


Annual Report 2018 - 2019

Liverpool Plains Shire Council





*Liverpool Plains Shire Council
would like to show their
respect and acknowledge the
Kamilaroi people, the
traditional custodians of the
land, elders both past and
present, and to extend that
respect to other Aboriginal and
Torres Strait Islander people.*

If you would like a paper copy of this report or additional copies, or would like to provide feedback:

- Contact Council on T: (02) 6746 1755
- Visit Council's Administration Centre at 60 Station Street, Quirindi or visit the Quirindi or Werris Creek Library
- Send an email to lpssc@lpssc.nsw.gov.au

PURPOSE OF THIS REPORT

Liverpool Plains Shire Council 2018-2019 Annual Report is an integral part of our commitment to keeping our community and stakeholders, including residents, ratepayers, businesses, visitors, employees, government agencies and community groups informed on how council is tracking towards achieving the goals set out in our ten year Community Strategic Plan.

It includes our performance against the Delivery Program 2017-2021 and the Operational Plan 2018-2019.

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MESSAGE FROM THE MAYOR AND GENERAL MANAGER

We are pleased to present the 2018-2019 Annual Report for Liverpool Plains Shire Council which outlines Council's achievements in what has been an extremely difficult but rewarding year for Council and the Community.

Council has continued its dedication to realising the outcomes and the vision agreed to by the Community as listed in the Community Strategic Plan, with considerable progress being made against the key community priorities under the four themes:

- ★ Social - A Great Rural Lifestyle with Access to Quality Services
- ★ Civic Leadership - Strong Community, Council and Business Leadership
- ★ Environmental - A Sustainable Environment
- ★ Economic - A Thriving Economy.

Some highlights of our achievements include:

- ★ The development and implementation of three traineeships within Council's staff
- ★ Distribution of funds to ensure the preservation and conservation of our community heritage
- ★ Working with key stakeholders to ensure opportunities for quality of life services, including ramp access to two buildings, an upgrade of low income housing, regular collaboration with Department of Health for mental health facilities and domestic violence access services, and ensuring the continuation of Home Support Services across the Shire.
- ★ Advocating for our community by taking on leadership positions within local, regional and peak industry bodies, commencing the establishment of a Youth Council, developing strategies and plans for short, medium and long term sustainability of our Shire, continuing the development of relationships between Council and other Government organisations.
- ★ Seeking continuous improvement of Council processes including actively supporting the Audit Risk and Improvement Committee, undertaking three internal service delivery reviews, and a continual review of Council's policies and procedures.

Council has a number of major projects which are underway or have been funded for commencement. Some of the major projects which Council has delivered, or lobbied and advocated for include:

- Upgrade (seal) of Williewarina Road
- Upgrade of the Pool Filtration & installation of kids water play equipment at Werris Creek Pool
- Seal of Willow Tree to Merriwa Road
- Replacement of Showground Arena Amenities at Quirindi
- Upgrade of grandstand and David Taylor Oval, Werris Creek
- Construction of Currabubula Multi-purpose Arena
- Construction of Oval Fence at Spring Ridge
- Resurfacing of Currabubula Multi Sports Courts and installation of playground fencing
- Installation of Westpac compliant Helipad at the Emergency Services Precinct
- Construction of a shared pathway from Hoamm Park to David Taylor Oval at Werris Creek
- Amenities replacement at George Street, Quirindi
- Amenities replacement at King George V Park, Willow Tree
- Upgrade of Amenities at Quirindi Library
- Upgrade to Amenities at Premer
- Installation of picnic BBQ facilities across the Shire

- Installation of Water Tank at Currabubula
- Construction of a Train-world Shed at Heritage Village, Quirindi
- Building Maintenance at Quirindi CWA rooms
- Maintenance work to Halls across the Shire
- Construction of a state-of-the-art Water fill station at Quirindi
- Irrigation system at Golland Fields

Local government has always been an integral part of the local community. Council's responsibilities have grown from being an administrator of public finances and affairs to being a provider of a range of vital services across the Shire. These services include urban, rural and regional roads, childcare and home support services, libraries, pools and sporting facilities, waste services, control of noxious weeds, parks and reserves, planning and development, footpaths, water and sewerage, visitor information centres, events, theatres and so much more.

Council would not be able to facilitate these services without the support of our residents and ratepayers, local businesses and investors, community clubs, groups and organisations as well as other government organisations.

Council wishes to recognise the support of our local State and Federal members, Michael Johnsen, Kevin Anderson and Barnaby Joyce in the realisation of these projects as well as the many other positive outcomes for our community that do not necessarily include infrastructure delivery.

Andrew and Ron



OVERVIEW – COUNCIL’S PLANNING AND REPORTING FRAMEWORK

Councils across NSW are required to participate in the Integrated Planning and Reporting Framework which provides that strategic plans must be developed in consultation with the community in order to guide the direction of Council in the future.

To meet compliance, Liverpool Plains Shire Council has developed a comprehensive suite of plans which reflect the community ideals as determined during planning workshops held across the Shire, balanced with a realistic assessment of our financial position.

This suite of plans includes:

- ★ The ten year *Community Strategic Plan*
- ★ The four year *Delivery Program*
- ★ The annual *Operational Plan*
- ★ The *Resourcing Strategy* including:
 - *Asset Management Plan*
 - *Workforce Management Plan*
 - *Long Term Financial Plan*
- ★ The *Annual Report*.

WHAT IS THE ANNUAL REPORT

The primary purpose of the Annual Report 2018-2019 is to demonstrate Council's achievements during the year based on the actions identified in the Delivery Program 2017 - 2021 and Operational Plan 2018-2019 (and therefore, what Council has accomplished towards achieving the objectives in the Community Strategic Plan). The Annual Report also includes reporting requirements under the *Local Government Act 1993* and the *Local Government (General) Regulation 2005*.

Have your say

Council is absolutely committed to listening to you and we welcome your feedback and your views. Please write to us at 60 Station Street, (PO Box 152) Quirindi or by email to lpssc@lpssc.nsw.gov.au or phone on (02) 6746 1755.

HOW TO READ THE ANNUAL REPORT

The Annual Report is set out in line with the Liverpool Plains Community Strategic Plan which identified four key themes:

1. A great rural lifestyle with access to quality services
2. Strong Community, Business and Council Leadership
3. A sustainable environment
4. A thriving economy.

The primary activities, major projects and quick facts link back to the Community Strategic Plan themes and the strategies under each theme, for example:

1. A great rural lifestyle with access to quality services
 - 1.1 We value beautiful landscapes, dynamic towns and villages and safe communities.
 - 1.1.1 Develop and implement methodologies, to ensure preservation and conservation of community heritage. (Indigenous, Cultural and Structural)

This report is not designed to detail each and every achievement over the year, however we hope the reader will enjoy the overview of some of our highlights.

