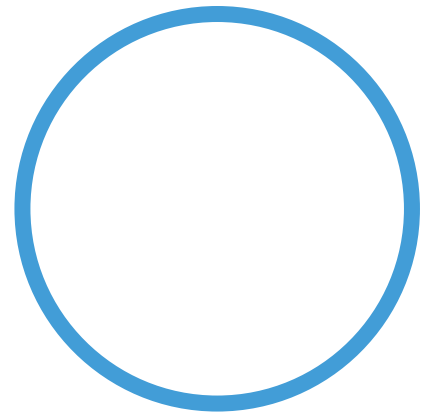
The General Manager is supported by two Directors, each of whom leads a directorate with specific service delivery and operational functions.



General Manager
Joanne Sangster



**Director Infrastructure and
Environmental Services**
Nathan Skelly



**Director Corporate and
Community Services**
Vacant

4.

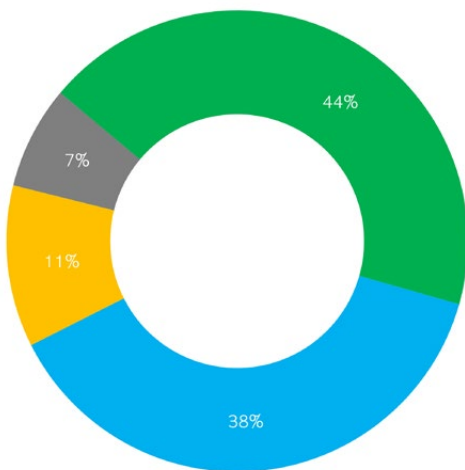
DELIVERY PLAN REPORTING








Delivery Program results

The Operational Plan for 2021-2022 was the fifth annual instalment of Council's 5-year Delivery Program 2017-2022.

Our combined Delivery Program and Operational Plan 2021-2022 identified the strategic outcomes Council had committed to delivering for the community. It details the activities and actions undertaken to meet these targets. In 2021-2022, 97 actions focused on achieving our community's vision across the four strategic outcome areas of Community, Governance, Environment and Economy. Of these actions 44% are Completed, with a further 38% On Track within their agreed timeframes, 11% Behind Plan, 7% are Off Track and 0% Cancelled.



	Complete	42
	On Track	37
	Behind Plan	11
	Cancelled	0
	Off Track	7
Total		97

In response to the global COVID-19 (coronavirus) pandemic, we also delivered a series of actions in the interests of the health and wellbeing of our community and staff. These were in line with the Australian and NSW Government requirements to ensure a responsible approach to reducing the severity of the pandemic.



NOTABLE ACHIEVEMENTS FOR 2021-2022

COMMUNITY

Outcome 1 – A Great Rural Lifestyle with Access to Quality Services

- Held Australia Day and Australian Citizenship Ceremonies at the Royal Theatre
- Quirindi and Werris Creek Library branches welcoming an average of 1500 patrons each month
- The Quirindi Library Community Hub completed and gaining popularity for events and functions
- The Seniors Festival included an opening ceremony at the Royal Theatre, a coach tour, movie day along with other events throughout the week
- Students in the local shire able to attend the Quirindi and Werris Creek Swimming Pools and the Plains Fitness Centre for a 50% reduction in fees and charges
- The Quirindi Library Precinct Renewal Project completed
- Chaired Local Emergency Management Committee with other local emergency services providers, ensuring cross-agency collaboration through COVID-19 pandemic



GOVERNANCE

Outcome 2 - Strong Community, Council and Business Leadership

- Community engagement across the shire informs the revised Community Strategic Plan for 2022-2032
- The combined Delivery Program 2022-2026 and Operational Plan 2022-2023 adopted by Council
- Reviewed our Long-Term Financial Plan to identify the strategies and actions needed to improve the organisation's long-term financial sustainability
- Partnered with State and Federal Government for available grant funding
- The Business and Customer Systems Remediation Project contract approved



ENVIRONMENT

Outcome 3 - A Sustainable Environment

- Quipolly Water Project commenced and on schedule, with 19km of pipeline now installed and commencement of the NSW State approved water treatment plant
- Councils Parks and Reserves assets reviewed, and revaluation completed
- Waste transfer stations installed at all rural sites
- Development of Dam Safety Management System, Dam Safety Emergency Plan, and Operation and Maintenance plans
- Undertook review of Drinking Water Management System in partnership with NSW Health Water Unit
- Undertook condition assessment of wastewater main



ECONOMY

Outcome 4 - A Thriving Economy

- Local Environment Plan (LEP) updated to promote Agritourism development with reviewed Industrial Zone Land Usage tables included
- Councils Revenue Policy reviewed and implemented
- Destination Management Plan completed



5.

STATUTORY REPORTING



Overview

Liverpool Plains Shire Council's general reporting requirements are set out in section 428 of the *Local Government Act 1993 (the Act)* and Part 9, Division 7 of the *Local Government (General) Regulation 2021 (the Regulation)*. The Act and Regulation can be accessed from www.legislation.nsw.gov.au.

This section also meets Council's reporting requirements under the *Companion Animals Act 1998* and *Companion Animals Regulation 2008*, as well as the *Environmental Planning and Assessment Act 1979*.



General Reporting Requirements

RATES AND CHARGES WRITTEN OFF

Local Government (General) Regulation 2021, clause 132

Council is required to include in the Annual Report the amount of rates and charges written off during the year.

Table A, below, details the rates and charges written off by Council in the reporting period:

Table A: Rates and Charges Written Off	
Category	Amount
Charges	\$18,466.09
Interest	\$327.74
Pensioner Rebates – Mandatory	\$313,044.48
Pensioner Rebates – Voluntary	\$0.00
Rates - Other	\$40,875.19
Total	\$372,713.50

OVERSEAS VISITS

Local Government (General) Regulation 2021, clause 217(1)(a)

Council is required to report on overseas visits undertaken by Councillors, Council staff and other persons representing Council during the reporting period.

There were no overseas visits undertaken by Councillors, Council staff or other persons representing Council in the 2021-22 year.

COUNCILLOR EXPENSES AND PROVISION OF FACILITIES

Local Government (General) Regulation 2021, clause 217(1)(a1)(i),(ii), (iii), (iiia), (iv), (v), (vi), (vii), (viii)

Council's Payment of Expenses and Provision of Facilities Policy allows for the payment of expenses incurred by, and provision of facilities to, Councillors in relation to their roles as elected representatives and members of the governing body of Council.

The total amount of fees paid to the Councillors in 2021-22 was \$94,037.33.

Table B, below, details the amount spent on providing facilities and expenses for Councillors during the reporting period.

Table B: Councillor Expenses and Provision of Facilities	
Category	Amount
Carer Expenses	\$0.00
Conference and Seminar Attendance	\$8,721.83
General Travel Expenses	\$9,237.99
Interstate Visits	\$2,186.82
Office Equipment	\$6,929.09
Overseas Visits	\$0.00
Spouse Expenses	\$0.00
Telephone Calls/Communication	\$1,933.35
Training and Professional Development	\$16,729.72
Total	\$45,738.80

MAYOR AND COUNCILLOR PROFESSIONAL DEVELOPMENT

Local Government (General) Regulation 2021, clause 186

Under section 232(1)(g) of the Act, the Mayor and Councillors have a responsibility to make all reasonable efforts to acquire and maintain the skills necessary to perform their roles. Our General Manager is required under the Regulation to ensure the delivery of an ongoing Professional Development Program to assist our Councillors in acquiring and maintaining the skills necessary to perform their roles.

To assist Mayors and Councillors to meet this obligation, the *Local Government (General) Regulation 2021* requires Council's General Manager to deliver an induction program and ongoing professional development program that will help Mayors and Councillors to acquire and maintain the skills necessary to perform their roles. Mayors and Councillors have a reciprocal obligation to participate in these programs.

Council is required to publicly report on participation in its induction and professional development programs in its Annual Report.

Further information on Council's statutory requirements is set out in the *Councillor Induction and Professional Development Guidelines*, available from the Office of Local Government's website at olg.nsw.gov.au.

The Regulation provides that the Mayor and Councillors must make all reasonable efforts to participate in the activities offered to them as part of the Professional Development Program. We are required to report on the participation of the Mayor and each Councillor in the Professional Development Program during the year.

Our *Councillor Induction and Professional Development Policy* is modelled on the model policy published by the Office of Local Government.

Details of our Councillor Professional Development Program for the reporting period are contained in *Table C*, below:

Table C: Councillor Professional Development, 2020-2021			
Activity	Provider	Date	Participants
Information Technology (IT) Induction	Liverpool Plains Shire Council	5 January 2022	Cr Jason Allan Cr Terry Cohen Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules – (COVID lockdown) Cr Yvonne Wynne
Councillor Support, Expenses and Facilities & Customer Service and Complaints Handling	Liverpool Plains Shire Council	11 January 2022	Cr Jason Allan Cr Terry Cohen Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne

Council Major Projects – Overview & Tour of Facilities and Projects	Liverpool Plains Shire Council	12 January 2022	Cr Jason Allan Cr Terry Cohen Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne
Legislation Affecting Council and Legal Responsibilities of Councillors	SINC Solutions	13 January 2022	Cr Jason Allan Cr Terry Cohen Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne
Roles and Responsibilities of Mayor, Councillors, General Manager and Public Officer	SINC Solutions	13 January 2022	Cr Jason Allan Cr Terry Cohen Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne
Code of Conduct	SINC Solutions	13 January 2022	Cr Jason Allan Cr Terry Cohen Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne
Council Meetings	SINC Solutions	13 January 2022	Cr Jason Allan Cr Terry Cohen Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne
Integrated Planning and Reporting (IP&R) Framework	Karen Legge Consulting	17 January 2022	Cr Jason Allan Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne
Role of Audit, Risk and Improvement Committee (ARIC)	ARIC Chairperson, Michael O'Connor	17 January 2022	Cr Jason Allan Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne

Understanding Local Government Finances for Councillors	Local Government NSW, Michael McMahon	15 February 2022	Cr Jason Allan Cr Terry Cohen Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne
Special Rate Variation and Financial Sustainability	Liverpool Plains Shire Council	15 February 2022	Cr Jason Allan Cr Terry Cohen Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne
Regional Collaboration and Advocacy	Namoi Unlimited Joint Organisation, Rebel Thompson	15 February 2022	Cr Jason Allan Cr Terry Cohen Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson Cr Paul Moules Cr Yvonne Wynne
Mayoral Induction Program	SINC Solutions	28 January 2022	Cr Doug Hawkins OAM
Destination and Visitor Economy Conference	Local Government NSW	17-19 May 2022	Cr Yvonne Wynne
Regional Forum	Australian Local Government Association	19 June 2022	Cr Doug Hawkins OAM
LGNSW Special Conference	Local Government NSW	28 February – 2 March 2022	Cr Ken Cudmore Cr Doug Hawkins OAM Cr Donna Lawson
LGNSW Water Conference	Local Government NSW	9-11 February 2022	Cr Doug Hawkins OAM
NSW Local Roads Congress	Local Government NSW	6 June 2022	Cr Ken Cudmore

CONTRACTS

Local Government (General) Regulation 2021, clause 217(1)(a2), (i), (ii)

CCouncil is required to disclose the details of each contract awarded for amounts greater than \$150,000, including the name of the contractor, the nature of goods or services supplied, and the total amount payable under the contract.

As detailed in *Table D*, below, Council awarded fifteen (15) contracts during the reporting period for an amount greater than \$150,000:

Table D: Major Contracts		
Contract	Awarded to	Amount (inc. GST)
Business System Remediation project - SaaS Authority and Content Manager	Civica Pty Ltd	\$348,192
Construction of Rural Waste Transfer Stations	Local Land Services - Soil Conservation	\$277,160
Dozer Hire - Crushing Gravel	Local Land Services - Soil Conservation	\$154,000
Dozer Hire - Crushing Gravel	BMR Quarries Pty Ltd	\$275,000
Remediation of Rural Landfill	Local Land Services - Soil Conservation	\$277,200
Reseal Bulunbulun Road	Roadwork Industries Pty Ltd	\$270,000
Reseal Coonabarabran Road	Colas New South Wales	\$352,032
Reseal Kamilaroi Highway	Colas New South Wales	\$567,249
Reseal Werris Creek Road	Colas New South Wales	\$615,044
Safety Guardrail upgrade at Nelson Street	D&P Fencing Contractors Pty Ltd	\$150,198
Safety Guardrail upgrade Kamilaroi Highway	D&P Fencing Contractors Pty Ltd	\$305,646
Stabilising of Bulunbulun Road	The Mining Pty Ltd	\$325,060
Survey, design Werris Creek Industrial Precinct Southern Access	Pitt & Sherry (Operations) Pty Ltd	\$159,849
Waste & Recycling Collection Services	J R Richards & Sons	\$3,618,899
Waste Facility Management	Merinda Recycling	\$1,218,202
Total		\$8,913,731

LEGAL PROCEEDINGS

Local Government (General) Regulation 2021, clause 217(1)(a3)

Council is required to provide a summary of the amounts incurred in relation to legal proceedings, including amounts, costs and expenses paid or received, and a summary of the state of progress of each legal proceeding.

As detailed in *Table E*, below, Council incurred a total of \$97,395.93 in relation to legal proceedings during the reporting period:

Table E: Legal Proceedings Expenses		
Item	Status	Expenditure
Debt Recovery	Complete	\$72,123.84
Industrial Relations		\$0.00
Other	Complete	\$8,379.00
Planning and Environment	Ongoing	\$16,326.90
Property	Ongoing	\$566.19
Total		\$97,395.93

SUBSIDISED PRIVATE WORKS

Local Government Act 1993 (Act), section 67, 67(2)(b), 67(3)

Local Government (General) Regulation 2021, clause 217(1)(a4)

Council is required to provide a summary of resolutions during the reporting period under section 67 of the Act concerning work carried out on private land, including details of such work if the cost of the work has been fully or partly subsidised by Council.

During the reporting period, Council did not undertake any subsidised works on private land.

FINANCIAL ASSISTANCE TO OTHERS

Local Government Act 1993 (Act), section 356

Local Government (General) Regulation 2021, clause 217(1)(a5)

Under section 356 of the Act, Council can provide financial assistance to others, including through cash donations, sponsorships and reductions in charges. All financial assistance provided by Council must be disclosed in the Annual Report.

As detailed in *Table F*, below, Council provided \$16,808.50 in financial assistance to others during the reporting period, inclusive of cash donations, sponsorships and reductions in charges.

Table F: Financial Assistance		
Community Funding Program		
Recipient	Event/Purpose	Amount
Lions Club Premier and District	Resurfacing Clyde Purkiss Oval - Premier Park	\$4,708.00
Quirindi Bowling Club	October Open Carnival	\$1,500.00
Quirindi & District Historical Society	Public Signage	\$1,600.50
Quirindi Equestrian Club	Purchase of PA	\$2,110.00
Quirindi Rural Heritage Village	Sunflower head throwing competition	\$2,000.00
Quirindi Rotary Club	Craig Hamilton – Managing Mental Health	\$2,000.00
Quirindi Sporting Clay Target Club	Annual Charity Shoot	\$1,390.00
Sunflowers on the Plains	Competition	\$500.00
Werris Creek Rugby League Football Club	Old Boy's Charity Event	\$1,000.00
Total		\$16,808.50

DELEGATED EXTERNAL BODIES

Local Government (General) Regulation 2021, clause 217(1)(a6)

Council is required to include in the Annual Report a statement of all external bodies that exercise functions delegated by the Council. No external bodies exercised functions delegated by Council during the reporting period.

CONTROLLING INTEREST IN COMPANIES

Local Government (General) Regulation 2021, clause 217(1)(a7)

Council is required to include in the Annual Report a statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which it holds a controlling interest. Council did not hold a controlling interest in any companies during the reporting period.

PARTICIPATION IN CORPORATIONS, PARTNERSHIPS, JOINT VENTURES OR OTHER BODIES

Local Government (General) Regulation 2021, clause 217(1)(a8)

Council is required to include in the Annual Report a statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which it participates.

During the reporting period, Council participated in the following corporations, partnerships and other organisations:

- Central Northern Regional Library
- Country Mayors Association
- Local Government NSW
- Namoi Joint Organisation (Namoi Unlimited)
- StateCover Mutual Limited
- StateWide Mutual Limited

EQUAL EMPLOYMENT OPPORTUNITY MANAGEMENT PLAN

Local Government (General) Regulation 2021, clause 217(1)(a9)

Council is required to include in the Annual Report a statement of all activities undertaken to implement its endorsed and updated Equal Employment Opportunity (EEO) Management Plan 2022-2026.

During the reporting period, all new and commencing staff received information on their rights and responsibilities for promoting EEO and preventing bullying and harassment through the Employee Induction Program.

Council provides an Employee Assistance Program, providing staff and their immediate family members access to a free professional counselling service.

TOTAL NUMBER OF PERSONS EMPLOYED

Local Government (General) Regulation 2021, clause 217(1)(d) (i),(ii),(iii),(iv)

Total number of persons who performed paid work on Wednesday 25 May 2022 was 118. *Table G* represents the breakdown of the total number of persons employed in the following categories:

Table G: Total Number of Persons	
Category	No. of Persons
Persons employed by the council on a permanent full-time, permanent part-time or casual basis or under a fixed-term contract	107
Persons employed by the council as senior staff members	2
Persons engaged by the council, under a contract or other arrangement with the person's employer, wholly or principally for the labour of the person	8
Persons supplied to the council, under a contract or other arrangement with the person's employer, as an apprentice or trainee	1

GENERAL MANAGER AND SENIOR STAFF REMUNERATION

Local Government (General) Regulation 2021, clause 217(1) (b)(i), (ii), (iii), (iv), (v), (c)(i), (ii), (iii), (iv), (v)

Council is required to include in the Annual Report a statement of the total remuneration comprised in the remuneration packages of the General Manager and all Senior Staff members employed during the year.

For the period 01 July 2021 to 30 June 2022, Council employed one (1) staff member in the position of General Manager and two (2) staff members in positions designated by Council as Senior Staff for the purposes of section 332 of the Act. Noting that the Director Corporate and Community Services position has been vacant since 7 January 2022.

As detailed in *Table H*, below, the total expenditure for the reporting period in respect of employment for the above staff, including salary, motor vehicle expenses, package benefits, fringe benefits tax and superannuation, was \$641,375.16.

Table H: General Manager and Senior Staff Remuneration	
Position	Remuneration
General Manager	\$287,061.13
Senior Officers x 2	\$354,314.03
Total	\$641,375.16

STORMWATER MANAGEMENT SERVICES

Local Government (General) Regulation 2021, clause 217(1)(e)

Council is required to detail in the Annual Report the stormwater management services provided during the year, if it has levied a charge for stormwater management services.

Council has not implemented a Stormwater Management Plan and did not levy a Stormwater Management Charge in the reporting period.

COASTAL PROTECTION SERVICES

Local Government (General) Regulation 2021, clause 217(1)(e1)

Council is required to detail in the Annual Report the coastal protection services provided during the year, if it has levied a charge for coastal protection services.

Council has not implemented a Coastal Management Plan and did not levy an annual charge for coastal protection services in the reporting period.

COMPANION ANIMAL MANAGEMENT

Local Government (General) Regulation 2021, clause 217(1)(f)

Council is required to report on its activities in enforcing and ensuring compliance with the *Companion Animals Act 1998* ("Companion Animals Act") and Companion Animals Regulation 2008.