OUR COMMUNITY VISION

That the Liverpool Plains Shire area achieves higher levels of growth and generates improved quality of life through expanded opportunities for economic and social development being realised within an environmentally and financially sustainable framework.

OUR CORPORATE VALUES

The below set of values is the focus of our efforts towards the sustainability of our organisation and community:

- ★ Professional, friendly and innovative customer service
- ★ Encourage and promote a strong sense of community
- ★ Collaboration and engagement
- ★ Conduct business with integrity and respect
- ★ Honesty
- ★ Accountability and responsibility
- ★ Encourage and stimulate economic growth and prosperity in the community
- ★ Establish a safe, caring and clean community environment
- ★ Sustain a dynamic area having pride in its agricultural and natural heritage

WHO WE ARE...

The Liverpool Plains Shire is centrally located in north-west New South Wales and is strategically located in what is considered to be one of Australia's richest pockets of agricultural land.

The land has a rich indigenous heritage and a vibrant and fiercely loyal local culture. The town of Quirindi is 362 km from Sydney and boasts a wonderful country lifestyle with access to city conveniences.

In 2016 the Shire population was 7687. The Shire includes the towns of Quirindi, Werris Creek, Willow Tree, Spring Ridge, Premer, Currabubula, Caroona, Blackville, Wallabadah and Pine Ridge.

2018-2019 has seen a continuation of the severe drought conditions with current circumstances being one of the worst droughts in recorded history. Our rainfall in 2018 and 2019 has been well below average with most areas receiving less than a third of their yearly average. Council continues to lobby all levels of Government and is continuing to implement strategies to assist residents with the ongoing drought.

OUR ELECTED MEMBERS

The Mayor of Liverpool Plains Shire Council (LPSC) is Councillor Andrew Hope, and the Deputy Mayor is Councillor Paul Moules. LPSC has seven (7) Councillors who are elected for a fixed four year term of office. The Mayor and Deputy Mayor are elected by the Councillors at the first meeting of Council and then every two years. The most recent election of Councillors was held on 21 September 2016 and the other five Councillors are: Cr Virginia Black, Cr Ken Cudmore, Cr Doug Hawkins OAM, Cr Ian Lobsey OAM, and Cr Robert Webster.



WHERE DOES THE MONEY COME FROM

\$11,673,000 *RATES AND ANNUAL CHARGES*

\$7,118,000 *GRANTS AND CONTRIBUTIONS PROVIDED FOR
OPERATING PURPOSES*

\$3,033,000 *GRANTS AND CONTRIBUTIONS PROVIDED FOR
CAPITAL PURPOSES*

\$3,666,000 *USER CHARGES AND FEES*

\$1,263,000 *OTHER REVENUE*

\$842,000 *INTEREST AND INVESTMENT REVENUE*

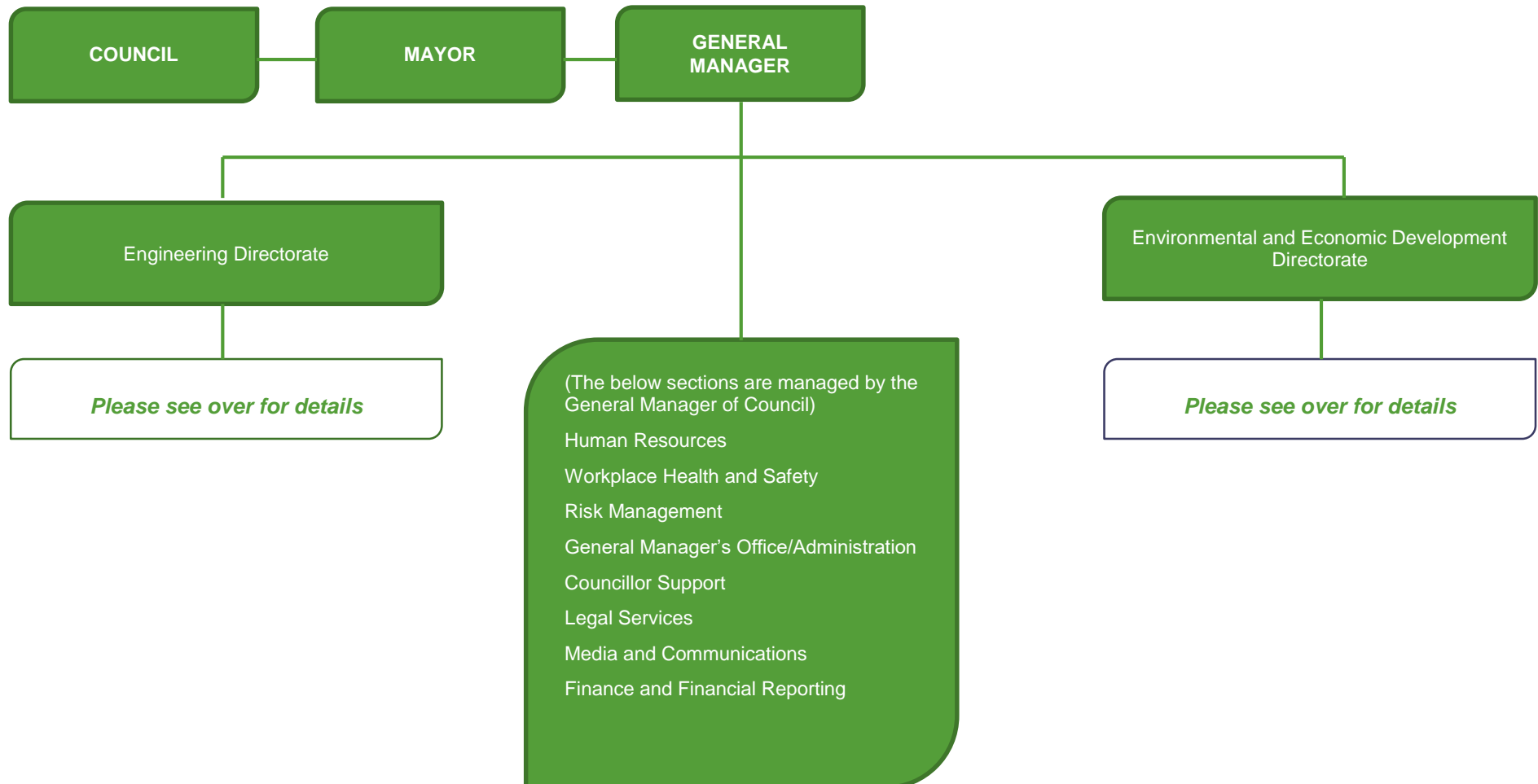


WHERE DOES THE MONEY GO

\$ 12,292,000 Transport and Communications Roads, bridges, parking areas, footpaths	\$ 3,005,000 Recreation and Culture Library, Arts and Culture, Museum, Theatre, Swim Pools, Showground, Sports fields, Parks
\$ 1,373,000 Sewerage Services	\$ 2,901,000 Water Services
\$ 1,143,000 Community Services Libraries, RMS, Home Support, Child Care Centre, Cemeteries	\$ 1,490,000 Environment Noxious Plants, Waste, Public Health, Animal Control
\$ 847,000 Economic Development Tourism, Festivals, Caravan Park	\$ 1,578,000 Administration
\$ 552,000 Governance	\$ 145,000 Emergency Services
\$ 150,000 Property Buildings and Community Amenities	\$ 2,119,000 Restricted Cash and Investments

ORGANISATIONAL STRUCTURE

Liverpool Plains Shire Council has three functional areas. One is led by the General Manager and the others are led by Directors. Each is divided into departments responsible for delivering services in line with the needs of the community as detailed in the Community Strategic Plan.



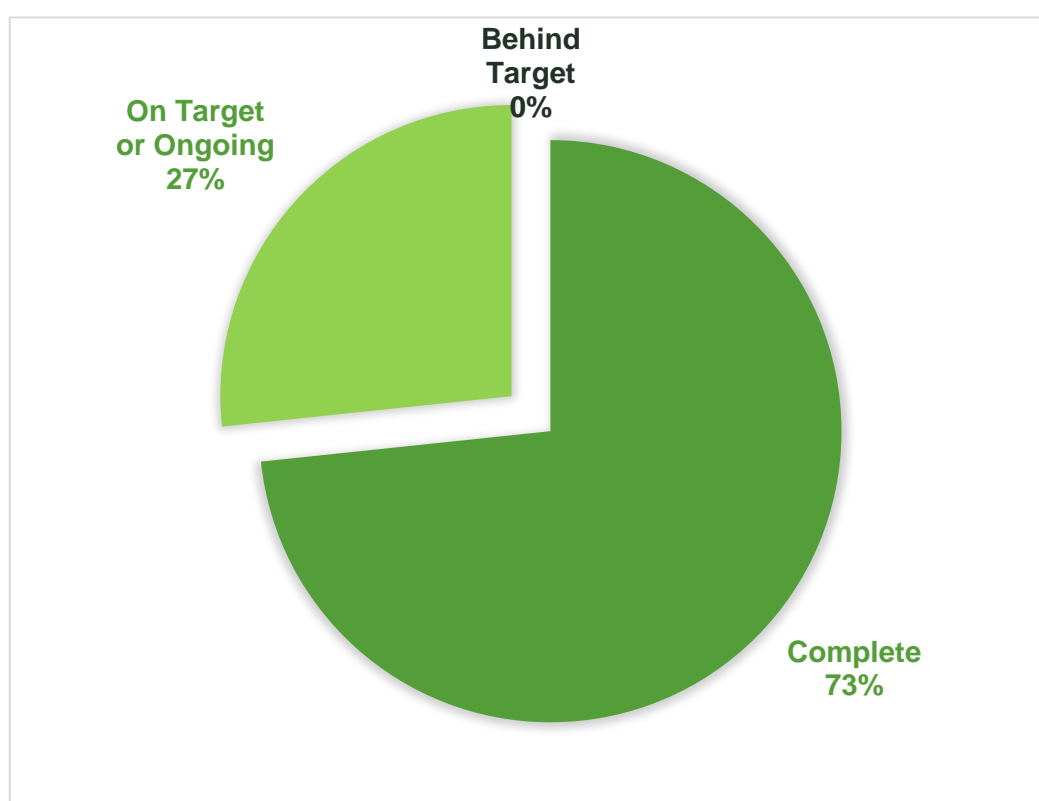


DELIVERY PROGRAM SUCCESS

Our Performance in 2018-2019

The following pages show our performance against Council's four year Delivery Program 2017 - 2021 and Operational Plan 2018-2019. All areas of Council deliver a range of ongoing services to the community with the Operational Plan outlining the activities and specific tasks to be undertaken during the Financial Year.

COUNCIL'S OVERALL PERFORMANCE



KEY ACHIEVEMENTS – 2018 - 2019

The following key achievements of Council's Delivery Program in 2018/19 are listed under the four strategic themes of the Community Strategic Plan 2017 - 2027.

A GREAT RURAL LIFESTYLE WITH ACCESS TO QUALITY SERVICES

1. *We value beautiful landscapes, dynamic towns and villages and safe communities.*
 - \$ 16,000 in Heritage Funding was distributed to individuals and community groups to ensure the preservation of our cultural heritage. Funding recipients have included Croaker Memorial Church, Caroon; Historical Cottage, Quirindi; a private residence, Quirindi; St Andrew's Uniting Church, Werris Creek; and Underwood Memorial Gates, Quirindi
 - Council has continued to develop strategies to ensure the sustainability of our heritage items. Council obtains funding each year to support the engagement of a Heritage Advisor. Some of the achievements through this include:
 - The formal listing of the East Warrah Woolshed on the NSW State Heritage Register
 - Advice on the restoration of the Underwood Memorial Gates
 - Liaison regarding the stabilisation and adaptive re-use of Windy Woolshed
 - Provision of advice on a range of places across the Shire such as:
 - Cenotaph War Memorial, Werris Creek,
 - Colly Blue Cemetery
 - Historical Cottage, Quirindi
 - Imperial Hotel, Quirindi
 - Marshall McMahon Inn, Wallabadah
 - Werris Creek rail precinct
 - Spring Ridge Cemetery
 - St Anne's Catholic Church, Wallabadah
 - Walhallow Village,
 - Croaker Memorial Church, Caroon,
 - St Andrew's Uniting Church, Werris Creek
 - Council regularly meet with Police and other emergency services to ensure local issues are acknowledged and reviewed.
2. *Our health and education services meet our needs and are available in our local community where possible.*
 - Regional Police commanders have met with the Liverpool Plains Community Advisory Group to listen to concerns and provide feedback and develop strategies to deal with emerging issues.
 - Community events and activities have been added to the Liverpool Plains online Tourism Calendar
 - Council distribute a Monthly calendar of events and activities to all households within the local government area.
3. *We celebrate local events and festivals as a cohesive community.*
 - Council has supported local events, festivals and community groups through financial and other support. Some of the organisations supported include:
 - Quirindi Show Society
 - Quirindi Rugby Union Club
 - Walhallow Aboriginal Corporation
 - Quirindi Golf Club
 - Werris Creek Rugby League Club
 - Blackville Community Art Show
 - Quirindi Rural Heritage Village
 - Quirindi Junior Rugby Club
 - Friends of Children with Special Needs – Quirindi Branch
 - Quirindi Bowling Club
 - Willow Tree Bowling Club
 - Blackville Cricket Club