Council's pound collection data for 2021-22 is summarised in *Table I*:

Table I: Summary of Pound Data			
Category	Cats	Dogs	Total
Seized	12	25	37
Surrendered	47	78	125
Returned to owner	0	2	2
Taken to pound	12	23	35
Released to owner	4	49	53
Rehomed via Council sale	25	17	42
Rehomed via rehoming shelters	45	78	123
Other	0	0	0
Euthanised	40	7	47

It is mandatory for all dog attack data to be lodged with the Office of Local Government in accordance with the Companion Animals Act. This legislation requires a dog attack to be reported within 72 hours of the incident. In the 2021-22 reporting period, one dog attack incident that involved people or animals were recorded.

The Companion Animals Act provides that microchipped animals be held for a period of 14 days and unidentified animals for seven days. Council releases animals to shelters where those animals are considered to be suitable for rehoming. Council has developed strong relationships with a number of re-homing programs as evident by the Pound Data return.

Council employs one (1) full-time equivalent Ranger whose role includes local laws compliance and Companion Animals functions. The total expense for this service during the reporting period was \$162,090.91.

Under the Companion Animals Act, Council must provide at least one off-leash area where dogs can be exercised off-leash during certain hours. Council has eight designated off-leash areas throughout the Liverpool Plains Shire as follows:

- Currabubula Recreation Grounds - Currabubula
- David Taylor Park – Werris Creek
- First Fleet Memorial Picnic Area - Wallabadah
- Golland Sporting Fields, RSL Park and Rose Lee Park - Quirindi
- Premer Sports Grounds - Premer
- Willow Tree Recreation Ground - Willow Tree

Please refer to the LPSC website for further details:

www.liverpoolplains.nsw.gov.au/Services/Pets-and-animals/Off-leash-dog-exercise-areas.

PLANNING AGREEMENTS

Environmental Planning and Assessment Act 1979, section 7.5(5)

Council is required to detail in the Annual Report the particulars of compliance with, and the effect of, any planning agreements in place.

Council did not have any planning agreements in place during the reporting period.

ENVIRONMENTAL UPGRADE AGREEMENTS

Local Government Act 1993, section 54P(1)

Council is required to detail in the Annual Report the particulars of any environmental upgrade agreements entered into during the year.

Council did not enter into any environmental upgrade agreements during the reporting period.

INSPECTION OF PRIVATE SWIMMING POOLS

Swimming Pools Act 1992 (SP Act), s 22F(2)

Swimming Pools Regulation 2018, clause 23

Council is required to undertake a program of private swimming pool inspections and detail in the Annual Report the number of inspections of carried out in the year that were of a tourist and visitor accommodation; of premises with two or more dwellings; and that resulted in certificates of compliance and non-compliance being issued.

As detailed in *Table J*, below, Council undertook no reportable inspections in 2021-22:

Table J: Inspections of Private Swimming Pools	
Inspections	Number
Of tourist and visitor accommodation	0
Of premises with more than two dwellings	0
That resulted in issuance of a certificate of compliance under section 22D of the Act	0
That resulted in issuance of a certificate of non-compliance under clause 21 of the Regulation	0
Total	0

DISABILITY INCLUSION ACTION PLAN REPORTING

Disability Inclusion Act 2014, section 13(1)

Council is required to develop and implement a Disability Inclusion Action Plan (DIAP) setting out how it will improve access for people with a disability and support them in participating full in the community. Council is also required to provide an update in the Annual Report on its progress in implementing its DIAP.

Council adopted its revised Disability Inclusion Action Plan in April 2022.

The updated DIAP 2022-2025 reflects Council's commitment to remove the attitudinal and structural barriers so that all community members can participate fully in all areas of community life.

The DIAP identified four priority areas:

- 1) Creative liveable communities
- 2) Improving access to systems and processes
- 3) Promoting positive attitudes and behaviours
- 4) Support access to meaningful employment

In 2021-22, Council undertook the following actions to deliver on its DIAP:

- Completed the construction of a new canteen and amenities building at David Taylor Oval, Werris Creek which includes accessible toilets and ramps.
- Delivered accessibility improvements to the Quirindi Royal Theatre, including redesigning the entry zone, improving the entry paving and installing a new wheelchair lift.
- Installed disability toilets at Bell Park, Quirindi, featuring a new disabled access directly from Hawker Street.
- Installed an accessible toilet and ramp at Warrah Creek Hall.

PUBLIC INTEREST DISCLOSURES REPORTING

Public Interest Disclosures Act 1994, section 31

Public Interest Disclosures Regulation 2011, clause 4 (2) (a)-(c)

Liverpool Plains Shire Council is required to report annually on its obligations under section 31 of the *Public Interest Disclosures Act 1994* and clause 4 of the *Public Interest Disclosures Regulation 2011*. The table below meets our obligations under this legislation.

Table K: Statistical Information on Public Interest Disclosures	
Number of public officials who made PIDs directly	0
Total number of PIDs received by Liverpool Plains Shire Council	0
Of the total received, the number in each of the following categories:	
• Corrupt conduct	0
• Maladministration	0
• Serious or substantial waste	0
• Government intervention contravention	0
• Local government pecuniary interest contravention	0
Number of PIDs finalised in this reporting period	0

We currently have in place an *Internal Reporting (Public Interest Disclosures) Policy*, which is available from our website and staff intranet. This policy is closely aligned to the NSW Ombudsman's model policy and as well as our Code of Conduct and is scheduled to be reviewed in September 2022.

6.

CAPITAL WORKS REPORT

A stylized landscape illustration in shades of blue. It features rolling hills, a winding path or road, and a single tree on the right side. The illustration is positioned below the main title and above the footer.

Liverpool Plains Shire Council is required to provide a Capital Works Report under the Capital Expenditure Guidelines, issued by the Office of Local Government pursuant to section 23A of the Local Government Act 1993.

In 2021-22, Council delivered a Capital Works Program totalling \$25.68 million.

ROADS AND TRANSPORT INFRASTRUCTURE

Gravel road re-sheeting

\$907,509

Council's program of gravel re-sheeting works includes:

- Seven Creeks Road, Quirindi (10.8km) - \$266.3k
- Bundella Creek Road, Blackville (14.9 km) - \$203.2k
- Lowes Creek Road, Quipolly (0.1 km) - \$160.3k
- Phillips Creek Road, Blackville (6.3 km) - \$147.5k
- Blacks Creek Road, Blackville (10.2 km) - \$130.2k

Road renewal, kerb and gutter and footpath

\$5,073,325

Council has continued to focus on renewals for rural roads and urban streets. Road reconstruction works were undertaken on:

- Bulunbulun Road, Currabubula (10 km) - \$1,506m
- Coonabarabran Road, Spring Ridge (4.1 km) - \$989.4k
- Callaghans Lane, Quirindi (1.9 km) - \$583.8k
- Blackville Road, Blackville (4.8 km) - \$540.1k
- Centre Street, Quirindi (0.4km) - \$504.9k
- Bundella Road, Bundella (3 km) - \$365.5k
- Wallabadah Road, Wallabadah (0.3km) - \$157.9k
- Allnut Street, Quirindi, Kerb and Gutter (0.35 km) - \$189.7k
- Lenord Street, Kerb and Gutter (0.2 km) - \$118.6k
- Poole Street, Kerb and Gutter (0.13 km) - \$52.8k
- Punyarra Street, Kerb and Gutter (0.06 km) - \$17.7k
- Signal Street, Werris Creek, Footpath (0.2 km) - \$47.3k

Resealing

\$1,269,073

Council undertook a number of resealing works on local roads during the 2021-22 year. As indicated by its name, this work seals the road surface to prevent water from entering the underlying pavement, thereby reducing the likelihood the road will need costly rehabilitation and reconstruction in the near future.

Reseals were undertaken on:

- Werris Creek Road, Currabubula (5 km) - \$275.9k
- Signal Street, Werris Creek (0.2 km) - \$258.7k
- Glenyalla Road, Willow Tree (5.5 km) - \$190.6k
- Lindsay Gap Road, Wallabadah (2.9 km) - \$149.4k
- Coonabarabran Road, Spring Ridge (4.1 km) - \$132.6k
- Allnutt Street, Quirindi (0.9 km) - \$53.4k
- Werriston Road, Werris Creek (0.6 km) - \$29.7k
- Centre Street, Quirindi (0.4 km) - \$26.7k
- Hill Street, Quirindi (0.2 km) \$21.2k

BUILDINGS, PARKS AND RESERVES INFRASTRUCTURE

\$3,799,194

Council undertook a large volume of work on its buildings, parks and reserves in the 2021-2022 year, including:

- Quirindi Showground - redevelopment of facilities completed
- Quirindi Library Stage 2 and Precinct upgrade - completed
- Currabubula Hall kitchen - air conditioner and stage renewal
- Warrah Creek Hall - accessibility upgrade
- Spring Ridge Hall - flooring and pier replacement
- Council Chambers - refurbishment
- Premer Park - refurbishment of rotunda
- Bell Park - replace existing toilets

WASTE MANAGEMENT INFRASTRUCTURE

\$666,385

Adopted in January 2018, Council's Waste Management Strategy provides a long-term strategic direction for Council's waste management services and facilities over the next 10 years.

Implementation of the strategy commenced in March 2020, and in the twenty-seven-month period to 30 June 2022, the following progress has been made:

- Completion of design for four Waste Transfer Stations at Carroona, Premer, Spring Ridge and Werris Creek.
- Approval secured from Environmental Protection Authority for the remediation of the Carroona, Pine Ridge, Premer, Spring Ridge and Werris Creek landfills.

- 90% completion of construction on the installation of Waste Transfer Stations at Carroona, Premer and Spring Ridge and 60% completion of construction of the Werris Creek Waste Transfer Station.
- Engagement of specialist consultants to undertake site feasibility assessments, preliminary design and cost estimates for the proposed Willow Tree landfill site. 90% completion of final design and 50% completion of Development Application documents.

In July 2021, Council secured \$1.5 million in funding through the NSW Government's *Resources for Regions* Program to implement the Waste Management Strategy. A further grant application for \$1.9 million was submitted in the reporting period and being assessed at time of this report's publication.

The continued implementation of Council's Waste Management Strategy will progress over the 2021-2022 year. Estimated completion of the strategy's implementation is September 2023.

WATER AND SEWER INFRASTRUCTURE

\$12,546,374

Capital Works in the Water and Sewer section has focused on building reliability and upgrade of critical components within the existing systems. These works are in line with the current Asset Management plan and requirements for compliance for the various regulatory agencies.

Works completed during the reporting period include:

Pryor Street rail crossing watermain replacement

A key watermain crossing of the rail corridor delivering water to the eastern side of Quirindi, near the Quirindi Railway Station, was replaced with an under-bored DN180 HDPE pipeline. The work was completed to ARTC's stringent requirements utilising approved contractors.

Spring Ridge Bore and Pressure Boost Upgrade

A tender was prepared and advertised for a project in Spring Ridge to address renewal of aged assets as well as to improve the service to Spring Ridge. The tenders received were significantly over the allocated budget and didn't demonstrate value for money. Tenders were rejected with the scope re-evaluated to focus on asset renewal to be undertaken in the 2023 financial as a result.

Pattern Approved Water Meters

A contractor was engaged to complete the replacement of supply water meters with Department Approved devices to comply with their new metering regulations. Due to the new metering requirements introduced state-wide, an over demand on the metering supply and installing industry has delayed the project now to be completed in the 2023 financial year.

Quirindi Waste Water Treatment Plant Upgrade

Tenders for this project are awaiting a funding agreement with the NSW Government to be finalised. Minor works have been carried out in advance on needed modifications to the existing old system at the Wastewater Treatment Plant to temporarily handle treatment processes while the major upgrade works occurs.

Quipolly Water Project

Works on this major multiyear project commenced in mid-2021 with the majority of the 19km of pipeline now laid joining Quirindi and Werris Ck water supplies. Construction of the new state of the art Water Treatment Plant is well advanced with its completion anticipated for late 2023.

MAJOR PROJECTS

In recent years, Council has secured significant grant funding from both the NSW and Commonwealth Governments to deliver a series of infrastructure projects throughout the Liverpool Plains Shire.

In 2021-22, Council undertook the following grant-funded projects:

- Aerodrome - Reseal Runway
- Blackville Road - Rehabilitation
- Blackville Road - Resealing
- Bulunbulun Road - Upgrade
- Bus Shelter – George Street
- Callaghans Lane - Sealing
- Centre Street - Kerb & Gutter Upgrade
- Coonabarabran Road - Overlay
- Currabubula Hall Kitchen - Air Conditioning and Stage
- Library Council Infrastructure Grant
- Lowes Creek Road Deviation
- New Landfill Design - Willow Tree
- Quipolly Water Project
- Quirindi Library Upgrade - Stage 2
- Quirindi Showground -Redevelopment of Facilities
- Quirindi Sporting Fields Redevelopment
- Showground Stimulus Funding Program - 2021
- Waste Transfer Station - Premer
- Waste Transfer Station - Spring Ridge
- Waste Transfer Station - Carroona
- Werris Creek Industrial Precinct Southern Access



7.

SPECIAL RATE VARIATION REPORT



SPECIAL RATE VARIATION

Liverpool Plains Shire Council is required under sections 508(2) and 508A of the Local Government Act 1993 to report on Special Rate Variation (SRV) expenditure during 2021-22.

Councils reporting currently covers two SRV's.

In 2014-2015, Council successfully applied to the Independent Pricing and Regulatory Tribunal (IPART) for an SRV of 12.5 per cent, comprising three components:

1. A 6.5 per cent increase for capital works on roads and associated infrastructure;
2. A 3.7 per cent increase to improve financial sustainability, upgrade infrastructure and reduce backlogs; and
3. The rate peg of 2.3 per cent.

Council must detail in its Annual Report for each year from 2014-2015 to 2023-2024:

- The actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance;
- Any significant variations from its proposed expenditure as forecast in the Long-Term Financial Plan and any corrective action taken or to be taken to address any such variation;
- Expenditure consistent with Council's application, and the reasons for any significant differences from the proposed expenditure; and
- The outcomes achieved as a result of the actual program of expenditure.

In 2019-2020, Council applied to the Independent Pricing and Regulatory Tribunal (IPART) for a compounded SRV of 25.9 per cent to be implemented at 8% per year for three years. IPART approved a temporary SRV of 8% per year for two years (compounded = 16.64%).

Council utilised \$1,129,000 of SRV funds in the 2021-2022 financial year on the following program (Table 1).

The expenditure of both SRV's was focused on meeting Council's asset renewal targets on its road assets. Council leveraged this funding with grant funding to achieve further works on Coonabarabran Road, Blackville Road and Bulunbulun Road.

The value of the temporary SRV to LPSC for the 2021/22 financial year was approximately \$0.46m.

Table 1: Special Rate Variation Projects		
Project	SRV Proposed Expenditure	Actual Expenditure*
Road Resealing		
Allnutt Street	\$473,000	\$63,454
Anzac Parade		\$12,177
Callaghans Lane		\$62,450
Centre Street		\$16,666
Coach Street		\$8,072
Elizabeth Street		\$17,450
Glenbrook Road		\$5,444
Glenyalla Road		\$190,626
Hill Street		\$21,171
Martyn Street		\$6,086
Underwood Street		\$12,727
Werris Creek Road		\$19,069
Werriston Road		\$29,709
Road Reconstruction		
Blackville Road Rehabilitation	\$656,000	\$120,037
Bulunbulun Road Rehabilitation		\$79,071
Coonabarabran Road Rehabilitation		\$464,791
Total	\$1,129,000	\$1,129,000

* SRV, Grant Funding and Council Budget expenditure not differentiated for the reporting period.



APPENDIX A

INFORMATION (PUBLIC ACCESS) ACT REPORTING



GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

Council has an obligation under the Government Information (Public Access) Act 2009 (GIPA) to submit annual reports to the Information and Privacy Commissioner NSW (IPC) by 31 October each year, in order to meet the requirements under section 125 of the GIPA Act and Clause 8 of the GIPA Regulation.

Review of Proactive Release Program

Council continually reviews its proactive release program to identify the kinds of information that we make publicly available. This occurs through publication on Councils website or through inspection and/or provision of information in response to a written application.

Number of Access Applications Received

During the reporting period, Council received a total of one (1) formal application from members of the public. Access was granted in full and the application was decided in the statutory timeframe. The application was from a private sector business (see Table 1).

Number of Refused Applications for Schedule 1 Information

During the reporting period, no formal access applications were refused.

Table 1: Number of Applications by Type and Applicant 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 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	1	0	0	0	0	0	0	0	1	100%
Not for Profit Organisations or Public Sector Groups	0	0	0	0	0	0	0	0	0	0%
Members of the Public (by Legal Representative)	1	0	0	0	0	0	0	0	0	0%
Members of the Public (Other)	0	0	0	0	0	0	0	0	0	0%
Total	1	0	0	0	0	0	0	0	1	
% of Total	100%	0%	25%	25%	0%	0%	0%	0%	100%	

* 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.



APPENDIX B

AUDIT, RISK AND IMPROVEMENT COMMITTEE PERFORMANCE REPORT



About this report

This report documents the operation and activities of Liverpool Plains Shire Council's Audit, Risk and Improvement Committee and Internal Audit function for the 2021-22 financial year.

Under clause 7.2 of the *Audit, Risk and Improvement Committee Charter*; the Committee is required to report regularly, and at least annually, to the governing body of Council on the management of risk and internal controls.

As the Committee's achievements are closely linked to the organisation's Internal Audit activities, it is appropriate that both are recounted in the same report.

Clause 9.1 of the Audit, Risk and Improvement Committee Charter provides that:

The Chairperson, in consultation with the General Manager, will initiate a review of the performance of the Committee every two (2) years. The outcomes of this review will be presented to both the Committee and Council.

In preparing this Annual Report, the Chairperson undertook a review of the performance of the Committee and is satisfied that all committee members exercised a very high level of professionalism and dedication to the duties and responsibilities outlined in the committee's charter. In addition, an ARIC survey was conducted, and the detailed results were reported to the meeting held on 10 September 2021 and 19 November 2021.

The Committee Chair Mr Michael O'Connor's Annual Chairperson's Report is provided at the end of this report.





About the Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee has been established in accordance with the requirements under section 428A of the *Local Government Amendment (Governance and Planning) Act 2016*.

The objective of the Committee is to promote good corporate governance through the provision of independent objective assurance to Council on:

- (a) Compliance;
- (b) Risk management;
- (c) Fraud control;
- (d) Financial management;
- (e) Governance;
- (f) Implementation of the Community Strategic Plan; Delivery Program and strategies;
- (g) Service reviews;
- (h) Collection of performance management data by Council; and
- (i) Any other matters prescribed by the *Local Government (General) Regulation 2021*.

The Committee operates under the *Audit, Risk and Improvement Committee Charter* adopted by Council at its Ordinary Meeting held 24 June 2020. The Charter sets out the objective, authority, composition, roles and responsibilities, and reporting and administrative arrangements of the Committee.

Membership of the Committee comprises two Councillor representatives and three Independent External Members, all of whom are appointed to the Committee by resolution of Council's governing body.

The two Councillor representatives are appointed by Council for a one-year term. The Committee's three Independent External Members, including the Chairperson and Deputy Chairperson, are appointed for a three-year term.

COUNCILLOR REPRESENTATIVES

Council wishes to recognise and thank Councillors Virginia Black and Paul Moules, both for their service to the Committee and extending their original tenure until the Local Government elections concluded in December 2021.

Council resolved at the 2 February 2022 Council meeting to appoint both Councillors Donna Lawson and Terry Cohen for a one (1) year term. This is to be reviewed if and when the OLG's Internal Audit and Risk Management Guidelines is published and the accompanying Committee's Charter and Terms of Reference is updated and adopted.

INDEPENDENT EXTERNAL MEMBERS

At its Ordinary Meeting held 23 August 2020, Council resolved to appoint Mr Michael O'Connor, Ms Trish Kirkland and Mr Tony Harb as the Committee's three Independent External Members.

Mr O'Connor, Ms Kirkland and Mr Harb were all appointed for a three-year term, concluding 01 September 2023.

Ms Trish Kirkland advised her resignation from the Committee in April and performed in her capacity as Deputy Chair until the 10 June 2022 meeting. Council would like to take this opportunity to extend our appreciation to Ms Kirkland for her service and dedication as Deputy Chair of the Committee. As at this date a replacement independent committee person had not been appointed.



Michael O'Connor, Chairperson

Mr O'Connor is a qualified auditor and experienced manager in the Local Government, financial services and disability services sectors, with expertise in performance audit and risk management.

He currently serves on five other councils' Audit, Risk and Improvement Committees, including as chairperson of those committees.

Mr O'Connor is a graduate of the Australian Institute of Company Directors and member of the Institute of Internal Auditors Australia.



Trish Kirkland, Deputy Chairperson

Ms Kirkland is an experienced manager in the Local Government and disability services sector, with a strong background in governance and the Integrated Planning and Reporting (IP&R) framework, including financial, asset and workforce planning.

She has previously held senior leadership roles at several councils in NSW, including Byron Shire Council, Uralla Shire Council and Edward River Council.

Ms Kirkland holds a Bachelor of Arts (Honours), Diploma of Project Management and Graduate Diploma of Local Government Management.



Tony Harb

Mr Harb is the Managing Director of InConsult, a professional services firm with experience in risk management, business continuity, fraud and corruption prevention, and internal audit.

Prior to establishing InConsult, Mr Harb worked in the private sector, including positions at one of the Big Four accounting firms and one of the nation's largest insurance companies. He currently serves on one other council's Audit, Risk and Improvement Committee.

Mr Harb is a Chartered Accountant and holds a Bachelor of Business and Master of Business Administration and is a member of the Institute of Internal Auditors Australia.

COMMITTEE PERFORMANCE

The Audit, Risk and Improvement Committee met six times during 2021-22.

Over the six meetings, the Committee reviewed internal audit reports, the Internal Audit Program and Council's audited financial statements, as well as receiving progress reports detailing Council's progress in implementing its Performance Improvement Action Plan issued by the Office of Local Government

The Committee also received briefings on major projects resourced for delivery in the organisation's combined Delivery Program and Operational Plan and consider the how the risks of those projects were being managed by Council.

Meetings were held:

- 10 September 2021
- 05 November 2021
- 19 November 2021
- 11 February 2022
- 13 May 2022 (postponed from April due to COVID-19)
- 10 June 2022

Table 1: Participation in Committee Meetings 2021-22

Member	Role	Eligible	Attended
Mr Michael O'Connor	Independent (Chair)	6	6
Ms Trish Kirkland	Independent (Deputy Chair)	6	6
Mr Tony Harb	Independent	6	6
Cr Virginia Black	Councillor	3	3
Cr Paul Moules	Councillor	3	2
Cr Terry Cohen	Councillor	3	3
Cr Donna Lawson	Councillor	3	3

Table 2: Business Papers and Reports reviewed

Meeting Date	Papers/Reports Reviewed
10 September 2021	10
05 November 2021	3
19 November 2021	11
11 February 2022	22
13 May 2022	13
10 June 2022	15
Total	74

INTERNAL AUDIT

Internal Audit plays a key role in helping Council to achieve its objectives by testing how effectively controls are operating across specific systems, processes and activities in order to manage the associated risks.

REVIEW OF INTERNAL AUDIT CHARTER

Council's Internal Audit function is established under the *Internal Audit Charter*, which outlines the purpose, authority and responsibility of Internal Audit within the organisation.

At its meeting held 10 June 2022, the Committee reviewed the revised *Internal Audit Charter* based on the current draft OLG's *Guidelines for Risk Management and Internal Audit for Local Councils in NSW 2021*. This was under the provision that the Charter would be revised once published in final form. The revised Internal Audit Charter was subsequently adopted by Council at its Ordinary Meeting held 27 July 2022.

INTERNAL AUDIT PLAN

During 2021-22, progress was made in delivering Council's three-year Internal Audit Plan, despite the challenges posed by the ongoing COVID-19 restrictions and staff shortages.

At the 13 May 2022 ARIC meeting, the Committee noted and approved the revised Internal Audit – Agreed Actions Report and suggested that Council consider its risk appetite towards not actioning the outstanding lower risk actions at this time. This report is still to be raised to Council and will be actioned in the new financial year. The remaining high priority agreed actions are addressed at each Committee meeting for noting via the Internal Audit Plan Progress report.

Council's Internal Auditor, Lambourne Partners, completed one scheduled audit during the year for Contract Management. The maturity assessment made a total of seven (7) recommendations to improve and strengthen internal controls within Council's organisation and operations. Council determined that the budgeted funds for the Enterprise Risk Management audit were better spent on the implementation of a Risk Management Framework to meet the draft OLG's *Guidelines for Risk Management and Internal Audit for Local Councils in NSW 2021* to meet the upcoming June 2024 deadline.

Table 3: Internal Audit Plan 2022-2024

Financial Year	Internal Audit Focus
2021/22	Contract Management
	Enterprise Risk Management
2022/23	Asset Management Systems
2023/24	Fraud and Corruption Control
	Fleet Management

EXTERNAL AUDIT

The Audit, Risk and Improvement Committee receives an annual report from the External Auditor, being the Audit Office of New South Wales, on the status of Council's financial statements.

Representatives from the Audit Office, as well as its representative service provider firm, are invited to attend all Committee meetings as observers and advisers with regard to the External Audit process.

During the 2021-22 year, the External Auditor attended one meeting of the Committee, being the meeting held 5 November 2021, to address the Committee regarding Council's audited financial statements.

The Committee will review the Engagement Closing Report for the year ending 30 June 2021 and request regular reports from Management on their progress in implementing any agreed actions identified.

CONCLUSION

Liverpool Plains Shire Council has taken significant steps to establish our Audit, Risk and Improvement Committee and is committed to strengthening its governance and risk management frameworks.





Annual Chairperson's Report

PROJECT MANAGEMENT REVIEWS

The Audit Risk and Improvement Committee reviews management reports on major projects currently in progress such as the Quipolly Dam and associated water reticulation improvements. This is the most significant project undertaken by the Council in its history. The committee reviews progress at each meeting and will continue to review progress and expenditure during the life of the project. The reports from management received to date are in the committee's view comprehensive and provide sufficient detail to keep the committee adequately informed.

The committee will pay particular attention to project management of the venture, expenditure to budget and any significant variations reported.

PERFORMANCE OF THE ARIC

The committee is fortunate to have a considerable pool of experience with three independent members coming from varied backgrounds. The Council members on the committee contribute from their career and community's perspective and as representatives from the controlling body. The input from the council members is of value to the committee and will be continued to be valued.

The committee has a very well-developed understanding of risk in the industry. We are not just appointed to review financial statements. We review the Enterprise Risk register and Framework including the risk appetite of Council. These risk issues will continually be monitored by the Committee. We will continue to review Council's Integrated Management System, which included risk management as part of our core functions. It is recognised that this will be an area for improvement as well as establishing a risk appetite for council.

The Council staff have been very supportive during the reporting period, and we do thank individually the GM and staff for their support.

It will be inevitable that the committee should consider additional out of session meetings. It will not be realistic in the future for the committee members to accurately assess and discuss issues during the limited formal committee sittings which occur five times a year. The use of technology will assist. However, members of the ARIC will need to comply with the new framework when introduced. Additional out of meeting time is inevitable and increased meeting frequency will need to be addressed.

CORONAVIRUS PANDEMIC AND NATURAL DISASTERS

The committee was very impressed with the Council's management during the depths of the coronavirus pandemic. The pandemic plan was developed and implemented in a short period of time and overall management worked well. Staff working from home seemed to work and disruptions were kept to a minimum. No doubt there will be many lessons learnt during the pandemic period which will enable staff to better manage future risks and the refinement of Council's Business Continuity Plan.

ARIC will be reviewing the implications of flood damage throughout the Shire and how effectively the Business Continuity Plan operated.

RURAL FIRE SERVICE ASSET RECOGNITION

It is noted that Council has taken the policy decision to include Rural Fire Service assets in the financial statements. ARIC supported the Council decision.

SRV MANAGEMENT

ARIC reviewed and has been updated on the SRV application process and has been adequately briefed and kept up to date by the GM. This is an ongoing process consuming very high amounts of senior staff resources.

ENVIRONMENTAL RISKS

Environmental risks, mainly weather, are affecting and operations and maintenance budgets of the Shires and most LG areas in NSW. ARIC has taken these restrictions into account and recognised that projects may need to be rescheduled due to limited resources.

COMMITTEE PRIORITIES FOR 2022/23

The key priorities for the committee in 2022/23 will be:

- Continue to encourage council to develop a formal risk management framework to strengthen risk culture
- Project Management reviews of major infrastructure ventures including introduction of new management software and systems
- Review Financial ratios as contained in the financial statements
- Review the possible implications and preparations for the introduction of the Draft Internal Audit and Risk Management Framework
- Cyber security/ risk and data laws
- Fraud and corruption
- Procurement, Contract Management and Project Management
- Various issues detailed in the Audit Office Engagement Closing Report and monitor management responses
- Monitor the internal audit plan to ensure audits are completed in a timely manner
- Review and question the invited functional heads from across Councils divisions to provide real time updates on programs, initiatives, risks, and controls from their business operations
- Assess if the resources allocated to risk management are adequate. Reallocating of IA resources to support and strengthening risk management

Michael O'Connor
Independent Chairperson

APPENDIX C




DELIVERY PROGRAM PROGRESS REPORT











Appendix C - Combined Delivery Program/Operational Plan Progress Detail


Outcome 1:

A great rural lifestyle with access to quality services







1.1 We value beautiful landscapes, dynamic towns and villages and safe communities					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
1.1.1 Develop and implement methodologies to ensure preservation and conservation of community heritage (Indigenous,Cultural and Structural).	1.1.1.1 Seek funding to implement recommendations from Quirindi Heritage Main Street Study.	Grant application/ submitted	MPRG	Q1	
1.1.2 Lobby relevant authorities and organisations to support partnerships (e.g. Safe Communities) and facilitate safety initiatives.	1.1.2.1 Convene the Local Emergency Management Committee.	LEMC meetings/ convened LEMC joint exercise/ conducted	DIES	Q4	
1.1.3 Increase personal engagement with community through promotion of two-way information and feedback hubs to maintain support in decision-making activities.	1.1.3.1 Promote Council decisions, services, projects and events.	Engagement with Council social media/ increasing Media releases produced/48	GM	Q4	

1.2 Our health and education services meet our needs and are available in our local community where possible					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
1.2.1 Support and endorse opportunities for quality of life services (education, health and recreation) working in partnership with key stakeholders such as Department of Health, Department of Education and private investors.	1.2.1.1 Operate the Eastside Child Care Centre and provide accredited childcare services to the Liverpool Plains community.	Accreditation/ maintained Quality Improvement Plan/ reviewed	MCRS	Q4	
	1.2.1.2 Provide accredited Centrelink services at Werris Creek Library.	Service levels/met	MCRS	Q4	
	1.2.1.3 Provide accredited Service NSW services.	Service levels/met	MCIS	Q4	
	1.2.1.4 Operate libraries via the Central Northern Regional Library network.	Service levels/met	MCRS	Q4	
1.2.2 Advocate for a mix of affordable housing and identify investment opportunities in partnership with community (e.g. Aged Care).	No actions programmed for delivery in 2021-22.				
1.2.3 Lobby for improved educational services.	No actions programmed for delivery in 2021-22.				









1.3 We celebrate local events and festivals as a cohesive community.					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
1.3.1 Identify, seek and obtain grant funding for various community social needs.	1.3.1.1 Seek grant funding to deliver Seniors Festival celebrations in the Liverpool Plains Shire.	Grant application/ submitted	MCRS	Q1	
	1.3.1.2 Seek grant funding to deliver Youth Week celebrations in the Liverpool Plains Shire.	Grant application/ submitted	MCRS	Q2	
1.3.2 Develop a funding program with selection criteria and parameters.	1.3.2.1 Administer the Community Funding Program (Events and Infrastructure).	Program/ administered	MCRS	Q2	
	1.3.2.2 Review Council's Section 356 Financial Assistance Framework.	Framework/ reviewed	DCCS	Q2	

1.3.3 Deliver and support events and festivals that promote engaged citizenship and foster civic pride.	1.3.3.1 Facilitate Australian Citizenship ceremonies, as required by Department of Home Affairs.	Citizenship Ceremonies/held	GM	Q4	
	1.3.3.2 Deliver 2022 Australia Day celebrations and coordinate annual Liverpool Plains Australia Day Awards.	Event/ held Awards/ conferred	GM	Q3	
	1.3.3.3 Support the delivery of 2022 Anzac Day commemoration services at Premer, Quirindi, Werris Creek and Willow Tree.	Commemoration services/ held	GM	Q4	








1.4 Our transport and telecommunications options support our businesses and lifestyle.


Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
1.4.1 Lobby for improved services and infrastructure, such as rail and road, and develop a regional strategy for improved services.	1.4.1.1 Lobby for the continued development of the Werris Creek Industrial Precinct.	Advocacy/ undertaken	GM	Q4	
	1.4.1.2 Lobby for funding to upgrade Werris Creek Road.	Advocacy/ undertaken	GM	Q4	
	1.4.1.3 Lobby for improved internet and telecommunications services in the Liverpool Plains Shire.	Advocacy/ undertaken	GM	Q4	
1.4.2 Develop a local transport strategy that addresses needs of the community and liaise and partner with other government stakeholders to facilitate optimum, achievable transport outcomes.	1.4.2.1 Lobby City Rail for the extension of rail services from Newcastle to Tamworth, including a daily return service.	Advocacy/ undertaken	GM	Q4	
	1.4.2.2 Improve access for Road-Trains/A-Doubles from farms to market.	Heavy vehicle routes/ approved	MASP	Q3	
	1.4.2.3 Complete replacement of timber bridges on Gurton Street and Bridge Road.	Upgrade/ complete	MCIV	Q4	

Outcome 2:
Strong community, Council and business leadership


2.1 We have a strong, sustainable, supported volunteer base.					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
2.1.1 Obtain funding for specific community projects and review current community funding arrangements.	2.1.1.1 Maintain a register of grant-ready projects.	Project Register reviewed/ quarterly	GM	Q4	
2.1.2 Council will support our community groups such as Community Advisory Groups.	2.1.2.1 Review Council's committee framework following the 2021 Local Government Elections.	Committee framework/ reviewed	DCCS	Q2	
2.1.3 Continue recognition events for volunteers and volunteer committees.	2.1.3.1 Deliver Volunteer Open Day event as part of 2022 Volunteers Week celebrations.	Event/ delivered	MCRS	Q4	
2.1.4 Demonstrate support of the State Emergency Service (SES), Volunteer Rescue Association (VRA) and Rural Fire Service (RFS) volunteers.	2.1.4.1 Support Fire Rescue NSW, Rural Fire Service, State Emergency Service and Volunteer Rescue Association through the Emergency Services Levy.	Levy/ paid	DIES	Q4	
	2.1.4.2 Promote State Emergency Service, Volunteer Rescue Association and Rural Fire Service volunteering activities.	Volunteer Week Promotions/ undertaken	MCRS	Q4	
	2.1.4.3 Support the Rural Fire Service in line with Service Level Agreements.	Administrative support to RFS/ provided	DIES	Q4	
2.2 Our Council, community and business leaders work together.					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
2.2.1 Facilitate the formation of a Business Improvement Association for the revitalisation of the Shire.	2.2.1.1 Partner with the Liverpool Plains Business Chamber Inc. to advocate business development opportunities.	Meetings with Business Chamber/6	GM	Q4	
2.2.2 Complete, implement and deliver local strategies and plans.	2.2.2.1 Review the Growth Management Strategy.	Growth Management Strategy funding application/ submitted	MPRG	Q4	

2.3 Liverpool Plains Shire Council represents the community it serves.





Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
2.3.1 Investigate opportunities to streamline approval processes.	2.3.1.1 Determine applications for development activities within statutory timeframes.	Development Applications and Complying Development Applications determined within statutory timeframes/ >80% Construction Certificates determined within 30 days from approval of Development Application/ >80%	MPRG	Q4	
	2.3.1.2 Provide Planning Certificates, drainage diagrams and sewer location diagrams on application.	Certificates and diagrams issued within 5 days of receipt/ >90%	MPRG	Q4	
	2.3.1.3 Implement the NSW Planning Portal to improve application determination times.	Planning portal/ implemented	MPRG	Q1	
2.3.2 Promote open and shared communication throughout the entire organisation and improve staff knowledge, practices and processes whilst investigating opportunities for traineeships.	2.3.2.1 Develop an accessible, contemporary intranet which supports improved communication and work practices within the organisation.	Intranet replacement project/ completed	MCIS	Q3	
	2.3.2.2 Provide effective and efficient customer service across the organisation.	Service levels/met	MCIS	Q4	
2.3.3 Provide a State of the Shire report to measure Liverpool Plains Shire Council's progress, including financial management, towards the goals of the Shire every 12 months.	2.3.3.1 Incorporate detail on Council's financial management into the Annual Report.	Financial management detail/reported	CFO	Q2	
2.3.4 Ensure organisational review is in line with providing efficient services and staff to meet the needs of the community, while investigating opportunities to streamline Council processes.	2.3.4.1 Review organisation structure within 12 months following 2021 Local Elections, in line with legislative requirements.	Organisation structure review/completed	GM	Q4	













2.3.5 Engage with the community effectively and target communication, ensuring a transparent approach.	2.3.5.1 Undertake a community awareness campaign on Council's Recreation Strategy.	Community awareness campaign/ delivered	MCRS	Q3	
2.3.6 Review current Community Engagement Policy to ensure it is understood and adhered to.	No actions programmed for delivery in 2021-22.				