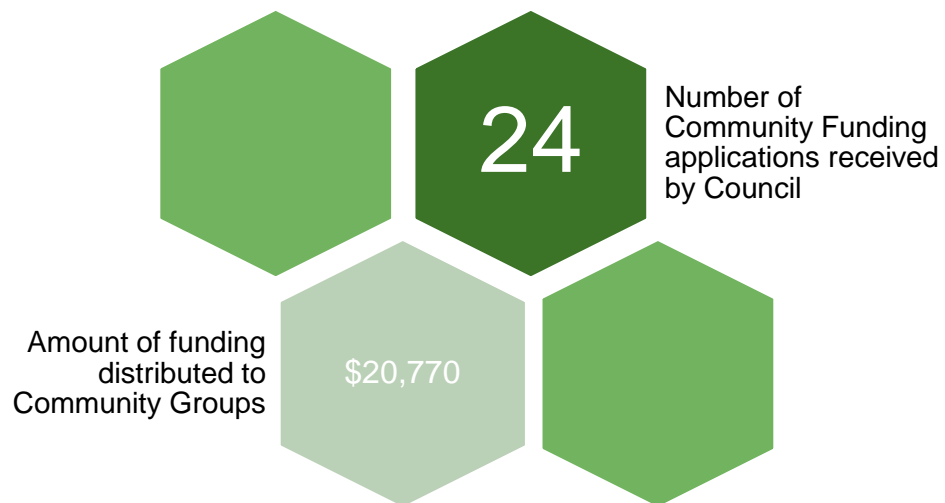
4. *Our transport and telecommunications options support our business and lifestyle.*

- The link from Coonabarabran Road heading south (Williewarina Road) was completed ensuring heavy haulage vehicles had a more direct access route to markets, grain facilities and farms.

- Liverpool Plains Shire Council features prominently in the Namoi Region Roads Strategy with key linkage roads listed as priorities.
- Council lobbied State Government who then provided a trial for same day return transport to Newcastle.

Action / Project		Status at 30 June 2019
1.1	Lobby relevant authorities and organisations and support partnerships (ie. Safe Communities). Facilitate safety initiatives.	Complete
1.2	Develop and implement methodologies, to ensure preservation and conservation of community heritage. (Indigenous, Cultural and Structural)	Complete
1.3	Increased personal engagement with community through promotion of two-way information and feedback hubs to maintain their support in decision making activities.	Complete
2.1	Support and endorse opportunities for Quality of Life services (education, health and recreational) working in partnership with key stakeholders such as Dept. of Health/ Dept. of Ed/ Private investors.	Complete
2.2	Advocate for a mix of affordable housing and identify investment opportunities in partnership with community i.e. Aged Care	Complete
2.3	Lobby for Improved educational services	Complete
3.1	Identify, seek and obtain grant funding for various community social needs. Develop a funding programme with selection criteria and parameters.	Complete
3.2	Develop a funding program with selection criteria and parameters	Completed
4.1	Lobby for improved services and infrastructure (ie. Rail & Road) and develop a regional strategy for improved services	Complete
4.2	Develop a local transport strategy to address needs of the community. Liaise and partner with other government representatives and organisations to facilitate optimum, achievable transport outcomes.	Complete

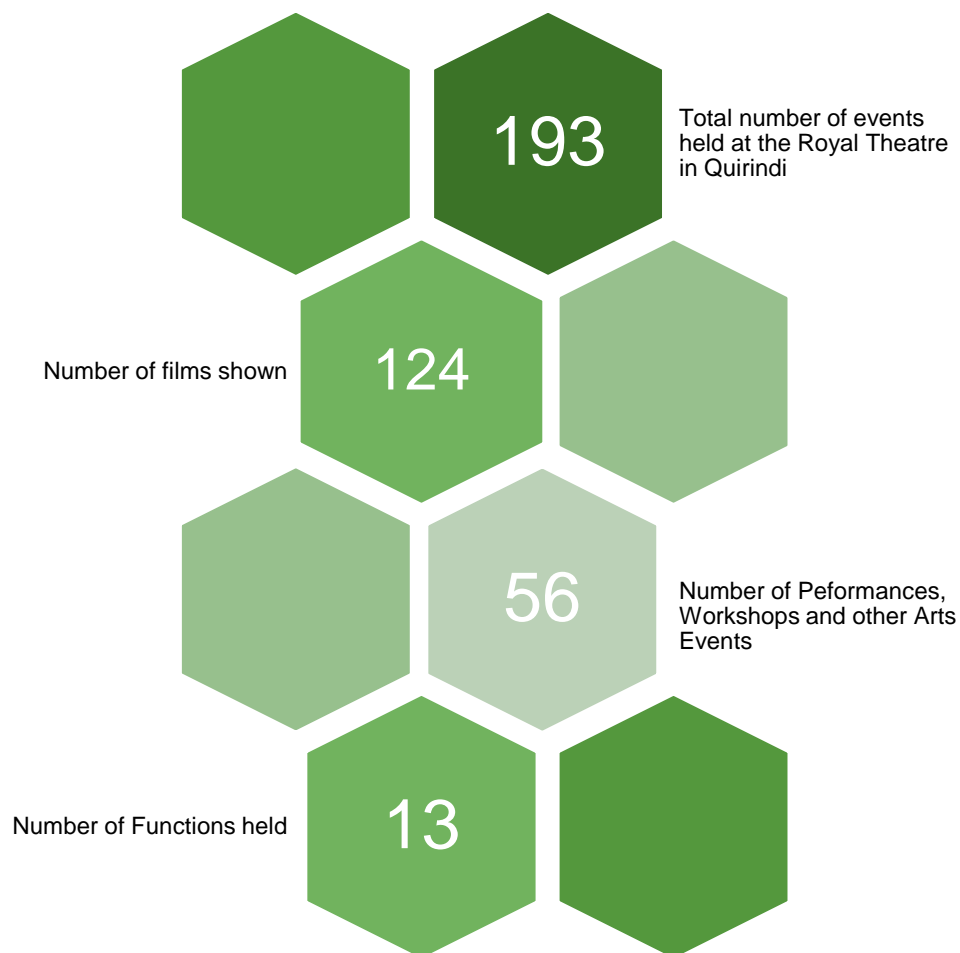
IN 2018-19 OUR COMMUNITY FUNDING PROGRAM CONSISTED OF:



International Volunteers Day 2019



QUIRINDI ROYAL THEATRE – 2018-2019



There have been over 31,000 audience members for events held in the Theatre with July 2018 being the busiest month.