2.4 We encourage our youth to become involved in the community as the leaders of tomorrow.

Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
2.4.1 Establish an engagement platform such as a Youth Council to involve our youth.	2.4.1.1 Facilitate the Liverpool Plains Shire Youth Council.	Meetings/4	MCRS	Q4	









2.5 Our local government is efficient, sustainable and fit for the future.





Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
2.5.1 Establish an engagement platform such as a Youth Council to involve our youth.	2.5.1.1 Develop and monitor the annual Operational Plan and Budget.	Plan adopted/30 June Progress reported/ quarterly	DCCS	Q4	
	2.5.1.2 Coordinate and produce the Annual Report.	Report adopted and provided to the Office of Local Government/ 31 December	DCCS	Q2	
	2.5.1.3 Coordinate and produce a State of the Shire Report, integrating the: End of Term Report; and State of the Environment Report.	State of the Shire Report/ prepared	DCCS	Q2	
	2.5.1.4 Review the Community Strategic Plan and Delivery Program in accordance with legislative requirements.	Community Strategic Plan/ reviewed Delivery Program/ reviewed	DCCS	Q4	

	2.5.1.5 Review the Disability Inclusion Action Plan in accordance with legislative requirements.	DIAP/ reviewed	MCRS	Q4	
2.5.2 Operate in a financially responsible manner and improve long-term financial sustainability.	2.5.2.1 Review and revise the Long-Term Financial Plan (LTFP).	LTFP reviewed and adopted/ 30 June	CFO	Q4	
	2.5.2.2 Complete and report quarterly Budget review statements.	Budget review reported/ quarterly	CFO	Q4	
	2.5.2.3 Undertake Service Delivery Reviews on non-core services to determine long-term sustainability of services and efficiency improvements.	Service Delivery Reviews/ conducted	DCCS	Q3	
2.5.3 Deliver good governance and maintain a transparent decision- making framework.	2.5.3.1 Maintain Public Interest Disclosure, Conflict of Interest, Related Party Disclosures and Code of Conduct Complaints Registers in accordance with legislative requirements.	Registers/ maintained	DCCS	Q4	
	2.5.3.2 Coordinate Public Interest Disclosures and Code of Conduct complaints in accordance with legislation, policy and procedures.	Reporting/ compliant	DCCS	Q4	
	2.5.3.3 Review and update the Agency Information Guide in accordance with legislative requirements.	Guide/ reviewed	MCIS	Q3	
	2.5.3.4 Coordinate the publication of identified open access information to Council's website.	Identified open access information/ published	DCCS	Q4	
	2.5.3.5 Publish the formal Access to Information disclosure log to the website.	Information disclosure log updated and published/ every 45 days	DCCS	Q4	
	2.5.3.6 Maintain the register of government contracts and publish to Council's website.	Register of government contracts published to the website/ every 20 days	CFO	Q4	
	2.5.3.7 Review Council's Delegations Register within 12 months following the 2021 Local Government elections, in line with legislative requirements.	Delegations Register/ reviewed	DCCS	Q3	
	2.5.3.8 Deliver an Induction Program for the Mayor and Councillors following the 2021 Local Government Elections.	Induction Program/ delivered	DCCS	Q3	







2.5.4 Develop a strong and effective risk management framework.	2.5.4.1 Facilitate regular meetings of the Audit, Risk and Improvement Committee.	Committee meetings held/4	DCCS	Q4	
	2.5.4.2 Complete the Internal Audit Program.	Audit program/ completed	DCCS	Q4	
	2.5.4.3 Participate in the StateWide Mutual Continuous Improvement Pathway Programme.	CIP Workbooks/ completed	DCCS	Q4	
2.5.5 Develop a strong organisational culture and provide a contemporary, professional and safe work environment to attract, develop and retain a high-performing workforce.	2.5.5.1 Implement the Business and Customer Systems Remediation Project.	Project milestones/met	MCIS	Q4	
	2.5.5.2 Review the Workforce Management Plan in line with legislative requirements.	Workforce Management Plan/reviewed	MHR	Q4	
	2.5.5.3 Assess staff engagement and identify opportunities to improve organisational culture.	Staff Engagement Survey/ administered	MHR	Q2	
	2.5.5.4 Develop capacity in the organisation's leadership team to manage people, performance and productivity.	Leadership Development Training/ delivered	MHR	Q4	
	2.5.5.5 Coordinate and fund annual staff training programmes.	Staff training programmes/ delivered	MHR	Q4	
	2.5.5.6 Facilitate regular meetings of the Staff Consultative Committee.	Meetings held/4	MHR	Q4	
	2.5.5.7 Facilitate regular meetings of the Work Health and Safety Committee.	Meetings held/4	MHR	Q4	

Outcome 3:
A sustainable environment


3.1 Our infrastructure is well planned and maintained and will meet our needs now and into the future.					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
3.1.1 Develop long-term strategies to plan and maintain current and future infrastructure and finances required.	3.1.1.1 Prepare and submit grant application to deliver outcomes identified in the Liverpool Plains Recreation Strategy.	Grant application/ submitted	DIES	Q4	
	3.1.1.2 Undertake detailed review of Council's fleet to identify opportunities for savings.	Fleet review/ undertaken	MCIV	Q4	
3.1.2 Develop Asset Management Plans in line with community priorities.	3.1.2.1 Review Water and Waste Water Asset Management Plans.	Asset Management Plans/ reviewed	MASP	Q4	
	3.1.2.2 Develop an Asset Management Strategy.	Asset Management Strategy/ developed	MASP	Q4	
	3.1.2.3 Review Council's Parks and Reserves Asset Register to validate Council's assets.	Asset register/ reviewed	MASP	Q2	
3.1.3 Increase awareness of infrastructure responsibilities and costings.	3.1.3.1 Publish costings for Quipolly Water Project delivery.	Quipolly Water Project costings/ published	MWS	Q4	
3.1.4 Collectively identify opportunities to source external expertise from other Government organisations and external businesses.	No actions programmed for delivery in 2021-22.				
3.1.5 Increase awareness of costs involved in managing community assets due to poor environmental practices (e.g. vandalism, illegal dumping, poor land management).	3.1.5.1 Publish costings for Waste Management Strategy implementation.	Waste Management Strategy costings/ published	MCIV	Q2	
3.2 We have access to affordable, clean water supplies.					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
3.2.1 Ensure infrastructure is developed to provide quality water supplies that meet environmental	3.2.1.1 Deliver Council's Water and Sewer Capital Works Program.	Capital Works Program/ delivered	MWS	Q4	




regulations.	3.2.1.2 Deliver the Quipolly Water Project.	Project milestones/met	DIES	Q4	
3.2.2 Endorse best practice regulated operation of water and sewerage systems.	3.2.2.1 Maintain best practice regulated operation of water and sewerage systems.	EPA compliance requirements/met	MWS	Q4	
	3.2.2.2 Continue to implement Drinking Water Management System (DWMS).	DWMS/implemented	MWS	Q4	
	3.2.2.3 Develop an Integrated Water Cycle Management (IWCM) Plan for Council's water and sewerage services.	IWCM Plan/ completed	MWS	Q4	

3.3 We actively manage the impact on our natural environment.



Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
3.3.1 Identify and benchmark waste management systems to ensure best practice and consistent fees.	3.3.1.1 Finalise design of new landfill site.	Project milestones/met	MCIV	Q4	
	3.3.1.2 Enter into new contract for landfill management and kerbside collection.	Contract/ awarded	MCIV	Q4	
	3.3.1.3 Install Waste Transfer Stations at all rural sites.	Waste transfer stations/ installed	MCIV	Q4	
3.3.2 Develop partnerships and manage waste effectively.	3.3.2.1 Provide drumMUSTER collection services at the Quirindi landfill.	drumMUSTER services/ provided	MCIV	Q1	
3.3.3 Investigate and review recycling options for our community.	3.3.3.1 Develop costing details for provision of additional recycling options as part of the new kerbside collection contract.	Costings/ developed	MCIV	Q2	
3.3.4 Continue our relationship with Northern Inland Regional Waste.	3.3.4.1 Participate in Northern Inland Regional Waste.	NIRW meetings/ attended	MCIV	Q4	

3.3 We actively manage the impact on our natural environment.


Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
3.3.5 Develop enforcement campaigns to ensure our natural environment is well managed.	3.3.5.1 Participate in EPA-led illegal dumping and asbestos awareness campaigns.	Campaigns/ delivered	MCIV	Q2	

3.3.6 Advocate for air quality monitoring.	3.3.6.1 Participate in the Namoi Regional Air Quality Advisory Committee.	Committee membership/ maintained	DIES	Q4	
3.3.7 Increase education on water conservation and practices.	3.3.7.1 Participate in Namoi Smart approved Watermark Alliance.	Alliance membership/ maintained	MWS	Q1	
3.3.8 Increase awareness of the environmental impact of poor waste management.	3.3.8.1 Undertake a waste management education program.	Education program/ delivered	MCIV	Q2	



3.4 Our local farming is sustainable.




Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
3.4.1 Identify and recognise a balance between mining and farming.	3.4.1.1 Advocate to State Government to continue recognising a balance between the mining and agriculture sectors.	Advocacy/ undertaken	GM	Q4	
3.4.2 Encourage farmers to investigate value-adding opportunities for their business.	3.4.2.1 Promote and facilitate agritourism and agribusiness activities.	NSW Small Business Commissioner agritourism program/promoted	GM	Q4	
3.4.3 Advocate education and awareness in relation to land use practices.	<i>No actions programmed for delivery in 2021-22.</i>				

3.5 We actively foster and utilise renewable energy.

Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
3.5.1 Advocate for the adoption of sustainable energy within the Shire.	3.5.1.1 Investigate opportunities for renewable energy on Council's energy-intensive facilities.	Investigation/ undertaken	DIES	Q4	

Outcome 4:
A thriving economy

4.1 Our economy is growing, and we offer a diverse range of job opportunities.					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
4.1.1 Advocate for employment opportunities within the Shire.	4.1.1.1 Advocate for industry and employment development opportunities arising from the State Government's Namoi Regional Job Precinct.	Advocacy/undertaken	GM	Q4	
4.1.2 Review and identify disposable assets and implement management plan.	4.1.2.1 Undertake review of Council's property portfolio and identify potential disposal opportunities.	Review/completed	MASP	Q3	

4.2 We foster new business development for our future prosperity.					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
4.2.1 Review Council's commercial activities and identify under- performing commercial practices.	4.2.1.1 Review Revenue Policy pricing principles and methodology.	Pricing principles and methodology/reviewed	CFO	Q4	
4.2.2 Encourage business and community members to work together to drive business development as a whole Shire.	4.2.2.1 Utilise membership of Namoi Unlimited to advocate a whole-of- region approach to economic and business development.	Namoi Unlimited membership/ maintained	GM	Q4	
4.2.3 Identify opportunities and lobby to reduce red tape to make investments viable in our Shire.	No actions programmed for delivery in 2021-22.				
4.2.4 Review existing business, infrastructure and industries to identify opportunities to value-add.	4.2.4.1 Deliver the Werris Creek Industrial Precinct Upgrade.	Design/ completed Construction/ commenced	DIES	Q4	
4.2.5 Develop a marketing strategy to encourage professionals and lifestyle.	No actions programmed for delivery in 2021-22.				

4.3 Town planning reflects the diversity of our towns and villages.					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
4.3.1 Review Local Environment Plan (LEP) and Development Control Plan (DCP).	4.3.1.1 Complete LEP review to promote development within the Shire.	Planning Proposals/ completed	MPRG	Q4	●
4.3.2 Identify opportunities for partnership in housing and investment.	No actions programmed for delivery in 2021-22.				

4.3 Town planning reflects the diversity of our towns and villages.					
Delivery Program 2017-2022 Activity	Operational Plan 2021-22 Action	Measure/Target	MANEX Responsible	Scheduled Completion	Status
4.4.1 Actively promote cultural, community and recreational facilities.	4.4.1.1 Commission a public art installation.	Public Art installation/ completed	GM	Q4	●
	4.4.1.2 Seek grant funding to develop a King George V Park Precinct Masterplan.	Grant application/ submitted	GM	Q4	●
4.4.2 Further develop the Destination Management Plan and review current community funding with the view to focus on major annual events.	4.4.2.1 Review Destination Management Plan.	DMP review/ completed	GM	Q4	●

APPENDIX D

AUDITED FINANCIAL STATEMENTS



Liverpool Plains Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022



Liverpool Plains Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Liverpool Plains Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	74
On the Financial Statements (Sect 417 [3])	77

Liverpool Plains Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 23 November 2022.



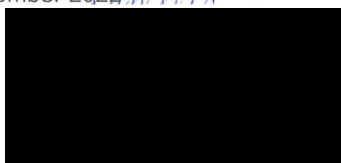
Doug Hawkins OAM
Mayor

23 November 2022 



Ken Cudmore
Deputy Mayor

23 November 2022



Joanne Sangster
General Manager

23 November 2022



Joanna Little
Responsible Accounting Officer

23 November 2022

Liverpool Plains Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021 ¹
Income from continuing operations				
13,455	Rates and annual charges	B2-1	13,189	12,348
7,726	Grants and contributions provided for operating purposes	B2-4	10,600	8,844
3,212	User charges and fees	B2-2	4,187	3,793
728	Other revenues	B2-3	410	285
32,551	Grants and contributions provided for capital purposes	B2-4	14,474	7,291
233	Interest and investment income	B2-5	204	252
—	Other income	B2-6	210	267
57,905	Total income from continuing operations		43,274	33,080
Expenses from continuing operations				
10,771	Employee benefits and on-costs	B3-1	9,513	10,422
6,588	Materials and services	B3-2	11,207	9,058
203	Borrowing costs	B3-3	250	311
13,354	Depreciation, amortisation and impairment of non-financial assets	B3-4	12,946	14,353
2,895	Other expenses	B3-5	581	379
—	Net loss from the disposal of assets	B4-1	215	594
33,811	Total expenses from continuing operations		34,712	35,117
24,094	Operating result from continuing operations		8,562	(2,037)
24,094	Net operating result for the year attributable to Council		8,562	(2,037)
(8,457)	Net operating result for the year before grants and contributions provided for capital purposes		(5,912)	(9,328)

(1) Restated - Refer to note G4-1

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

Liverpool Plains Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	2021 ¹
Net operating result for the year – from Income Statement		8,562	(2,037)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	36,137	(50,999)
Total items which will not be reclassified subsequently to the operating result		36,137	(50,999)
Total other comprehensive income for the year		36,137	(50,999)
Total comprehensive income for the year attributable to Council		44,699	(53,036)

(1) Restated - refer to Note G4-1

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

Liverpool Plains Shire Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021 ¹	Restated 1 July 2020 ¹
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	2,984	8,379	8,776
Investments	C1-2	23,200	25,200	25,250
Receivables	C1-4	5,155	3,314	2,619
Inventories	C1-5	1,101	697	759
Contract assets and contract cost assets	C1-6	4,360	827	255
Other		–	–	5
Total current assets		36,800	38,417	37,664
Non-current assets				
Receivables	C1-4	20	21	19
Infrastructure, property, plant and equipment (IPPE)	C1-7	537,616	490,766	545,736
Investment property	C1-8	600	600	600
Right of use assets	C2-1	58	–	–
Total non-current assets		538,294	491,387	546,355
Total assets		575,094	529,804	584,019
LIABILITIES				
Current liabilities				
Payables	C3-1	2,599	1,546	1,589
Contract liabilities	C3-2	2,438	3,482	3,330
Lease liabilities	C2-1	32	–	–
Borrowings	C3-3	258	247	237
Employee benefit provisions	C3-4	1,735	2,097	2,293
Provisions	C3-5	951	–	–
Total current liabilities		8,013	7,372	7,449
Non-current liabilities				
Lease liabilities	C2-1	26	–	–
Borrowings	C3-3	3,347	3,605	3,852
Employee benefit provisions	C3-4	113	138	116
Provisions	C3-5	12,657	12,450	13,327
Total non-current liabilities		16,143	16,193	17,295
Total liabilities		24,156	23,565	24,744
Net assets		550,938	506,239	559,275
EQUITY				
Accumulated surplus	C4-1	223,672	215,110	217,147
IPPE revaluation reserve	C4-1	327,266	291,129	342,128
Council equity interest		550,938	506,239	559,275
Total equity		550,938	506,239	559,275

(1) Restated - Refer to note G4-1

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

Liverpool Plains Shire Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus ¹	IPPE revaluation reserve	Total equity	Accumulated surplus ¹	IPPE revaluation reserve	Total equity
Opening balance at 1 July		205,922	291,129	497,051	209,779	342,128	551,907
Correction of prior period errors	G4-1	9,188	–	9,188	7,368	–	7,368
Restated opening balance		215,110	291,129	506,239	217,147	342,128	559,275
Net operating result for the year		8,562	–	8,562	(3,857)	–	(3,857)
Correction of prior period errors	G4-1	–	–	–	1,820	–	1,820
Restated net operating result for the period		8,562	–	8,562	(2,037)	–	(2,037)
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	36,137	36,137	–	(50,999)	(50,999)
Other comprehensive income		–	36,137	36,137	–	(50,999)	(50,999)
Total comprehensive income		8,562	36,137	44,699	(2,037)	(50,999)	(53,036)
Closing balance at 30 June		223,672	327,266	550,938	215,110	291,129	506,239

(1) Restated - Refer note G4-1

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

Liverpool Plains Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022 ¹	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
Receipts:				
13,382	Rates and annual charges		13,423	12,901
3,339	User charges and fees		2,613	3,108
233	Interest received		226	105
36,946	Grants and contributions		20,058	14,146
–	Bonds, deposits and retentions received		7	79
727	Other		3,283	2,207
Payments:				
(10,760)	Payments to employees		(9,875)	(10,581)
(6,583)	Payments for materials and services		(13,897)	(10,824)
(203)	Borrowing costs		(200)	(212)
(2,897)	Other		(525)	(1,985)
34,184	Net cash flows from operating activities	G1-1	15,113	8,944
Cash flows from investing activities				
Receipts:				
–	Proceeds from sale of IPPE		158	368
–	Deferred debtors receipts		6	1
Payments:				
–	Disposal of term deposits		2,000	50
(44,262)	Payments for IPPE		(22,416)	(9,523)
(44,262)	Net cash flows from investing activities		(20,252)	(9,104)
Cash flows from financing activities				
Payments:				
(236)	Repayment of borrowings		(247)	(237)
–	Principal component of lease payments		(9)	–
(236)	Net cash flows from financing activities		(256)	(237)
(10,314)	Net change in cash and cash equivalents		(5,395)	(397)
8,428	Cash and cash equivalents at beginning of year		8,379	8,776
(1,886)	Cash and cash equivalents at end of year	C1-1	2,984	8,379
25,200	plus: Investments on hand at end of year	C1-2	23,200	25,200
23,314	Total cash, cash equivalents and investments		26,184	33,579

(1) Please refer Note B5-1 for more details regarding the original unaudited budget

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

Liverpool Plains Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2022

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	21
B2-6 Other income	21
B3 Costs of providing services	22
B3-1 Employee benefits and on-costs	22
B3-2 Materials and services	23
B3-3 Borrowing costs	23
B3-4 Depreciation, amortisation and impairment of non-financial assets	24
B3-5 Other expenses	24
B4 Gains or losses	25
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	25
B5 Performance against budget	26
B5-1 Material budget variations	26
C Financial position	28
C1 Assets we manage	28
C1-1 Cash and cash equivalents	28
C1-2 Financial investments	28
C1-3 Restricted and allocated cash, cash equivalents and investments	29
C1-4 Receivables	30
C1-5 Inventories	31
C1-6 Contract assets and Contract cost assets	32
C1-7 Infrastructure, property, plant and equipment	33
C1-8 Investment properties	36
C2 Leasing activities	37
C2-1 Council as a lessee	37
C2-2 Council as a lessor	39
C3 Liabilities of Council	40
C3-1 Payables	40
C3-2 Contract Liabilities	41
C3-3 Borrowings	42
C3-4 Employee benefit provisions	44
C3-5 Provisions	46

Liverpool Plains Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2022

C4 Reserves	47
C4-1 Nature and purpose of reserves	47
D Council structure	48
D1 Results by fund	48
D1-1 Income Statement by fund	48
D1-2 Statement of Financial Position by fund	49
E Risks and accounting uncertainties	50
E1-1 Risks relating to financial instruments held	50
E2-1 Fair value measurement	53
E3-1 Contingencies	56
F People and relationships	59
F1 Related party disclosures	59
F1-1 Key management personnel (KMP)	59
F1-2 Councillor and Mayoral fees and associated expenses	60
F2 Other relationships	60
F2-1 Audit fees	60
G Other matters	61
G1-1 Statement of Cash Flows information	61
G2-1 Commitments	62
G3-1 Events occurring after the reporting date	62
G4 Changes from prior year statements	63
G4-1 Correction of errors	63
G5 Statement of developer contributions as at 30 June 2022	66
G5-1 Summary of developer contributions	66
G5-2 Developer contributions by plan	67
G5-3 Contributions not under plans	68
G5-4 S7.4 planning agreements	n/a
G5-4 S64 contributions	68
G6 Statement of performance measures	69
G6-1 Statement of performance measures – consolidated results	69
G6-2 Statement of performance measures by fund	70
H Additional Council disclosures (unaudited)	72
H1-1 Statement of performance measures – consolidated results (graphs)	72

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 23 November 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)*, *Local Government (General) Regulation 2021 (Regulation)*, 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.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

COVID 19 Impacts

Covid 19 has caused minor disruption to council's business practices with some staff working remotely from home or at other council facilities away from the main administration building. Whilst this has caused some inconvenience it has not resulted in significant additional cost. Some costs have been incurred for additional equipment and staff salaries for employees required to isolate.

Overall the financial impact has not been significant and is not anticipated to increase in future years.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

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.

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

Council does not maintain a separate and distinct Trust Fund in accordance with the provisions of Section 411 of the Local Government Act 1993. Separate and distinct cash funded liability accounts are maintained to account for all money and assets received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council makes use of volunteers for the community, theatre and also library services. Such volunteer services have not been recognised in the income statement for the year ended on 30 June 2022 for the reason that the services would not be purchased if not donated through consolidation or relocation of services currently provided by the Council.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 reporting period.

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

As at the date of authorisation of these financial statements, Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2022.

None of these standards had an impact on the reported position or performance

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021 ¹	2022	2021	2022	2021 ¹	2022	2021 ¹	2022	2021 ¹
Functions or activities										
Social	10,069	2,327	5,812	2,017	4,257	310	8,037	969	43,823	23,268
Governance	12,736	2,801	5,815	3,161	6,921	(360)	3,908	614	41,304	5,697
Environment	20,318	26,030	22,744	27,046	(2,426)	(1,016)	13,127	13,865	488,794	484,526
Economic	151	1,922	341	2,893	(190)	(971)	2	687	1,173	16,313
Total functions and activities	43,274	33,080	34,712	35,117	8,562	(2,037)	25,074	16,135	575,094	529,804

(1) Restated - Refer to note G4-1

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Social

Having a great rural lifestyle with access to quality services.

- Beautiful landscapes
- Celebrate local events and festivals
- Transport and telecommunication options to support our businesses and lifestyle safe communities

Governance

Strong community, council and business leadership.

- A strong supported volunteer base
- Council, community and business leaders work together
- Liverpool Plain Shire Council represents the community it serves

Environment

A sustainable environment.

- Well planned and maintained infrastructure
- Access to affordable clean water supplies
- We actively foster and utilise renewable energy
- Actively manage the impact on our environment

Economic

A thriving economy.

- Have a growing economy which offers a diverse range of job opportunities
- Foster new business development for our future prosperity
- Town planning reflects the diversity of our towns and villages
- We embrace tourism

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	2,419	2,239
Farmland	4,812	4,432
Mining	475	440
Business	387	305
Less: pensioner rebates (mandatory)	(138)	(147)
Rates levied to ratepayers	7,955	7,269
Pensioner rate subsidies received	106	73
Total ordinary rates	8,061	7,342
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	1,505	1,490
Water supply services	2,334	2,281
Sewerage services	1,263	1,226
Waste management services (non-domestic)	116	106
Less: pensioner rebates (mandatory)	(175)	(191)
Annual charges levied	5,043	4,912
Pensioner subsidies received:		
– Water	35	33
– Sewerage	33	25
– Domestic waste management	17	36
Total annual charges	5,128	5,006
Total rates and annual charges	13,189	12,348

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

Council's Temporary Special Rates Variation resulted in an additional rates revenue of \$463 thousand. These additional funds were spent on renewal of Council's road asset network.

Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	Timing	2022	2021
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	966	1,045
Sewerage services	2	112	166
Waste management services (non-domestic)	2	242	268
Total specific user charges		1,320	1,479
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	125	73
Building services – other	2	11	41
Inspection services	2	23	33
Planning and building regulation	2	–	2
Private works – section 67	2	74	317
Regulatory/ statutory fees	2	2	2
Registration fees	2	–	4
Section 10.7 certificates (EP&A Act)	2	31	23
Section 603 certificates	2	27	29
Total fees and charges – statutory/regulatory		293	524
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	10	13
Aged care	2	29	40
Caravan park	2	57	84
Cemeteries	2	114	105
Child care	2	628	619
Library	2	4	–
Transport for NSW works (state roads not controlled by Council)	2	1,443	618
Theatre	2	7	26
Swimming centres	2	62	52
Water connection fees	2	17	16
Sporting and recreation	2	203	217
Total fees and charges – other		2,574	1,790
Total other user charges and fees		2,867	2,314
Total user charges and fees		4,187	3,793
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		4,187	3,793
Total user charges and fees		4,187	3,793

Accounting policy

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

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

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

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Fines	2	1	7
Legal fees recovery – rates and charges (extra charges)	2	82	33
Commissions and agency fees	2	162	161
Insurance claims recoveries	2	19	–
Sales – general	2	22	36
Insurance discounts	2	32	30
Other	2	92	18
Total other revenue		410	285
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		410	285
Total other revenue		410	285

Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021 ¹
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,387	1,231	–	–
Financial assistance – local roads component	2	759	689	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,130	1,317	–	–
Financial assistance – local roads component	2	1,170	739	–	–
Amount recognised as income during current year		5,446	3,976	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	1	–	–	7,355	53
Airport	1	–	–	92	–
Bushfire and emergency services	2	228	228	13	–
Child care	2	–	12	–	–
Community care	2	234	251	–	–
Waste Management Strategy	1	–	–	665	–
Heritage and cultural	2	–	12	–	–
Library	2	85	83	–	–
Library – special projects	1	–	–	564	164
Noxious weeds	2	67	71	–	–
Recreation and culture	2	33	12	397	840
Storm/flood damage	2	1,711	1,124	–	–
Planning portal	2	43	–	–	–
Transport for NSW contributions (regional roads, block grant)	2	1,768	1,848	–	1,345
Drought Funding	1	–	–	1,383	1,717
Transport (other roads and bridges funding)	1	40	–	2,218	433
Local Road and Community Infrastructure	1	–	–	1,247	405
Transport (roads to recovery)	2	942	1,225	–	–
Other specific grants	1	3	2	10	295
Total special purpose grants and non-developer contributions – cash		5,154	4,868	13,944	5,252
Non-cash contributions					
Assets recognised for the first time (1)		–	–	450	1,820
Total other contributions – non-cash		–	–	450	1,820
Total special purpose grants and non-developer contributions (tied)		5,154	4,868	14,394	7,072
Total grants and non-developer contributions		10,600	8,844	14,394	7,072
Comprising:					
– Commonwealth funding		5,698	4,067	4,213	1,708
– State funding		4,900	4,777	9,647	3,544
– Other funding		2	–	534	1,820
		10,600	8,844	14,394	7,072

(1) Restated - Refer to note G4-1

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021 ¹
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	42	137
S 7.12 – fixed development consent levies		2	–	–	25	82
S 64 – water supply contributions		2	–	–	13	–
Total developer contributions – cash			–	–	80	219
Total developer contributions			–	–	80	219
Total contributions			–	–	80	219
Total grants and contributions			10,600	8,844	14,474	7,291
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			43	1,126	6,179	3,014
Grants and contributions recognised at a point in time (2)			10,557	7,718	8,295	4,277
Total grants and contributions			10,600	8,844	14,474	7,291

(1) Restated - Refer to note G4-1

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	3,114	3,007	3,611	3,386
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,524	2,521	–	53
Add: Funds received and not recognised as revenue in the current year	36	168	1,984	1,927
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(3,188)	(2,582)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(57)	–	(3,002)	(1,755)
Unspent funds at 30 June	3,429	3,114	2,593	3,611

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include evidence of the event taking place or satisfactory achievement of milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

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

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

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

Developer contributions

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

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 Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	71	48
– Cash and investments	133	204
Total interest and investment income (losses)	204	252
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	71	40
General Council cash and investments	46	74
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	4	5
– Section 64	3	4
Water fund operations	35	74
Sewerage fund operations	45	55
Total interest and investment income	204	252

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2022	2021
Rental income			
Investment properties			
Land rental		12	12
Total Investment properties	C2-2	12	12
Room/Facility Hire		179	214
Leaseback fees - council vehicles		19	32
Other income		–	9
Total other lease income	C2-2	198	255
Total rental income		210	267
Total other income		210	267

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	7,968	8,112
Travel expenses	4	13
Employee leave entitlements (ELE)	958	1,314
Superannuation	826	830
Superannuation – defined contribution plans	57	81
Workers' compensation insurance	394	484
Fringe benefit tax (FBT)	10	48
Training costs	86	116
Protective clothing	19	17
Other	104	–
Total employee costs	10,426	11,015
Less: capitalised costs	(913)	(593)
Total employee costs expensed	9,513	10,422
Number of 'full-time equivalent' employees (FTE) at year end	101	115

Accounting policy

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 E3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		1,424	2,687
Contractor and consultancy costs		7,643	4,258
Audit Fees	F2-1	103	153
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	112	107
Advertising		26	47
Bank charges		48	7
Election expenses		70	—
Electricity and heating		388	397
Insurance		703	618
Postage		26	31
Printing and stationery		18	26
Street lighting		76	117
Subscriptions and publications		177	245
Telephone and communications		96	99
Travel expenses		20	—
Library (Central Northern Regional Library)		141	142
Other expenses		39	36
Legal expenses:			
– Legal expenses: other		97	88
Total materials and services		11,207	9,058

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on leases		—	—
Interest on loans		200	212
Total interest bearing liability costs		200	212
Total interest bearing liability costs expensed		200	212
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	50	99
Total other borrowing costs		50	99
Total borrowing costs expensed		250	311

Accounting policy

Borrowing costs are expensed as incurred, Council did not have any borrowing costs for the construction of a qualifying asset.

B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2022	2021
Depreciation and amortisation			
Plant and equipment		1,984	804
Office equipment		57	32
Furniture and fittings		43	27
Infrastructure:	C1-7		
– Buildings		664	653
– Other structures		358	323
– Roads		5,583	8,997
– Bridges		936	939
– Footpaths		66	79
– Stormwater drainage		490	275
– Water supply network		1,185	1,060
– Sewerage network		574	732
Right of use assets	C2-1	9	–
Other assets:			
– Other		193	167
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5, C1-7	700	159
– Quarry assets	C3-5, C1-7	104	106
Total depreciation and amortisation costs		12,946	14,353
Total depreciation, amortisation and impairment for non-financial assets		12,946	14,353

Accounting policy

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.

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 not tested for impairment since 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.

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.

B3-5 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other		105	–
Total impairment of receivables	C1-4	105	–
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		454	379
Donations, contributions and assistance to other organisations (Section 356)		22	–
Total other expenses		581	379

Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

B4 Gains or losses

B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of land and building	C1-7		
Proceeds from disposal - land and building		–	368
Less: carrying amount of land and building assets sold/written off		(105)	(962)
Gain (or loss) on disposal		(105)	(594)
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		6	–
Less: carrying amount of infrastructure assets sold/written off		(151)	–
Gain (or loss) on disposal		(145)	–
Gain (or loss) on disposal of Plant and Equipment			
Proceeds from disposal – Plant and Equipment		152	–
Less: carrying amount of Plant and Equipment assets sold/written off		(117)	–
Gain (or loss) on disposal		35	–
Net gain (or loss) from disposal of assets		(215)	(594)

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. 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.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 23/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
User charges and fees	3,212	4,187	975	30% F
Revenue from State Roads exceeded estimate by \$1,234 thousand. There was also a reduction in Water and Sewer usage of \$225 thousand due to more favourable weather conditions.				
Other revenues	728	410	(318)	(44)% U
Budget for Caravan Park fees and charges was incorrectly in Other Revenue of \$75 thousand. The Contribution for the RFS was budgeted in Other Revenue of \$228 thousand with actual in Operating grants and contribution.				
Operating grants and contributions	7,726	10,600	2,874	37% F
Natural Disaster funding recognised exceed budget by \$1,077 thousand and the Financial Assistance Grant payment exceeded budget by \$1,527 thousand.				
Capital grants and contributions	32,551	14,474	(18,077)	(56)% U
The budgeted amount for grant funds for the Quipolly Water Security Project was set before the final funding deed was issued. The timeline for receipt of funds was readjusted more evenly over two years, thus the amount received was lower by \$5,212 thousand. The Sewer Treatment plant projects have been delayed and expected grant funding of \$7,310 thousand was not received. The Werris Creek Industrial Precinct Southern Access project has been delayed resulting \$2,904 thousand carried forward to next year. The Waste Management Strategy is behind budget by \$834 thousand at year end. \$1,795 thousand of budgeted projects did not proceed as grants funds were not received.				
Interest and investment revenue	233	204	(29)	(12)% U
Interest rates were lower than expected.				
Other income	–	210	210	∞ F
Other Income was unknown at budget time.				
Employee benefits and on-costs	10,771	9,513	1,258	12% F
Capitalised wages exceed budget by \$475 thousand. Hours works were 8% below budget due to staff vacancies.				
Materials and services	6,588	11,207	(4,619)	(70)% U
Additional road works on Flood Recovery \$1,077 thousand and State Roads \$1,234 thousand that were funded by operational grants. There were operational savings of \$587 thousand.				
Materials and services budget did not include electricity, communication expenses, insurances, subscriptions, legal costs and elected member costs. These were budgeted in Other expenses.				
Depreciation, amortisation and impairment of non-financial assets	13,354	12,946	408	3% F
Other expenses	2,895	581	2,314	80% F

continued on next page ...

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----
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Other expenses budget included electricity, communication expenses, insurances, subscriptions, legal costs and elected member costs. These are reported as actual in Materials and services.

Net losses from disposal of assets	–	215	(215)	∞	U
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Profit or loss on disposal of assets is not budgeted for.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	2,984	8,379
Total cash and cash equivalents	2,984	8,379

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	2,984	8,379
Balance as per the Statement of Cash Flows	2,984	8,379

Accounting policy

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 any insignificant risk of changes in value.

C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost				
Term deposits	23,200	–	25,200	–
Total	23,200	–	25,200	–
Total financial investments	23,200	–	25,200	–
Total cash assets, cash equivalents and investments	26,184	–	33,579	–

Accounting policy

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, Council at June 30, only held funds in term deposits.

Financial assets

All recognised financial assets are measured in their entirety at fair value, given Council's investments are term deposits held with ADI's fair value is deemed to be equal to the amount of the original investment.

Classification

Given the nature of Council's investments, all financial assets are classified as Financial assets measured at Amortised Cost and are not reclassified subsequent to their initial recognition.

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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.

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	26,184	33,579
Less: Externally restricted cash, cash equivalents and investments	(22,281)	(26,624)
Cash, cash equivalents and investments not subject to external restrictions	3,903	6,955
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	5,768	3,482
External restrictions – included in liabilities	5,768	3,482
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	1,247	1,045
Developer contributions – water fund	601	596
Developer contributions – sewer fund	42	30
Specific purpose unexpended grants (recognised as revenue) – water fund	254	320
Water fund	4,307	10,587
Sewer fund	9,062	9,572
Remediation - Waste	850	850
Deposits, Retentions & Bonds	150	142
External restrictions – other	16,513	23,142
Total external restrictions	22,281	26,624

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	3,903	6,955
Less: Internally restricted cash, cash equivalents and investments	(3,756)	(5,982)
Unrestricted and unallocated cash, cash equivalents and investments	147	973
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Assets management (2020 Property)	1,154	1,154
Employees leave entitlement	739	894
Remediation - Quarry	100	100
FAG Operational - Received in Advance	–	1,317
FAG Road - Received in Advance	–	739
Information Technology	600	650
Plant and vehicle replacement reserve	1,163	1,128
Total internal allocations	3,756	5,982

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

policy of the elected Council.

C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Rates and annual charges	1,011	20	1,138	21
Interest and extra charges	285	–	330	–
User charges and fees	3,702	–	1,893	–
Accrued revenues				
– Interest on investments	59	–	36	–
Deferred debtors	14	–	20	–
Net GST receivable	360	–	263	–
Other levels of government	3	–	8	–
Other debtors	136	–	–	–
Total	5,570	20	3,688	21
Less: provision for impairment				
Rates and annual charges	(163)	–	(106)	–
User charges and fees	(252)	–	(268)	–
Total provision for impairment – receivables	(415)	–	(374)	–
Total net receivables	5,155	20	3,314	21
Externally restricted receivables				
Water supply				
– Rates and availability charges	238	–	282	–
– User Fees & Charges	2,261	–	383	–
Sewerage services				
– Rates and availability charges	125	–	130	–
– User Fees & Charges	–	–	1	–
Total external restrictions	2,624	–	796	–
Unrestricted receivables	2,531	20	2,518	21
Total net receivables	5,155	20	3,314	21

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	374	374
+ new provisions recognised during the year	146	–
– amounts already provided for and written off this year	(105)	–
Balance at the end of the year	415	374

Accounting policy

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.

Impairment

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

C1-4 Receivables (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, 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.

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

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 90 days past due has seen a significant increase in credit risk.

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

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

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

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

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

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

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.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores and materials	1,101	–	697	–
Total inventories at cost	1,101	–	697	–
Total inventories	1,101	–	697	–

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on 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.

C1-6 Contract assets and Contract cost assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	4,360	—	827	—
Total contract assets and contract cost assets	4,360	—	827	—

Contract assets

LRCI - Coonabarabran Road Overlay	87	—	—	—
David Taylor Freedom Camping Ground and amenities	45	—	169	—
Quirindi library precinct	—	—	251	—
Bridge renewal program	—	—	283	—
Warrah Creek tennis courts	—	—	17	—
Plains fitness air condition replacement	—	—	9	—
Bell park amenities	—	—	21	—
Showground bore and piping	—	—	55	—
Willow Tree recreation ground	—	—	15	—
Eastside child care refurbishment	—	—	7	—
Quipolly Water Project	1,386	—	—	—
LRCI - Blackville Road Rehabilitation	243	—	—	—
LRCI - Bundella Road Rehabilitation	150	—	—	—
Community Infrastructure Stimulus	7	—	—	—
Resources For Regions - Waste Strategy	290	—	—	—
Currabubula Hall Kitchen & Stage	25	—	—	—
CPTGIS - Bus Shelter	6	—	—	—
FLR - Bulun Bulun Road	410	—	—	—
Flood Emergency Funding	1,711	—	—	—
Total contract assets	4,360	—	827	—

Significant changes in contract assets

Council has initiated or completed some grant funded capital projects and is awaiting the payment from the funding bodies.