Events held at the theatre included:

- ★ Kookoo Kookaburra
- ★ Christmas in July Dance Night
- ★ Quirindi High School Musical
- ★ Kirsty Cox and the Weeping Willows
- ★ Cancer Council's 'Clean out your Closet for Cancer' fundraiser
- ★ 'Hangi in the Country' dinner
- ★ Sunflower Arts Festival
- ★ Australia Day Ceremony
- ★ International Women's Day Dinner
- ★ Melinda Schneider: Great Women of Country
- ★ Kevin Bloody Wilson
- ★ Kaput
- ★ The Melbourne International Comedy Festival.

STRONG COMMUNITY, COUNCIL AND BUSINESS LEADERSHIP

1. *We have a strong, sustainable, supported volunteer base.*

- MOU between Council and Werris Creek Australian Railway Museum has been continued to ensure the provision of a strengthened service that delivers a relevant and educational history of rail activities within our area and the State.
- The new Emergency Services Precinct has been completed, with an estimated total cost of over \$5 million.
- Council co-hosted the annual International Volunteer Day at the Emergency Services Precinct in Quirindi.

2. *Our Council, community and business leaders work together effectively.*

- Council has developed a Business Advisory Group involving Liverpool Plains Business Chamber representatives. This Group meets at least bi-annually with one of their tasks being to support local businesses through grant funding, including Council's Enterprise Assistance Program.
- Council staff have developed an Industrial Lands Strategy and presented it to Council for review.

3. *Liverpool Plains Shire Council represents the community it serves.*

- Council undertakes community engagement activities for numerous activities with a Community Engagement Plan developed for all major projects, such as the Quipolly Water Project.
- Council has held community meetings across the Shire to gain feedback for funding projects and future direction.
- Council has received 1567 Customer Action Requests for the Financial Year with May 2019 being the busiest month.

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

- Council are developing a Youth Advisory Group to give representation to the youth of our Shire. The participants will be aged 10 to 24 and will have the opportunity to be involved in any youth related projects across the Shire, including influencing the design, evaluation and implementation of programs that serve the community.

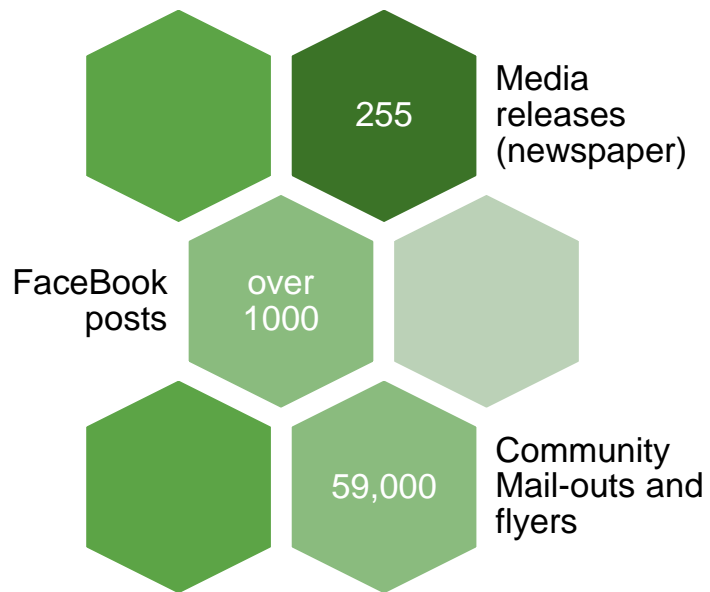
Action / Project	Status at 30 June 2019
1.1 To obtain funding for specific community projects and review current community funding arrangements	Complete
1.2 Council to support their own local community groups, such as Community Advisory Groups	Complete
1.3 Continue recognition events for volunteers' committees. Include Australia Day Recognition for Volunteers	Complete
1.4 Demonstrate support of SES/VRA/RFS	Complete

Action / Project		Status at 30 June 2019
2.1	Facilitate the formation of a Business Improvement Association for the revitalisation of the Shire	Complete
2.2	Complete, implement and deliver the local planning strategy and plans that is focused on being delivered in a practical manner	On Target
3.1	Investigate opportunities to streamline approval process (layman's terms)	On Target
3.2	Promote open and shared communication throughout entire organisation and improve staff knowledge, practices and processes, whilst investigating opportunities for traineeships	Ongoing
3.3	Provide a 'State of the Shire' report to measure LPSC progress including financial management towards the goals of the Shire every 12 months	Complete
3.4	Ensure organisational review is in line with providing efficient services and staff to meet the needs of the community, whilst investigating opportunities to streamline council processes	Complete
3.5	Engage with community effectively and target communication, ensuring a transparent approach	Complete
3.6	Review current Community Engagement Policy to ensure it is understood and adhered to.	Complete
4.1	Establish an Engagement platform such as a Youth Council to involve our youth	Ongoing

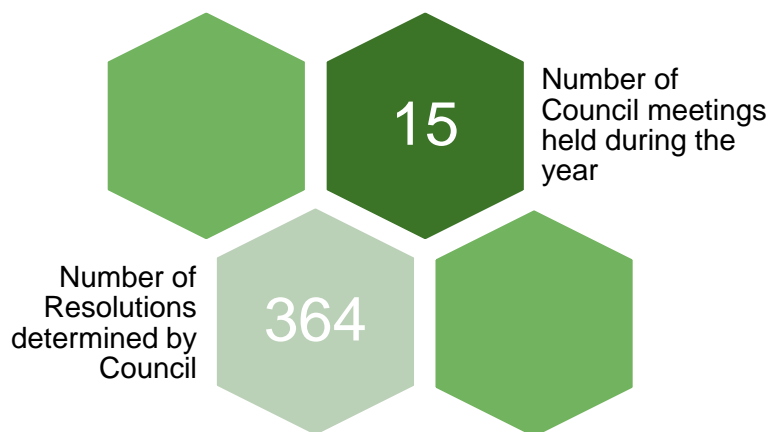


Australia Day Ceremony 2019

IN 2018 – 19 WE
REACHED OUT TO
OUR COMMUNITY
THROUGH:



COUNCIL RESOLUTIONS 2018 - 2019



Key resolutions have included:

- A Commitment to supporting our Farming businesses by being a pilot Council for the Agri-Tourism project through the Office of Small Business Commission
 - A commitment to develop a Shire-wide Recreation Strategy as well as two Master Plans for the Showground and Longfield Oval Precinct
-
- The review of over 20 Council Policies and Directives
 - Adoption of the Model Code of Conduct and Code of Meeting Practice.