Accounting policy

Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021 ²			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount ²	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	6,491	—	6,491	2,886	12,964	(14)	—	(3,318)	—	—	19,009	—	19,009
Plant and equipment	17,619	(9,967)	7,652	339	450	(117)	(1,984)	—	1	—	18,041	(11,700)	6,341
Office equipment	219	(44)	175	60	—	—	(57)	—	3	—	278	(97)	181
Furniture and fittings	193	(87)	106	55	60	—	(43)	—	(21)	—	288	(131)	157
Land:													
– Operational land	8,363	—	8,363	—	40	—	—	4	—	—	8,407	—	8,407
– Community land	5,030	—	5,030	—	—	—	—	—	—	—	5,030	—	5,030
Infrastructure:													
– Buildings	53,972	(26,952)	27,020	92	122	(105)	(664)	1,732	(3)	3,617	62,665	(30,854)	31,811
– Other structures	16,597	(5,414)	11,183	—	—	(246)	(358)	172	378	25	22,335	(11,181)	11,154
– Roads	228,972	(40,046)	188,926	5,301	—	—	(5,583)	1,256	(21)	14,533	253,196	(48,784)	204,412
– Bridges	81,367	(24,351)	57,016	—	—	—	(936)	—	—	4,318	87,632	(27,234)	60,398
– Footpaths	6,322	(1,768)	4,554	—	47	—	(66)	—	1	350	6,898	(2,012)	4,886
– Bulk earthworks (non-depreciable)	62,507	—	62,507	—	—	—	—	—	—	4,808	67,315	—	67,315
– Stormwater drainage	36,904	(13,430)	23,474	70	190	—	(490)	—	—	1,806	40,003	(14,953)	25,050
– Water supply network	77,171	(26,662)	50,509	—	159	—	(1,185)	—	43	2,894	81,798	(29,378)	52,420
– Sewerage network	33,167	(7,196)	25,971	75	15	—	(574)	154	(2)	1,488	35,310	(8,183)	27,127
Other assets:													
– Other	3,946	(2,497)	1,449	—	—	—	(193)	—	(278)	427	5,110	(3,705)	1,405
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Landfill assets	10,005	(738)	9,267	—	—	—	(700)	—	(505)	1,608	10,845	(1,175)	9,670
– Quarry assets	1,646	(573)	1,073	—	—	—	(104)	—	1,611	263	3,302	(459)	2,843
Total infrastructure, property, plant and equipment	650,491	(159,725)	490,766	8,878	14,047	(482)	(12,937)	—	1,207	36,137	727,462	(189,846)	537,616

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

(2) Restated - Refer to note G4-1

C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2020 ²			Asset movements during the reporting period								At 30 June 2021 ²		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount ²	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	2,220	–	2,220	5,016	–	–	–	(677)	(68)	–	–	6,491	–	6,491
Plant and equipment	15,446	(9,163)	6,283	353	1,820	–	(804)	–	–	–	–	17,619	(9,967)	7,652
Office equipment	144	(14)	130	77	–	–	(32)	–	–	–	–	219	(44)	175
Furniture and fittings	163	(60)	103	30	–	–	(27)	–	–	–	–	193	(87)	106
Land:														
– Operational land	9,009	–	9,009	–	16	(166)	–	–	(496)	–	–	8,363	–	8,363
– Community land	4,534	–	4,534	–	–	–	–	–	496	–	–	5,030	–	5,030
Infrastructure:														
– Buildings	54,693	(26,554)	28,139	329	–	(795)	(653)	–	–	–	–	53,972	(26,952)	27,020
– Other structures	15,603	(5,099)	10,504	66	782	–	(323)	145	9	–	–	16,597	(5,414)	11,183
– Roads	288,571	(61,635)	226,936	2,610	70	–	(8,997)	477	(7)	(32,163)	–	228,972	(40,046)	188,926
– Bridges	73,676	(5,929)	67,747	760	–	–	(939)	55	–	(10,607)	–	81,367	(24,351)	57,016
– Footpaths	5,662	(851)	4,811	15	–	–	(79)	–	–	(193)	–	6,322	(1,768)	4,554
– Bulk earthworks (non-depreciable)	79,874	–	79,874	–	–	–	–	–	–	(17,367)	–	62,507	–	62,507
– Stormwater drainage	19,978	(4,982)	14,996	–	116	–	(275)	–	–	–	8,637	36,904	(13,430)	23,474
– Water supply network	76,064	(25,303)	50,761	116	126	–	(1,060)	–	108	–	458	77,171	(26,662)	50,509
– Sewerage network	32,755	(6,398)	26,357	111	–	–	(732)	–	(1)	–	236	33,167	(7,196)	25,971
Other assets:														
– Other	4,081	(2,331)	1,750	–	–	–	(167)	–	(134)	–	–	3,946	(2,497)	1,449
Reinstatement, rehabilitation and restoration assets (refer Note 12):														
– Tip assets	10,898	(579)	10,319	–	–	(893)	(159)	–	–	–	–	10,005	(738)	9,267
– Quarry assets	1,730	(467)	1,263	–	–	(84)	(106)	–	–	–	–	1,646	(573)	1,073
Total infrastructure, property, plant and equipment	695,101	(149,365)	545,736	9,483	2,930	(1,938)	(14,353)	–	(93)	(60,330)	9,331	650,491	(159,725)	490,766

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

(2) Restated - Refer to note G4-1

C1-7 Infrastructure, property, plant and equipment (continued)

Accounting policy

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5	Playground equipment	5 to 15
Office furniture	5	Benches, seats etc.	10 to 20
Computer equipment	5		
Vehicles	5 to 10	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	50 to 60
Water and sewer assets		Stormwater assets	
Dams and reservoirs	25 to 100	Drains	70
Bores	20 to 40	Culverts	40 to 80
Reticulation pipes: PVC	70		
Reticulation pipes: other	50 to 70		
Pumps and telemetry	15 to 25		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 18	Bulk earthworks	N/A
Sealed roads: structure	40 to 100	Swimming pools	50
Bridge: concrete	80	Other open space/recreational assets	5 to 100
Bridge: other	80	Other infrastructure	5 to 100
Kerb, gutter and footpaths	50 to 100		

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. 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.

Parks and Reserves - Other Structures - were revalued, resulting in an increase in value of \$25 thousand.

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

With the escalation of costs, Council has indexed all other Infrastructure by the Road and Bridge Construction producer price index for NSW at 7.7%. In addition, Buildings were indexed by Building Construction producer price index at 13.4% and Other Assets were increased by CPI.

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

C1-7 Infrastructure, property, plant and equipment (continued)

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

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

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

Rural Fire Service assets

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

Until such time as discussions on the matter have concluded and Legislation changed, Council will continue to recognise fire service assets including land, buildings, plant and vehicles. From 1 July, 2021 Council also recognised all Rural Fire Service vehicles (See Note G4-1).

C1-8 Investment properties

\$ '000	2022	2021
Owned investment property		
Investment property on hand at fair value	600	600
Total owned investment property	600	600
Owned investment property		
At fair value		
Opening balance at 1 July	600	600
Closing balance at 30 June	600	600

Accounting policy

Council owns one investment property being grazing land, it is held for long-term rental yield and is not occupied by Council. Changes in fair values are recorded in the Income Statement as a separate line item.

C2 Leasing activities

C2-1 Council as a lessee

(i) Council as a lessee

Council has leases over a range of assets including vehicles and office equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Vehicles

Council lease motor vehicles with lease terms varying from 2 to 3 years; the lease payments are fixed during the lease term and there is generally no renewal option.

Office and IT Equipment

Leases for office and IT equipment are generally for low value assets. Council has reviewed existing arrangements associated with the leasing of these assets and it has been determined that Council does not require to report under AASB16 for the financial year ending on 30 June 2022, as most of the current leases are for a period of 12 or less months and the value of the total lease contracts collectively is not material.

(a) Right of use assets

\$ '000	Plant & Equipment	Ready to use	Total
2022			
Additions to right-of-use assets	67	–	67
Depreciation charge	(9)	–	(9)
Balance at 30 June	58	–	58
2021			
Balance at 30 June	–	–	–

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	32	26	–	–
Total lease liabilities	32	26	–	–

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2022					
Cash flows	32	26	–	58	58

C2-1 Council as a lessee (continued)

(ii) Lease liabilities relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Total lease liabilities relating to unrestricted assets	32	26	–	–
Total lease liabilities	32	26	–	–

(d) Income Statement

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

\$ '000	2022	2021
Depreciation of right of use assets	9	–
Other	1	–
	10	–

(e) Statement of Cash Flows

Total cash outflow for leases	1	–
	1	–

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties for staff housing, health services, emergency services and community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8) and/or IPP&E (refer note C1-7).

\$ '000	2022	2021
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(i) Assets held as investment property

Investment property operating leases relates to one investment property being grazing land, it is held for long-term rental yields and is owned by Council.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	12	12
Total income relating to operating leases for investment property assets	12	12

Investment property expenses

Repairs and maintenance: investment property	12	9
Total expenses relating to investment property	12	9

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council properties for the purpose of staff housing, health services, emergency services and community groups, the table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	198	255
Total income relating to operating leases for Council assets	198	255

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services – operating expenditure	1,653	–	737	–
Accrued expenses:				
– Salaries and wages	424	–	343	–
Security bonds, deposits and retentions	150	–	143	–
Prepaid rates	372	–	323	–
Total payables	2,599	–	1,546	–

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Total payables relating to unrestricted assets	2,599	–	1,546	–
Total payables	2,599	–	1,546	–

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs.

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

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

C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	2,365	—	3,313	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	73	—	169	—
Total grants received in advance		2,438	—	3,482	—
Total contract liabilities		2,438	—	3,482	—

Notes

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

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

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2022	2021
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	3,064	1,941
Total revenue recognised that was included in the contract liability balance at the beginning of the period	3,064	1,941

Significant changes in contract liabilities

Council spent large component of grants previously held as liabilities. There is a significant transfer to the liability as at 30 June due to the number of state and commonwealth funded programs currently being undertaken.

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Loans – secured ¹	258	3,347	247	3,605
Total borrowings	258	3,347	247	3,605

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

Borrowings relating to restricted assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Externally restricted assets				
Water	196	2,904	185	3,100
Borrowings relating to externally restricted assets	196	2,904	185	3,100
Total borrowings relating to restricted assets	196	2,904	185	3,100
Total borrowings relating to unrestricted assets	62	443	62	505
Total borrowings	258	3,347	247	3,605

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,852	(247)	–	–	–	–	3,605
Lease liability (Note C2-1b)	–	–	58	–	–	–	58
Total liabilities from financing activities	3,852	(247)	58	–	–	–	3,663

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	4,089	(237)	–	–	–	–	3,852
Total liabilities from financing activities	4,089	(237)	–	–	–	–	3,852

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	–	150
Credit cards/purchase cards	30	30
Total financing arrangements	30	180
Undrawn facilities		
– Bank overdraft facilities	–	150
– Credit cards/purchase cards	15	23
Total undrawn financing arrangements	15	173

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans are secured over the general rating income of Council.

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

Accounting policy

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.

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.

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 borrowing costs.

C3-4 Employee benefit provisions

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Annual leave	707	–	849	–
Sick leave	28	–	28	–
Long service leave	863	106	1,043	128
ELE on-costs	137	7	177	10
Total employee benefit provisions	1,735	113	2,097	138

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2022	2021
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The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	758	1,250
	758	1,250

Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	
2022					
At beginning of year	849	28	1,171	187	2,235
Additional provisions	551	–	110	–	661
Amounts used (payments)	(710)	–	(305)	–	(1,015)
Remeasurement effects	17	–	(7)	(43)	(33)
Total ELE provisions at end of year	707	28	969	144	1,848
2021					
At beginning of year	840	27	1,332	210	2,409
Additional provisions	627	–	129	–	756
Amounts used (payments)	(645)	–	(379)	–	(1,024)
Remeasurement effects	27	1	89	(23)	94
Total ELE provisions at end of year	849	28	1,171	187	2,235

C3-4 Employee benefit provisions (continued)

Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if 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 and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2022 Current	2022 Non-Current	2021 Current	2021 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	951	12,657	–	12,450
Sub-total – asset remediation/restoration	951	12,657	–	12,450
Total provisions	951	12,657	–	12,450
Provisions relating to restricted assets				
Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	951	12,657	–	12,450
Total provisions	951	12,657	–	12,450

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2022		
At beginning of year	12,450	12,450
Unwinding of discount	50	50
Revised costs	1,108	1,108
Total other provisions at end of year	13,608	13,608
2021		
At beginning of year	13,327	13,327
Unwinding of discount	99	99
Revised costs	(977)	(977)
Other	1	1
Total other provisions at end of year	12,450	12,450

Nature and purpose of provisions

Asset remediation

Council has various landfill sites (tips) and gravel quarries situated throughout the Shire. These all have useful lives, which on being reached will result in Council having to reinstate these areas through restoration and remediation works.

Accounting policy

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 a borrowing cost.

C3-5 Provisions (continued)

Asset remediation – tips and quarries

Restoration

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

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques. Council only recognises an estimate for remediation costs for quarries where it has a Development Application requiring it to do so.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of 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.

D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
Income from continuing operations			
Rates and annual charges	9,645	2,299	1,245
User charges and fees	2,982	1,041	164
Interest and investment revenue	111	46	47
Other revenues	408	2	—
Grants and contributions provided for operating purposes	10,587	13	—
Grants and contributions provided for capital purposes	7,119	7,355	—
Other income	210	—	—
Total income from continuing operations	31,062	10,756	1,456
Expenses from continuing operations			
Employee benefits and on-costs	8,440	741	332
Materials and services	9,409	1,230	568
Borrowing costs	64	186	—
Depreciation, amortisation and impairment of non-financial assets	11,187	1,185	574
Other expenses	581	—	—
Net losses from the disposal of assets	215	—	—
Total expenses from continuing operations	29,896	3,342	1,474
Operating result from continuing operations	1,166	7,414	(18)
Net operating result for the year	1,166	7,414	(18)
Net operating result attributable to each council fund	1,166	7,414	(18)
Net operating result for the year before grants and contributions provided for capital purposes	(5,953)	59	(18)

D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
ASSETS			
Current assets			
Cash and cash equivalents	(640)	1,285	2,339
Investments	12,558	3,877	6,765
Receivables	2,531	2,495	129
Inventories	1,042	59	—
Contract assets and contract cost assets	2,974	1,386	—
Total current assets	18,465	9,102	9,233
Non-current assets			
Receivables	20	—	—
Infrastructure, property, plant and equipment	443,573	66,030	28,013
Investment property	600	—	—
Right of use assets	58	—	—
Total non-current assets	444,251	66,030	28,013
Total assets	462,716	75,132	37,246
LIABILITIES			
Current liabilities			
Payables	2,599	—	—
Contract liabilities	2,337	101	—
Lease liabilities	32	—	—
Borrowings	62	196	—
Employee benefit provision	1,735	—	—
Provisions	951	—	—
Total current liabilities	7,716	297	—
Non-current liabilities			
Lease liabilities	26	—	—
Borrowings	443	2,904	—
Employee benefit provision	113	—	—
Provisions	12,657	—	—
Total non-current liabilities	13,239	2,904	—
Total liabilities	20,955	3,201	—
Net assets	441,761	71,931	37,246
EQUITY			
Accumulated surplus	172,545	37,928	13,199
Revaluation reserves	269,216	34,003	24,047
Council equity interest	441,761	71,931	37,246
Total equity	441,761	71,931	37,246

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio. Council has an investment policy which complies with section 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up and performance of the portfolio as required by local government regulations.

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 the finance team under policies approved by Council.

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

The risks associated with the instruments held are:

- **Interest rate risk** – the risk that movements in interest rates could affect returns.
- **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 contracting entity will not complete their obligations under a financial instrument, resulting in a financial loss to Council.

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

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
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.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	232	252

E1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

Council's major receivables comprise rates and annual charges and user charges and fees.

Council manages the credit risk associated with these receivables 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.

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

Council makes suitable provision for doubtful receivables as required.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2022				
Gross carrying amount	–	926	105	1,031
2021				
Gross carrying amount	–	1,031	128	1,159

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	4,439	3,966	15	63	436	8,919
Expected loss rate (%)	0.00%	0.00%	0.50%	0.85%	62.00%	3.04%
ECL provision	–	–	–	1	270	271
2021						
Gross carrying amount	1,000	785	37	1,048	507	3,377
Expected loss rate (%)	0.00%	0.00%	0.50%	0.85%	51.00%	7.93%
ECL provision	–	–	–	9	259	268

(c) Liquidity risk

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

E1-1 Risks relating to financial instruments held (continued)

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1 for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	0.00%	150	2,449	–	–	2,599	2,599
Borrowings	5.34%	–	451	1,480	1,867	3,798	3,605
Total financial liabilities		150	2,900	1,480	1,867	6,397	6,204
2021							
Payables	0.00%	143	1,223	–	–	1,366	1,546
Borrowings	5.30%	–	451	1,414	2,191	4,056	3,852
Total financial liabilities		143	1,674	1,414	2,191	5,422	5,398

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

Fair value hierarchy

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).

The table below shows the assigned level for each asset and liability held at fair value by Council:

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021 ¹	2022	2021 ¹
Recurring fair value measurements									
Investment property	C1-8								
Investment properties		30/06/2018	30/06/2018	600	600	—	—	600	600
Total investment property				600	600	—	—	600	600
Infrastructure, property, plant and equipment									
Plant and equipment (1)	C1-7	30/06/18	30/06/18	—	—	6,341	7,652	6,341	7,652
Office equipment		30/06/18	30/06/18	—	—	181	175	181	175
Furniture and fittings		30/06/18	30/06/18	—	—	157	106	157	106
Operational land		30/06/18	30/06/18	8,407	8,363	—	—	8,407	8,363
Community land		30/06/18	30/06/18	—	—	5,030	5,030	5,030	5,030
Buildings		30/06/18	30/06/18	—	—	31,811	27,020	31,811	27,020
Other structures (1)		30/06/22	30/06/16	—	—	11,154	11,183	11,154	11,183
Roads		30/06/21	30/06/21	—	—	204,412	188,926	204,412	188,926
Bridges		30/06/21	30/06/21	—	—	60,398	57,016	60,398	57,016
Footpaths		30/06/21	30/06/21	—	—	4,886	4,554	4,886	4,554
Bulk earthworks (non-depreciable)		30/06/21	30/06/21	—	—	67,315	62,507	67,315	62,507
Stormwater drainage		30/06/21	30/06/21	—	—	25,050	23,474	25,050	23,474
Water supply network		30/06/18	30/06/18	—	—	52,420	50,509	52,420	50,509
Sewerage network		30/06/18	30/06/18	—	—	27,127	25,971	27,127	25,971
Other assets		30/06/10	30/06/10	—	—	1,405	1,449	1,405	1,449
Total infrastructure, property, plant and equipment				8,407	8,363	497,687	465,572	506,094	473,935

Non-recurring fair value measurements

(1) Restated - Refer to note G4-1

E2-1 Fair value measurement (continued)

Valuation techniques

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

Investment properties were valued using Level 2 inputs as at 30 June 2018 by Scott Fullarton registered valuer NSW No 67557. Observable inputs used in determining the valuation include net rentals in order to provide a rate per m2 this value was then used in conjunction with sales of comparable properties. Unobservable inputs include a limited number of sales evidence on the open market.

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

Infrastructure, property, plant and equipment (IPPE) Community Land

Fair value hierarchy level 3 valuations of land including Crown land, community land and land subject to other restrictions on use or disposal, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

Operational Land

Council's operational land includes all of Council's land and managed Crown Land, that has been classified as operational by the Department of Lands. Council's operational land is valued on an annual basis with a comprehensive valuation completed in 2018. Council's operational land was valued using the market approach. This asset class is categorised as level 2 as some inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Buildings, Infrastructure and Other Assets

Fair value hierarchy level 3 valuations of buildings, infrastructure and other assets - There is no known market for these assets and they are valued at depreciated current replacement cost. This method involves:

The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

Fair value measurements using significant unobservable inputs (level 3)

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

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

	Valuation technique/s	Unobservable inputs
Investment property		
Land	External valuation using planning and other development constraints and land dimensions.	Potential for alternative uses along with market prices for similar properties when available.
Infrastructure, property, plant and equipment		
Operational Land	External valuation using planning and other development constraints and land dimensions.	Potential for alternative uses along with market prices for similar properties when available.

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Community Land	Land values obtained from the NSW Valuer General	Land value, land area
Buildings	External valuation	Using depreciable replacement cost given limited comparable sales information
Roads, bridges, Footpaths, stormwater	Internal valuation using cost approach	Derived using asset condition and remaining useful life
Sewer Infrastructure	Internal valuation using cost approach	Derived using asset condition and remaining useful life
Water infrastructure	Internal valuation using cost approach	Derived using asset condition and remaining useful life
Other Structures	Internal valuation using cost approach	Derived using asset condition and remaining useful life
Remaining Classes	At cost but disclosed at fair value	No observable or unobservable inputs were used

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Level 3 asset class	
	2022	2021 ¹
Opening balance	465,570	522,925
Recognised in other comprehensive income – revaluation gain(loss)	34,265	(50,999)
Purchases (GBV)	10,352	7,380
Disposals (WDV)	(468)	(795)
Depreciation and impairment	(12,133)	(14,088)
Other movement	101	1,147
Closing balance	497,687	465,570

(1) Restated - Refer to note G4-1

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

There were no transfers into or out of level 3.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million per annum for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

(i) Wind-up of the plan

E3-1 Contingencies (continued)

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

(ii) Entity's withdrawal from the plan

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme (Active Super) and recognised as an expense for the year ending 30 June 2022 was \$83 thousand. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2021.