Details on these, and all Council Resolutions can be found on Council's website at www.lpsc.nsw.gov.au . Paper copies are available at Council's administration building.

A SUSTAINABLE ENVIRONMENT

1. *Our infrastructure is well planned and maintained and will meet our needs now and in the future.*

- Council has developed a number of strategies and plans to ensure the infrastructure across the Shire is viable long term. This has included the in-development Pedestrian Access Mobility Plan, reviewing Asset Management Plans, with a focus in 2019-20 of the Roads and Drainage Asset Plans. State Records have assisted by providing recommendations for our Record Management Strategy.

2. *We have access to affordable clean water supplies.*

- Council is moving forward with the Quipolly Water Project and has been liaising with water regulators regarding the required changes in treatment processes.
- Council expects to complete the Integrated Watercycle Management Plan next year.

3. *We actively manage the impact on our natural environment*

- Council lobbied and achieved the retention of the 'Return and Earn' scheme at Quirindi.

- Council continue to work closely with the Environment Protection Authority for further guidance on best practice for our Waste and Recycling Facilities.

- Council collaborated with contractors to undertake Kerbside Recycling Bin Audits which will direct future community programs.

4. *Our local farming is sustainable*

- Council, in conjunction with the Office of Small Business Commission, have provided a number of Agri-tourism workshops and site assessments to assist local agri-businesses to look at income options and value-adding to their businesses.

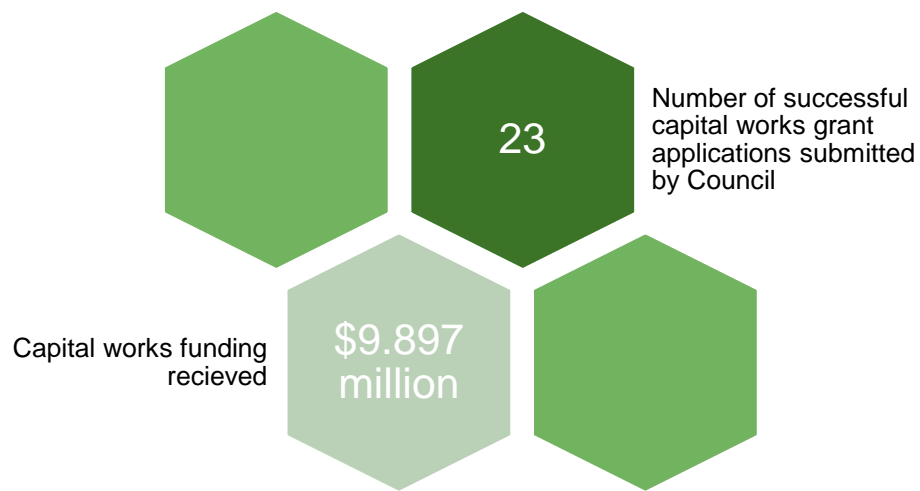
5. *We actively foster and utilise renewable energy*

- Council continue to seek funding to develop renewable energy options across the Shire.
- Council have collaborated with the Office of Environment and Heritage to install solar power on three Council buildings, reducing overheads for these sites.

Hot Tip: To access funding from State and Federal Governments, Council is required to have strategies and plans in place to show the long term viability of any project as well as Council's ability to manage the infrastructure built.

Action / Project		Status at 30 June 2019
1.1	Develop long term strategies to plan and maintain current and future infrastructure and finances required	Ongoing
1.2	Develop Asset Management Plans in line with community priorities	Ongoing
1.3	Increase awareness of infrastructure responsibilities and costings	Complete
1.4	Collectively identify opportunities to source external expertise from other Government organisations and external businesses	Complete
1.5	Increase awareness of costs involved in managing community assets due to poor environmental practices. (ie vandalism, illegal dumping, poor land management)	Complete
2.1	Ensure infrastructure is developed to provide quality water supplies that meets environmental regulations	Ongoing
2.2	Endorse best practice regulated operation of water and sewerage systems	Ongoing
3.1	Identifying and benchmarking waste management systems to ensure best practice and consistent fees	Ongoing
3.3	Investigate and review recycling options for community	Complete
3.4	Continue relationship with Northern Inland Regional Waste	Complete
4.1	Identify and recognise a balance between mining and farming	Complete
4.2	Encourage farmers to investigate value adding opportunities for their business	Complete
4.3	Advocate education and awareness in relation to land use and practices	Complete
5.1	Advocate for adoption of sustainable energy within the Shire	Complete