The amount of additional contributions included in the total employer contribution advised above is \$57 thousand. Council's expected contribution to the plan for the next annual reporting period is \$56 thousand.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2021 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

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

The share of any funding surplus or deficit that can be attributed to Council is 0.21%

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	5.5% per annum
Salary inflation	3.5% per annum
Increase in CPI	2.5% per annum

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2022

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

E3-1 Contingencies (continued)

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

(ii) Infringement notices/fines

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

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	683	679
Post-employment benefits	54	54
Other long-term benefits	45	36
Total	782	769

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	21	23
Councillors' fees	73	73
Other Councillors' expenses (including Mayor)	18	11
Total	112	107

F2 Other relationships

F2-1 Audit fees

\$ '000	2022	2021
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	95	95
Remuneration for audit and other assurance services	95	95
Total Auditor-General remuneration	95	95
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other assurance services: Council's Auditor	8	58
Remuneration for audit and other assurance services	8	58
Total remuneration of non NSW Auditor-General audit firms	8	58
Total audit fees	103	153

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	Notes	2022	2021 ¹
Net operating result from Income Statement		8,562	(2,037)
Add / (less) non-cash items:			
Depreciation and amortisation		12,946	14,353
(Gain) / loss on disposal of assets		215	594
Non-cash capital grants and contributions		(450)	(1,820)
Remediation Re-measurement		(1,157)	–
Unwinding of discount rates on reinstatement provisions		50	99
Movements in operating assets and liabilities and other cash items:			
(Increase) / decrease of receivables		(1,887)	(698)
Increase / (decrease) in provision for impairment of receivables		41	–
(Increase) / decrease of inventories		(404)	62
(Increase) / decrease of other current assets		–	5
(Increase) / decrease of contract asset		(3,533)	(572)
Increase / (decrease) in payables		916	(465)
Increase / (decrease) in other accrued expenses payable		81	20
Increase / (decrease) in other liabilities		56	402
Increase / (decrease) in contract liabilities		(1,044)	152
Increase / (decrease) in employee benefit provision		(387)	(174)
Increase / (decrease) in other provisions		1,108	(977)
Net cash flows from operating activities		15,113	8,944

(¹) Restated - Refer to note G4-1

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
---------	------	------

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

Property, plant and equipment

Sewerage and water infrastructure	63	—
Airport	66	—
Water Security Project	22,998	34,187
Road Construction	114	—
Recreational Assets	8	1,325
Total commitments	23,249	35,512

These expenditures are payable as follows:

Within the next year	18,249	1,325
Later than one year and not later than 5 years	5,000	34,187
Total payable	23,249	35,512

Sources for funding of capital commitments:

Future grants and contributions	14,998	20,000
Unexpended grants	188	1,325
Externally restricted reserves	63	—
Internally restricted reserves	—	4,187
New loans (to be raised)	8,000	10,000
Total sources of funding	23,249	35,512

Details of capital commitments

Council has accepted funding under the Commonwealth and State Grant Program and is working on improving recreational assets within the community. Roadworks are continuing across the Council. Work is also being conducted on Council's water and sewer assets, along with the airport.

G3-1 Events occurring after the reporting date

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

G4 Changes from prior year statements

G4-1 Correction of errors

Nature of prior period error

Rural Fire Services Assets

Until such time as discussions on the RFS Appliances have concluded and Legislation changed, Council will recognise all Rural Fire Service vehicles. Council now recognises 30 additional RFS Appliances.

Crown Land

The Crown Lands Management Act 2016 required Council to recognise Crown land vested in Council. Council had recognised these Crown Lands in prior periods, however, 12 parcels of land were still being investigated. Council now recognises these 12 additional parcels.

Other Structures

As part of the Revaluation of Other Structures, Council undertook a stocktake of all Parks and Reserves assets. This resulted in 559 existing assets not previously recognised in the financial asset register.

In correcting all of the above identified omissions, adjustments totalling \$9,188 thousand have been made to Infrastructure, property, plant and equipment (IPPE). Composition is detailed in the below table:

Details of errors	Impact of correction of errors (\$'000)
Infrastructure, property, plant and equipment (IPPE)	
Plant and Equipment - RFS Assets	3,392
Community Land - Crown Land	231
Other Structures - Parks and Reserves	5,565
	9,188

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date. Comparatives have been changed to reflect the correction of errors.

Changes to the opening Statement of Financial Position at 1 July 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Total current assets	37,664	–	37,664
Infrastructure, property, plant and equipment	538,368	7,368	545,736
Total non-current assets	538,987	7,368	546,355
Total assets	576,651	7,368	584,019
Total current liabilities	7,449	–	7,449
Total non-current liabilities	17,295	–	17,295
Total liabilities	24,744	–	24,744
Net assets	551,907	7,368	559,275
Accumulated surplus	209,779	7,368	217,147
Total equity	551,907	7,368	559,275

G4-1 Correction of errors (continued)

Adjustments to the comparative figures for the year ended 30 June 2021

Statement of Financial Position

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Total current assets	38,417	–	38,417
Non-current assets	–	–	–
Infrastructure, property, plant and equipment	481,577	9,188	490,765
Total non-current assets	482,198	9,188	491,386
Total assets	520,615	9,188	529,803
Total current liabilities	7,372	–	7,372
Total non-current liabilities	16,192	–	16,192
Total liabilities	23,564	–	23,564
Net assets	497,051	9,188	506,239
Accumulated Surplus	205,922	9,188	215,110
Total equity	497,051	9,188	506,239

Income Statement

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Income from continuing operations	–	–	–
Grants and contributions provided for capital purposes	5,471	1,820	7,291
Total income from continuing operations	31,260	1,820	33,080
Expenses from continuing operations	–	–	–
Total expenses from continuing operations	35,117	–	35,117
Net operating result for the year	(3,857)	1,820	(2,037)

G4-1 Correction of errors (continued)

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Net operating result for the year	(3,857)	1,820	(2,037)
Other comprehensive income	(50,999)	–	(50,999)
Total comprehensive income for the year	(54,856)	1,820	(53,036)

G5 Statement of developer contributions as at 30 June 2022

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	1	–	–	–	–	–	1	–
Roads	599	–	–	2	–	–	601	–
Open space	47	42	–	–	–	–	89	–
Community facilities	24	–	–	–	–	–	24	–
Other	166	–	–	1	–	–	167	–
Youth services	21	–	–	–	–	–	21	–
Bushfire	12	–	–	–	–	–	12	–
S7.11 contributions – under a plan	870	42	–	3	–	–	915	–
S7.12 levies – under a plan	80	25	–	1	131	–	237	–
Total S7.11 and S7.12 revenue under plans	950	67	–	4	131	–	1,152	–
S7.11 not under plans	95	–	–	1	–	–	96	–
S64 contributions	626	13	–	3	–	–	642	–
Total contributions	1,671	80	–	8	131	–	1,890	–

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.

G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN – Quirindi								
Roads	296	–	–	1	–	–	297	–
Open space	29	42	–	–	–	–	71	–
Community facilities	24	–	–	–	–	–	24	–
Youth services	21	–	–	–	–	–	21	–
Total	370	42	–	1	–	–	413	–
CONTRIBUTION PLAN – Willow Tree								
Drainage	1	–	–	–	–	–	1	–
Roads	303	–	–	1	–	–	304	–
Open space	18	–	–	–	–	–	18	–
Bushfire	12	–	–	–	–	–	12	–
Total	334	–	–	1	–	–	335	–
CONTRIBUTION PLAN – Werris Creek								
Other	166	–	–	1	–	–	167	–
Total	166	–	–	1	–	–	167	–
S7.12 Levies – under a plan								
CONTRIBUTION PLAN								
Other	80	25	–	1	131	–	237	–
Total	80	25	–	1	131	–	237	–

G5-3 Contributions not under plans

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTIONS – NOT UNDER A PLAN								
Roads	73	–	–	1	–	–	74	–
Open space	22	–	–	–	–	–	22	–
Total	95	–	–	1	–	–	96	–

G5-4 S64 contributions

S64 contributions

Sewer	30	–	–	–	–	–	30	–
Water	596	13	–	3	–	–	612	–
Total	626	13	–	3	–	–	642	–

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(5,592)	(19.42)%	(33.87)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	28,800			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	18,200	42.06%	51.22%	> 60.00%
Total continuing operating revenue ¹	43,274			
3. Unrestricted current ratio				
Current assets less all external restrictions	10,450	8.09x	4.48x	> 1.50x
Current liabilities less specific purpose liabilities	1,291			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	7,604	15.03x	10.82x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	506			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	1,153	7.83%	10.02%	< 10.00%
Rates and annual charges collectable	14,725			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	26,184	12.69 months	16.90 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,063			

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

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

G6-2 Statement of performance measures by fund

	General Indicators ^{3, 4}		Water Indicators		Sewer Indicators		Benchmark
\$ '000	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(23.53)%	(41.20)%	1.73%	5.78%	(1.24)%	(25.85)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	43.00%	42.69%	31.50%	98.50%	100.00%	100.00%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	8.09x	4.48x	31.50x	64.04x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	41.61x	11.70x	3.85x	7.45x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	7.34%	9.92%	9.22%	10.74%	9.08%	9.44%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	7.32 months	7.39 months	35.86 months	56.27 months	15.17 months	102.60 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G5-1 above.

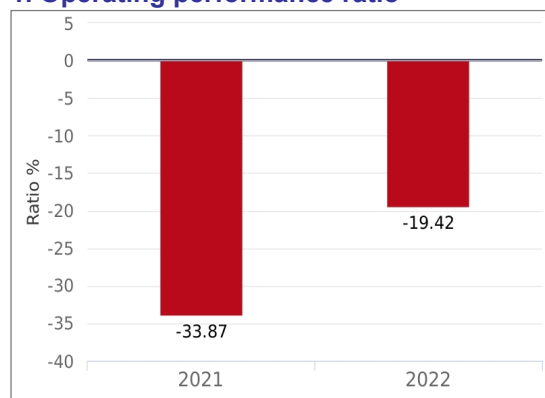
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio (19.42)%

Council's operating performance ratio has improved, however, it is still well below the benchmark due to high depreciation costs and a low income base.

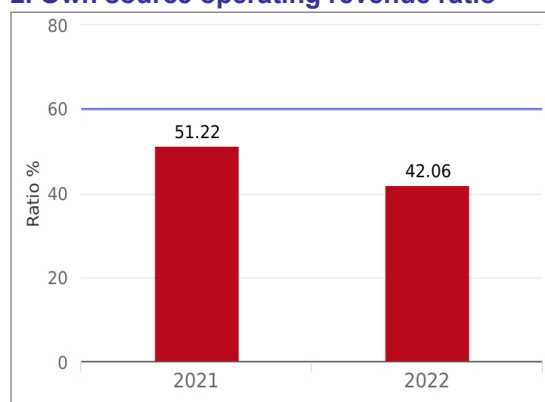
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2021/22 result

2021/22 ratio 42.06%

Own source revenue has been impacted by the additional grant funds received for transportation assets. Funding such as Roads to Recovery, Local Roads and Community Infrastructure and Disaster Recovery funding.

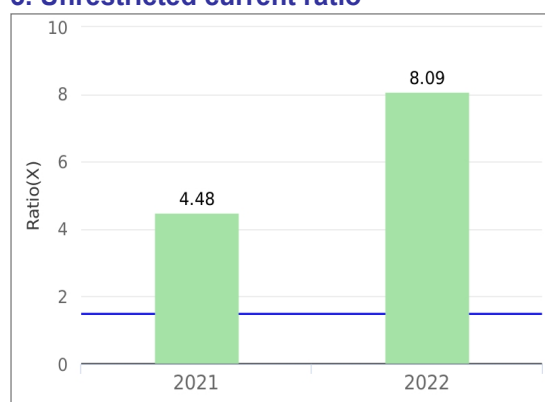
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 8.09x

Council continues to significantly exceed the ratio benchmark. Council's prudent management of funds resulting in its ability to comfortably meet its budgeted expenditure programs.

Benchmark: — > 1.50x

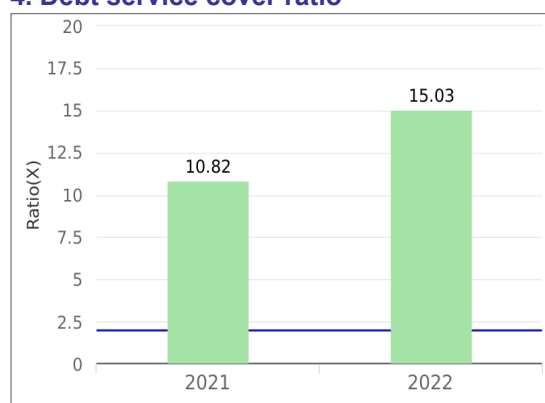
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 15.03x

Council continues to exceed the debt service cover ratio. This ratio has increased due to the continued reduction in loan servicing costs as borrowings approach completion.

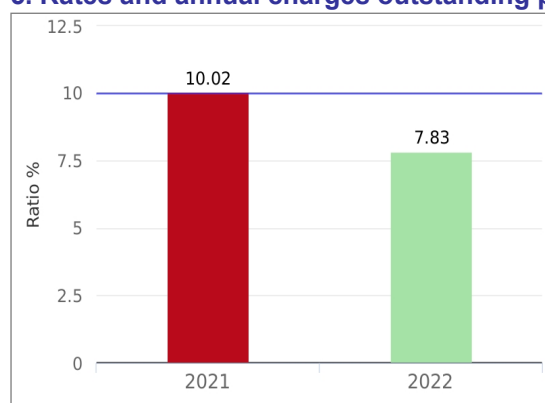
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 7.83%

Council's outstanding percentage is back within benchmark. Council's prior year debt recovery activity was impacted by the regulatory restriction of debt recovery due to COVID 19.

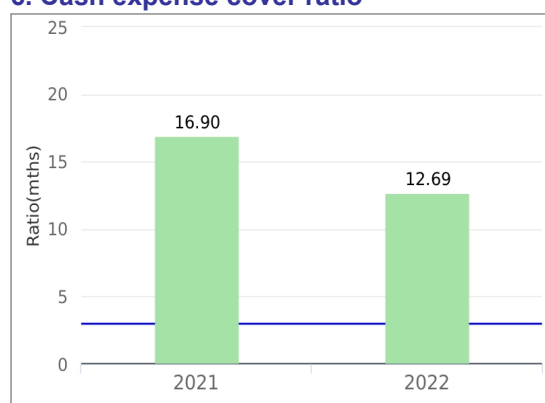
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 12.69 months

Council has adequate cash to meet on-going expenses.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

I have audited the accompanying financial statements of Liverpool Plains Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

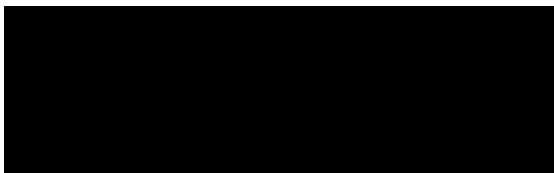
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

30 November 2022
SYDNEY



Cr Doug Hawkins
Mayor
Liverpool Plains Shire Council
PO Box 152
QUIRINDI NSW 2343

Contact: Chris Harper
Phone no: 02 9275 7374
Our ref: D2224154/1756

30 November 2022

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Liverpool Plains Shire Council**

I have audited the general purpose financial statements (GPFS) of the Liverpool Plains Shire Council (the Council) for the year ended 30 June 2022 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 2022 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.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

These matters have been reported to Council for the past three years. As they remain unaddressed, they have been included in this year's Management Letter as high risk issues.

Procurement

We identified deficiencies in Council's procurement process, where:





- the same employee raised and authorised purchase orders, and receipted the goods
- purchase orders were raised after the invoice was received.

Information Technology (IT) policies and procedures

We identified key IT policies and procedures which Council has developed, but not yet adopted.

INCOME STATEMENT

Operating result

	2022	2021*	Variance
	\$m	\$m	%
Rates and annual charges revenue	13.2	12.3	 7.3
Grants and contributions revenue	25.1	14.3	 7.6
Operating result from continuing operations	8.6	(3.9)	 320.5
Net operating result before capital grants and contributions	(5.9)	(9.3)	 36.6

* The 2021 comparatives have been restated to correct a prior period error. Note G4-1 of the financial statements provides details of the prior period error.

Rates and annual charges revenue (\$13.2 million) increased by \$841,000 (7.3 per cent) in 2021–22 mainly due to the normal rate peg and special rate variation allowance increases in the year.

Grants and contributions revenue (\$25.1 million) increased by \$10.8 million (7.6 per cent) in 2021–22 due to the following increases from prior year:

- \$7.3 million in capital grants received for water supplies
- \$1.8 million in capital grants received for transport assets (other roads and bridges funding)
- \$842,000 in capital grants received for Local Roads and Community Infrastructure (LRCI)
- \$665,000 in capital grants received for waste management strategy
- \$587,000 in operating grants received for storm/flood damage
- \$400,000 in capital grants received for the library special project.

This was offset by the following decreases from prior year:

- \$1.3 million in capital grants received for Transport for NSW contributions (regional roads and block grants)
- \$334,000 in capital grants received for drought funding
- \$285,000 in capital grants received for other specific grants
- \$283,000 in operating grants received for transport assets (Roads to Recovery).

The Council's operating result from continuing operations (\$8.6 million) including depreciation and amortisation expense of \$12.9 million, improved by \$12.5 million compared to the 2020–21 result. The major reasons for the improvement include:

- \$10.8 million increase in grants and contributions provided for operational and capital purposes
- \$1.4 million decrease in depreciation, amortisation and impairment expenses due to revaluation decrements to the road network in the prior year
- \$841,000 increase in rates and annual charges due to normal rate peg and special rate variation allowance
- \$909,000 decrease in employee benefits and on-costs due to Council actively monitoring employee leave entitlements.

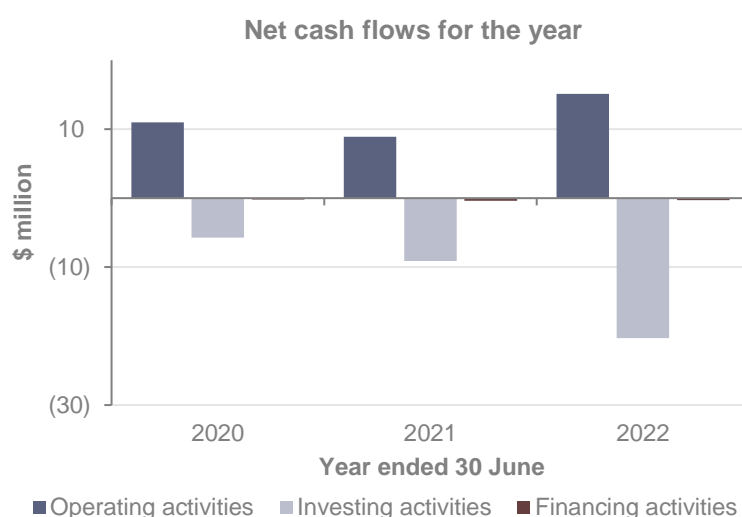
The net operating result before capital grants and contributions, was a deficit of \$5.9 million compared to a deficit of \$9.3 million in 2020–21. This is due to changes in the Council's operating result as explained above.

STATEMENT OF CASH FLOWS

Cash from operating activities increased by \$6.2 million due to increased grants and contributions received during the year.

Cash outflows from investing activities increased by \$11.1 million due to higher capital expenditure on infrastructure, property, plant and equipment.

Cash outflows from financing activities related to the repayment of borrowings and were comparable to prior years.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	26.2	33.6	<ul style="list-style-type: none"> Major external restrictions include water and sewer operations, as well as grants for specific purposes and developer contributions. Overall, the most significant change to external restrictions is the use of water funds, as the Quipolly water project commenced in 2021–22. Major internal allocations include asset management reserves and plant and vehicle replacement reserves. The decrease is attributable to Council not allocating any of the Financial Assistance Grant as an internal restriction in 2021–22.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	22.3	26.6	
• Internal allocations	3.8	6.0	

PERFORMANCE

Performance measures

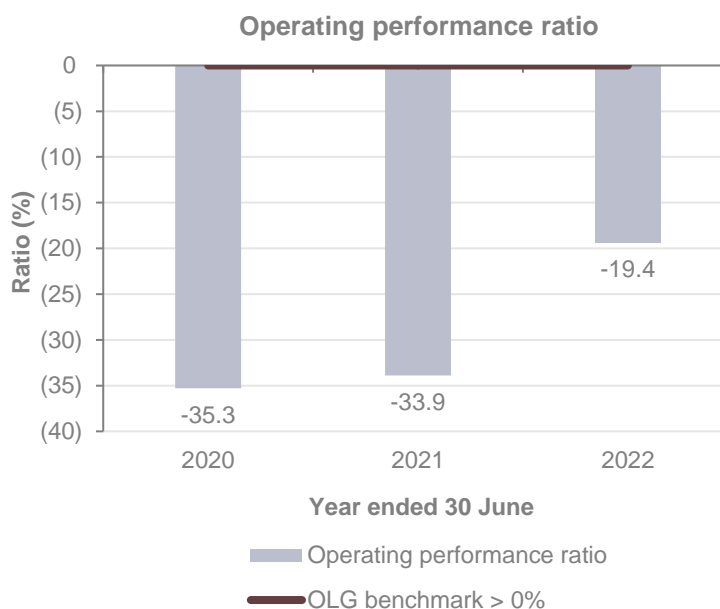
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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

The ratio was consistent in 2020 and 2021. It improved in 2022 due to Council financial management and receiving increased grants and contributions revenue for operating purposes.

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

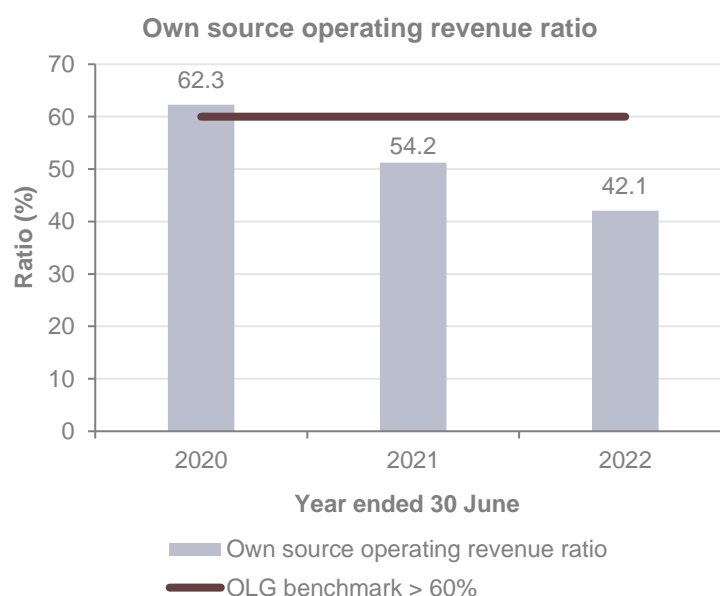


Own source operating revenue ratio

The Council did not meet the OLG benchmark for the current reporting period. This was due to an increase in grants and contributions received for capital purposes in 2021–22.

The 2021 ratio was restated to correct a prior period error.

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

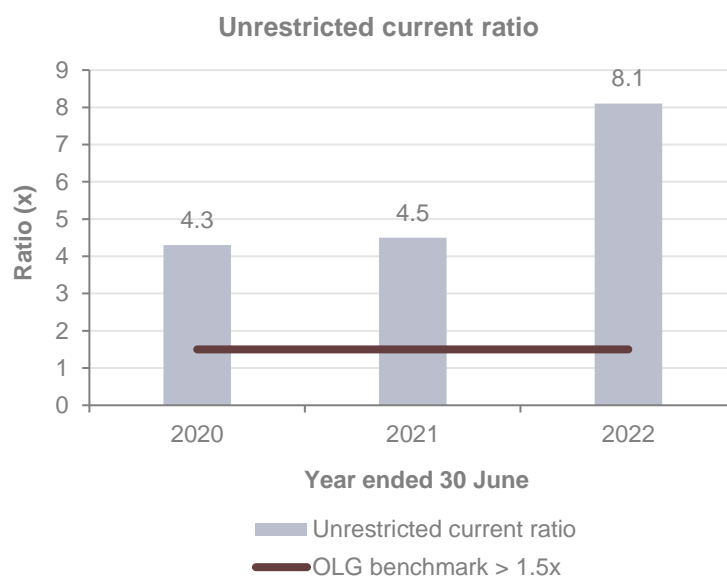


Unrestricted current ratio

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

The ratio improved in 2021–22 due to a reduction in employee provisions and borrowings.

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

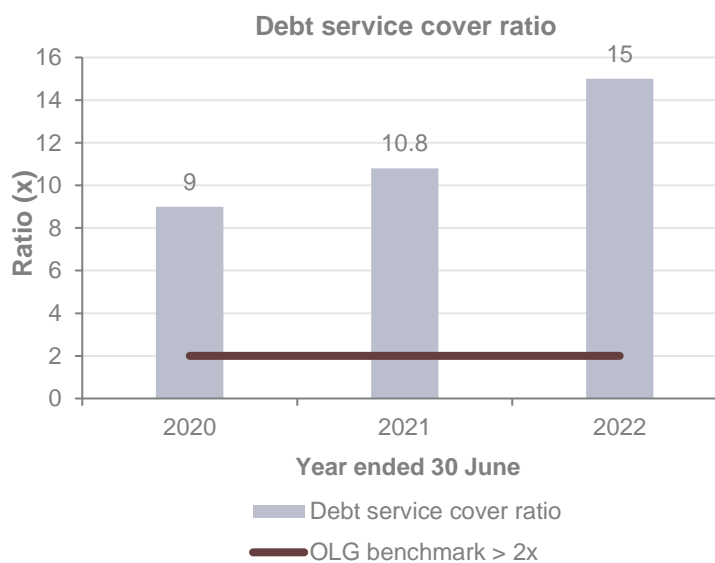


Debt service cover ratio

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

The ratio improved in 2021–22 due to the continued repayment of borrowings.

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

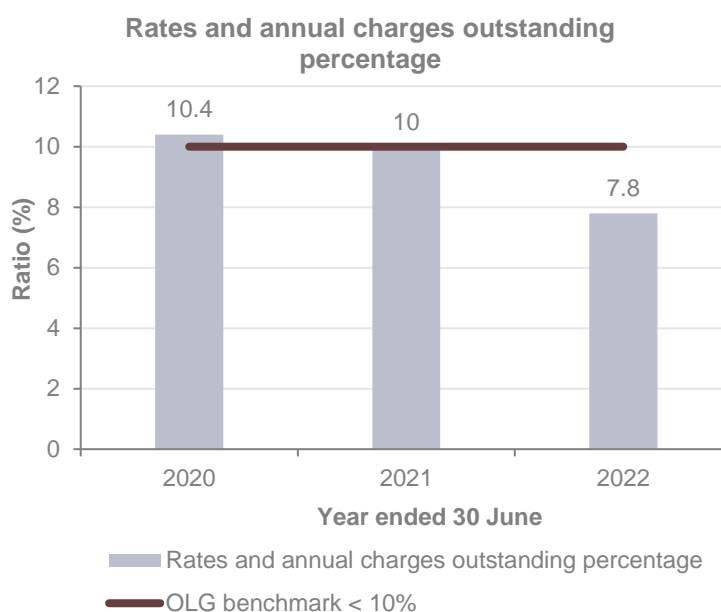


Rates and annual charges outstanding percentage

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

The ratio improved in 2021–22 due to the work undertaken by Council to reduce receivables by establishing instalment plans with rate payers.

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



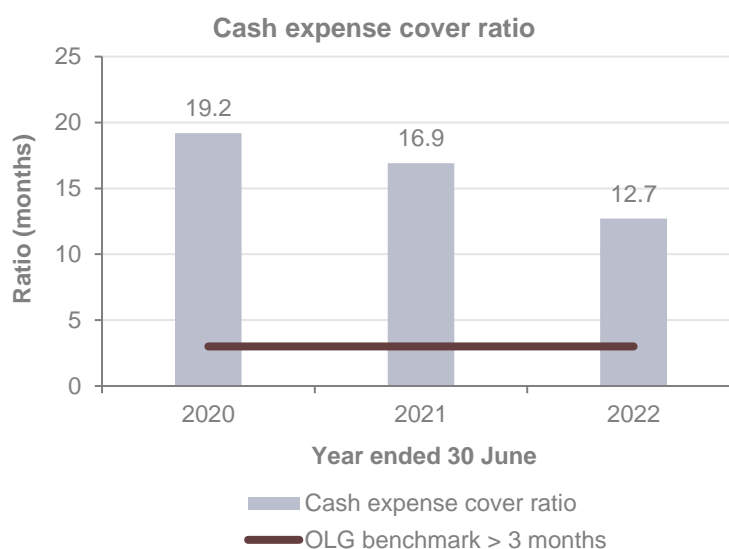
Cash expense cover ratio

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

The ratio decreased in 2021–22 due to a significant reduction in the cash and cash equivalents balance at year end.

The 2021 ratio was restated to correct a prior period error.

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



Infrastructure, property, plant and equipment renewals

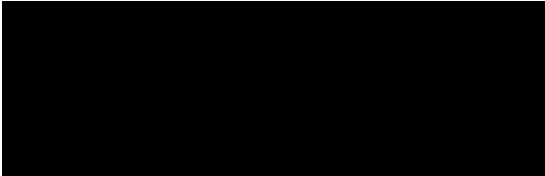
Infrastructure, property, plant and equipment (IPPE) renewal expenditure was \$8.9 million. This decreased by \$605,000 compared to 2020–21, as Council was required to complete other projects this year in accordance with funding agreements. Renewal expenditure was below depreciation for the year by \$4.1 million.

OTHER MATTERS

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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Ms Joanne Sangster, General Manager
Mr Michael O'Connor, Chair of the Audit, Risk and Improvement Committee
Ms Joanna Little, Chief Financial Officer
Mr Jacob Sauer, Principal, Forsyths
Mr Michael Cassel, Secretary of the Department of Planning and Environment

Liverpool Plains Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

Background

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

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

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

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

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

Liverpool Plains Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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

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

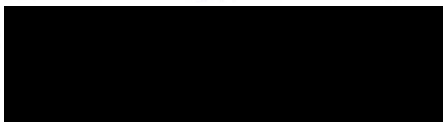
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,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

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

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

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

Signed in accordance with a resolution of Council made on 26 October, 2022.



Doug Hawkins OAM

Mayor

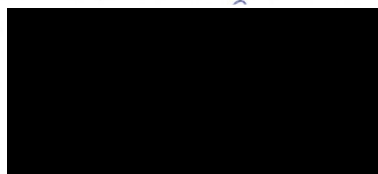
23 November 2022



Ken Cudmore

Deputy Mayor

23 November 2022



Joanne Sangster

General Manager

23 November 2022



Joanna Little

Responsible Accounting Officer

23 November 2022

Liverpool Plains Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	2,299	2,234
User charges	1,028	1,166
Fees	13	18
Interest and investment income	46	74
Grants and contributions provided for operating purposes	13	53
Other income	2	—
Total income from continuing operations	3,401	3,545
Expenses from continuing operations		
Employee benefits and on-costs	741	831
Borrowing costs	186	196
Materials and services	1,230	1,253
Depreciation, amortisation and impairment	1,185	1,060
Total expenses from continuing operations	3,342	3,340
Surplus (deficit) from continuing operations before capital amounts	59	205
Grants and contributions provided for capital purposes	7,355	—
Surplus (deficit) from continuing operations after capital amounts	7,414	205
Surplus (deficit) from all operations before tax	7,414	205
Less: corporate taxation equivalent (25%) [based on result before capital]	(15)	(53)
Surplus (deficit) after tax	7,399	152
Plus accumulated surplus	30,514	30,309
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	15	53
Closing accumulated surplus	37,928	30,514
Return on capital %	0.4%	0.8%
Subsidy from Council	2,172	380
Calculation of dividend payable:		
Surplus (deficit) after tax	7,399	152
Less: capital grants and contributions (excluding developer contributions)	(7,355)	—
Surplus for dividend calculation purposes	44	152
Potential dividend calculated from surplus	22	76

Liverpool Plains Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021
Income from continuing operations		
Access charges	1,245	1,251
Liquid trade waste charges	159	166
Fees	5	2
Interest and investment income	47	55
Total income from continuing operations	1,456	1,474
Expenses from continuing operations		
Employee benefits and on-costs	332	276
Materials and services	568	847
Depreciation, amortisation and impairment	574	732
Total expenses from continuing operations	1,474	1,855
Surplus (deficit) from continuing operations before capital amounts	(18)	(381)
Surplus (deficit) from continuing operations after capital amounts	(18)	(381)
Surplus (deficit) from all operations before tax	(18)	(381)
Surplus (deficit) after tax	(18)	(381)
Plus accumulated surplus	13,217	13,598
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	13,199	13,217
Return on capital %	(0.1)%	(1.5)%
Subsidy from Council	1,043	767
Calculation of dividend payable:		
Surplus (deficit) after tax	(18)	(381)
Surplus for dividend calculation purposes	-	-
Potential dividend calculated from surplus	-	-

Liverpool Plains Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	1,285	3,285
Investments	3,877	8,218
Receivables	2,495	665
Contract assets and contract cost assets	1,386	—
Inventories	59	—
Total current assets	9,102	12,168
Non-current assets		
Infrastructure, property, plant and equipment	66,030	52,430
Total non-current assets	66,030	52,430
Total assets	75,132	64,598
LIABILITIES		
Current liabilities		
Contract liabilities	101	—
Borrowings	196	185
Total current liabilities	297	185
Non-current liabilities		
Borrowings	2,904	3,100
Total non-current liabilities	2,904	3,100
Total liabilities	3,201	3,285
Net assets	71,931	61,313
EQUITY		
Accumulated surplus	37,928	30,514
Revaluation reserves	34,003	30,799
Total equity	71,931	61,313

Liverpool Plains Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	2,339	2,837
Investments	6,765	6,765
Receivables	129	131
Total current assets	9,233	9,733
Non-current assets		
Infrastructure, property, plant and equipment	28,013	25,925
Total non-current assets	28,013	25,925
Total assets	37,246	35,658
Net assets	37,246	35,658
EQUITY		
Accumulated surplus	13,199	13,217
Revaluation reserves	24,047	22,441
Total equity	37,246	35,658

Note – 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* (Act), the *Local Government (General) Regulation 2021* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value 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, and returns on investments (rate of return and dividends paid).

Declared business activities

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

Category 1

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

a. Water Supply Network

Is comprised of water supply operations and net assets system servicing the towns of Quirindi, Werris Creek, Wallabadah, Willow Tree, Spring Ridge, Wahallow, Blackville, Caroon and Premer.

Category 2

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

b. Sewerage Service

Is comprised of sewerage reticulation and treatment operations and net asset system servicing the towns of Quirindi and Werris Creek

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):

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

Corporate income tax rate – **25%** (2020/21 26%)

Land tax – the first \$822,000 of combined land values attracts **0%**. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning, Industry & Environment (DPIE) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DPIE – 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 25% (2020/21 26%).

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 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where 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. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) 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'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

Note – Significant Accounting Policies (continued)

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 3.66% at 30/6/22.

(iii) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Liverpool Plains Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2022, the Statement of Financial Position of each Declared Business Activity as at 30 June 2022 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water supply
- Sewerage.

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 2022, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the Significant accounting policies note 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 2022 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 the Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

30 November 2022
SYDNEY

Liverpool Plains Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Liverpool Plains Shire Council

Special Schedules

for the year ended 30 June 2022

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2022	7

Liverpool Plains Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	7,709	8,326
Plus or minus adjustments ²	b	1	27
Notional general income	c = a + b	7,710	8,353
Permissible income calculation			
Special variation percentage ³	d	8.00%	8.00%
Plus special variation amount	h = d x (c + g)	617	668
Sub-total	k = (c + g + h + i + j)	8,327	9,021
Plus (or minus) last year's carry forward total	l	1	2
Sub-total	n = (l + m)	1	2
Total permissible income	o = k + n	8,328	9,023
Less notional general income yield	p	8,326	9,025
Catch-up or (excess) result	q = o - p	2	(2)
Carry forward to next year ⁶	t = q + r + s	2	(2)

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Liverpool Plains Shire Council

To the Councillors of Liverpool Plains Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Liverpool Plains Shire Council (the Council) for the year ending 30 June 2023.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2022'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

30 November 2022
SYDNEY

Liverpool Plains Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2021/22 Required maintenance ^a	2021/22 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Other	68	68	656	303	31,811	62,665	25.0%	54.0%	21.0%	0.0%	0.0%
	Sub-total	68	68	656	303	31,811	62,665	25.0%	54.0%	21.0%	0.0%	0.0%
Other structures	Other structures	698	698	338	285	11,154	22,333	30.0%	36.0%	25.0%	7.0%	2.0%
	Sub-total	698	698	338	285	11,154	22,333	30.0%	36.0%	25.0%	7.0%	2.0%
Roads	Sealed roads	2,517	2,517	1,021	2,154	126,566	153,749	70.0%	13.0%	11.0%	5.0%	1.0%
	Unsealed roads	2,982	2,982	780	1,366	77,846	99,447	72.0%	6.0%	10.0%	11.0%	1.0%
	Bridges	657	657	263	—	60,398	87,632	89.0%	3.0%	6.0%	1.0%	1.0%
	Footpaths	144	144	64	47	4,886	6,898	53.0%	25.0%	14.0%	7.0%	1.0%
	Bulk earthworks	—	—	—	—	67,315	67,315	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	6,300	6,300	2,128	3,567	337,011	415,041	79.1%	7.3%	8.0%	4.8%	0.8%
Water supply network	Water supply network	3,681	3,681	1,366	657	52,419	81,798	17.0%	50.0%	15.0%	18.0%	0.0%
	Sub-total	3,681	3,681	1,366	657	52,420	81,798	17.0%	50.0%	15.0%	18.0%	0.0%
Sewerage network	Sewerage network	1,766	1,766	664	268	27,127	35,310	18.0%	39.0%	23.0%	20.0%	0.0%
	Sub-total	1,766	1,766	664	268	27,127	35,310	18.0%	39.0%	23.0%	20.0%	0.0%
Stormwater drainage	Stormwater drainage	23	23	971	15	25,050	40,003	3.0%	14.0%	82.0%	0.0%	1.0%
	Sub-total	23	23	971	15	25,050	40,003	3.0%	14.0%	82.0%	0.0%	1.0%
Total – all assets		12,536	12,536	6,123	5,095	484,573	657,150	56.6%	20.2%	16.0%	6.6%	0.7%

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

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Liverpool Plains Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicator 2021	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	8,363	84.85%	44.59%	>= 100.00%
Depreciation, amortisation and impairment	9,856			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	12,536	2.49%	2.90%	< 2.00%
Net carrying amount of infrastructure assets	503,582			
Asset maintenance ratio				
Actual asset maintenance	5,095	83.21%	109.19%	> 100.00%
Required asset maintenance	6,123			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	12,536	1.91%	2.26%	
Gross replacement cost	657,150			

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

(1) 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.



**Liverpool
Plains**
Shire Council