IN 2018-19 COUNCIL APPLIED FOR A NUMBER OF GRANTS FOR CAPITAL WORKS

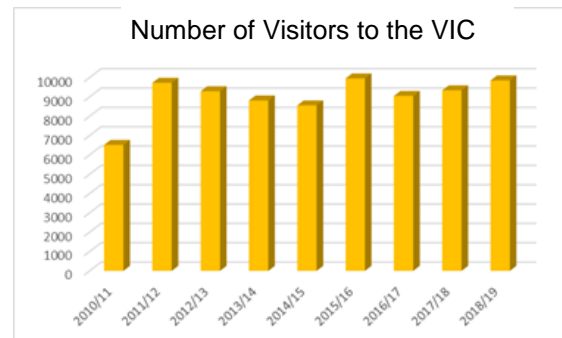


SOME OF THE MANY INFRASTRUCTURE PROJECTS COMPLETED THIS YEAR

A THRIVING ECONOMY

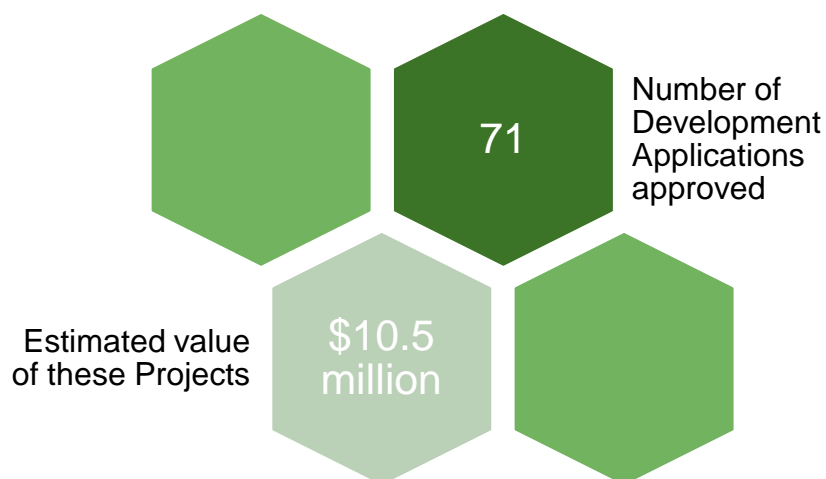
1. *Our economy is growing and we offer a diverse range of job opportunities.*
2. *We foster new business development for our future prosperity.*
 - Council collaborated with the Office of Small Business and private organisations to bring a diverse range of information sessions to our area. Businesses from across the Shire had the opportunity to participate in workshops on Visual Merchandising, and online workshops including Webpage and Facebook development, Managing Growth, Accelerate your Business (workshops on Recruitment and Law), Using Break-Even Analysis, Digital Development and Becoming Disruption Ready in your Business.
 - Council continues to implement the recommendations from the Economic Development Strategy. Some of the programs completed include:
 - Gateway arrival points for towns and villages
 - Footpath activation
 - Improve public amenities in Willow Tree
 - Working with the Premier Community to improve the presentation of the town
 - Identification and rectification of mobile blackspots
3. *Town planning reflects the diversity of our towns and villages.*
 - Funding has been achieved to upgrade and build infrastructure across the Shire over the next few years. Some projects include:
 - Combined Sports Courts in Quirindi
 - Filtration upgrade and water play equipment at Werris Creek Pool (completed)
 - Replacement of amenities at Quirindi Showground/Racecourse (near completion)
 - Upgrade of Camping facilities and irrigation at David Taylor Oval
 - Multi-Sports Courts resurface and playground fencing at Currabubula
 - Train-world building and shelter shed at Quirindi Heritage Village
 - Oval fence at Spring Ridge
 - Shared pathway from David Taylor Oval to town centre at Werris Creek
 - Footpath paving – Single Street, Werris Creek
 - Pool Cover and warming at Werris Creek Pool
4. *We embrace tourism.*
 - Council is proactive in the promotion of our tourism places and activities and has updated the online Tourism and Events calendar (www.visitquirindi.com.au) with 247 new entries as submitted by our community.
 - Sales at the Visitor Information Centre have steadily increased over the past years with nearly \$30,000 of items promoting the Liverpool Plains sold through the Centre.

- Visitor numbers to the Visitor Information Centre increased this year to 9,581 people, including 4,356 from NSW and 1,201 from elsewhere in Australia. We had 234 visitors from overseas including from Japan, Korea, France, Sweden, South Africa, Czech Republic, Chile, Belgium, New Caledonia, Spain, Argentina, Hong Kong, Finland, Netherlands, Slovakian, Equador, Switzerland, Germany, Canada, America, New Zealand and England.



Action / Projects		Status at 30 June 2019
1.1	Identify and advocate for job opportunities with both Council and local businesses and organisations	Complete
2.1	Review Council commercial activities and identify under-performing commercial practices	Continuous Improvement Program
2.2	Encourage Business and Community Members to Work Together to Drive Business Development as a Whole Shire	Complete
2.5	Develop a marketing strategy encouraging professionals and lifestyle	Ongoing
3.1	Review of Local Environment Plan (LEP) and Development Control Plan (DCP)	Ongoing
3.2	Identify opportunities for partnerships in housing and investment	Complete
4.1	Actively promote cultural, community and recreational facilities	Complete
4.2	Further development of Destination Management Plan. Review current community funding with view to focus on major annual events	Complete

IN 2018 - 2019
COUNCIL'S
PLANNING
STAFF
ASSESSED:



OUR ACHIEVEMENTS BY DEPARTMENT

To ensure Council can function as effectively and efficiently as possible, its operation has been structured into three operational areas, being the Executive Office, overseen by the General Manager and two (2) Directorates managed by the respective Directors. The General Manager and two (2) Directors make up the Management Executive (MANEX) of Council.

EXECUTIVE

The Executive area targets the overall day-to-day operations of the Shire as well as providing support to the Councillors. The Executive Office is primarily concerned with the leadership and strategic management of Council, corporate governance, the management of Council business flowing from resolutions of Council and community advocacy. The Executive Directorate also encompasses Human Resources, Workplace Health and Safety, Risk Management, Finance and Media and Communications.

ENGINEERING

The Engineering department is one of the biggest employment areas of Council. This department is responsible for the management of the Shire's water services, parks and reserves, roads, infrastructure, assets and civil services as well as Information Technology including Records Management and GIS.

ENVIRONMENTAL AND ECONOMIC DEVELOPMENT

There are two sections to this department. The Environmental section administers environmental and building regulation legislation, maintenance, cleaning, waste handling, disposal practices, weed control services and regulates stock and companion animals.

The Economic Development section manages the Royal Theatre, customer service, Visitor Information Centre, corporate governance, Local Advisory Groups and Council's external business streams which include Eastside Childcare Centre, Pools, Service NSW, Recreation Centre, Home Support Services and Libraries. Economic Development includes exploring opportunities to promote economic growth within the Shire in partnership with the Liverpool Plains Business Chamber.

EXECUTIVE

The Executive office continues to provide leadership to the overall Council organisation, as well as providing customer focused quality advice to the elected representatives as they undertake their civic duties. Functions at this level include management of legal activities, reporting on council services, speedy access to up-to-date information and business improvement monitoring.

Other day-to-day functions in the Executive area include the co-ordination of Council meeting processes, compiling agendas, updating corporate diaries, co-ordination of business papers, chamber management and the production of meeting minutes.

Council's Finance and Human Resource sections also come under the Executive Directorate, with each section undertaking a review of their Policies and Procedures to ensure an effective and efficient service to our staff and the community.

The implementation of the overarching Strategic Plan by way of Council resolutions is a major function of the Executive division which continues to be of a high standard. Key reporting documents such as the Annual Report and Financial Statements reflect the sound financial and operational status of the organisation.

The Executive area also includes the Media and Communications team, developed to deliver up-to-date and relevant information to the community via printed media releases and contributions to Council's website and social media platforms. The goal of these activities is to both keep the community informed of achievements in a timely manner and facilitate the opportunity for community feedback into Council's decision making processes.

Links to our media channels are:

www.lpsc.nsw.gov.au



twitter.com/lpsc1174



www.facebook.com/Liverpool-Plains-Shire-Council-197200170330582/

ENGINEERING

Engineering Services has performed well in undertaking its functional responsibilities, a summary of the key deliverables for the directorate being as follows:

Roads and Infrastructure

- 85% of the 840km of unsealed road network was maintenance graded – a total of 950km of maintenance grading was completed
- 24.7km of the unsealed road network was gravel re-sheeted
- 3.5km of the unsealed network was upgraded to sealed roads
- 3.3km of the 550km of sealed road was rehabilitated
- 18.3km of the sealed network was bitumen resealed
- Construction of a new dual use concrete footpath in Werris Creek from the Service Station to David Taylor Oval.
- Grant applications for the Werris Creek Intermodal Freight Terminal Access Road Upgrade as well as Mystery Road between Caroona and Breeza were made. The Mystery Road Upgrade was successful in receiving funding and will be upgraded in the 2020/21 financial year.
- A successful application for funding to replace the closed timber bridge on Glenyalla Road was made to the Australian Governments Bridges Renewal Program. A design and construct contract will be called in January 2020 for the replacement of this bridge which is expected to be complete by 31 December 2020.

Parks & Gardens

- Continual maintenance of sporting fields, parks, main streets and reserves to provide high quality recreational areas.
- Upgrade of the Pool Filtration System and installed a kids water park at the Werris Creek Pool.
- Installation of a new irrigation system at Golland Fields.

Water & Sewer

- The Quipolly Water Project for the construction of a new Water Treatment Plant in front of Quipolly Dam and associated pipework to Werris Creek and Quirindi required a re-design of the treatment process because of the water quality issues being encountered in the Dam. By the end of the 2018/19 financial year, the project concept design and tender documentation was ready to issue to preselected tenderers however was awaiting Section 60 endorsement from the Department of Planning, Industry and Environment.
- The detailed design process for the upgrade of the Sewer Treatment Plant continued with a new process for the final phase of treatment process being adopted by Council to ensure that the current Environmental Protection Licence requirements could be satisfied and allow for future re-use of the grey water to be a feasible option.
- A new automated bulk water filling station was installed at the Quirindi Industrial Estate.
- A feasibility investigation for the re-use of grey water from the Quirindi and Werris Creek Sewer Treatment Plants was commissioned.

Bitumen Sealing of Williewarina Road between Pine Ridge and Caroona was completed in September 2018. Upgrade of the Merriwa Road to the top of the Liverpool Range, including widening and bitumen sealing, commenced in October 2018. By the end of the 2018/19 financial year, 30,000 cubic metres of earthworks had been completed, 80% of drainage infrastructure installed and 500m of the remaining 2.9km of unsealed road had been upgraded and bitumen sealed.



Before/After on the Merriwa Road near the top of the Hill looking south



Before/After on the Merriwa Road near the top of the Hill looking north

On balance it has been a successful and rewarding year for Engineering Services. I would like to acknowledge and thank the efforts put in by the Engineering staff as well as recognise the team effort that exists with all parts of the organisation.

Warren Faulkner

Director Engineering Services

ENVIRONMENT AND ECONOMIC DEVELOPMENT

Community building, strengthening of local partnerships and economic development continues to be a key strategic focus for the department.



A range of collaborative projects have been progressively delivered within every major settlement within the Shire in partnership with our Local Advisory Groups. This partnership arrangement has permitted a range of grassroots initiatives, which are important to the local community, to be identified and delivered. Examples include the progressive Currabubula Recreation Ground upgrades, ongoing improvements at David Taylor Oval, further amenities upgrades at Blackville Hall, Community Hall upgrades, substantial renewal of Premer Oval amenities and commencement of resurfacing of the Currabubula Community Tennis Courts. Public amenities at popular tourist locations in Willow Tree and Quirindi have also been modernised.

Council's Tourism profile has continued to be strengthened with the Liverpool Plains recognised for its participation in the Agritourism pilot program with the Office of the Small Business Commissioner. Strong and valued partnerships also exist under the Sister Cities Program with Blacktown and the Hangi in the Country annual event continues to go from strength to strength. This fantastic program improves community and social outcomes in both the Liverpool Plains and Blacktown local government areas. Themed gateway signage to all settlements within the Shire has also been completed reflecting individual community identities.

The RV strategy continues to be progressively delivered with a total of seven Freedom Camping sites now operational. The implementation of this Strategy has seen huge increases in tourist visitation and the raising of Council's profile as an RV-friendly destination. Upgrades of the freedom facilities have been progressively undertaken over the reporting period and include installation of new amenities, barbecue facilities and tourist attraction and wayfinding signage.



The work on Council's Economic Development Strategy in 2018 – 2019 underpinned the development of a Regional Economic Development Strategy with Council's neighbouring local Government areas of Gunnedah and Tamworth Councils. Through both of these strategies it is acknowledged that growth can be achieved by strengthening local business and capitalising on opportunities arising. Progressive implementation of the Economic Development Strategy is also one of the key actions being undertaken by Council to stimulate and drive growth.

In the environmental services area, strategic planning work has been undertaken to achieve the community's objective of providing a range of housing choice, particularly in the area of rural residential (lifestyle) opportunities. The work provides a platform for ongoing review of the Liverpool Plains Local Environmental Plan. Implementation of Council's obligations under the new Biosecurity Act are also ongoing to ensure that the Shire continues to be on the front foot with noxious weed management and equipped to deal with likely future biosecurity challenges.

A drought relief strategy details Council's response to the worst drought conditions in living memory. In the reporting period all identified actions were completed and Council will continue to work in partnership with the community, local businesses and government agencies to ensure a coordinated approach to relief efforts.

Council's waste management strategy is progressively being implemented. This will ensure the management of our waste assets will meet contemporary community and social expectations into the future.

The state of the art Emergency Services Precinct in Quirindi continues to be a valued community asset. This has allowed the co-location of key volunteer emergency services within Quirindi. Further embellishment of the facility has been undertaken in the reporting period with the installation of night helicopter landing facilities enabling the facility to be accessed 24/7, including by Westpac Rescue Helicopter.

The business units within the Environmental and Economic Services directorate provide much needed services throughout the LGA across a wide demographic, many of which largely go unnoticed within the community, particularly in the case of Home Support Services and Libraries. An outline of the Business Units provided by Council is below:

LIBRARY SERVICES

Library services are provided at Quirindi and Werris Creek and are assisted by the Central Northern Regional Library (CNRL) based out of the Tamworth Council library, which enables better supply of updated library needs. Not only do our libraries provide the usual library services, they endeavour to branch out into areas of need within our communities. An upgrade at Quirindi Library was also commenced with the completion of stage 1 of the project with a renewal of the amenities.

PLAINS FITNESS (REC CENTRE AND POOLS)



The Quirindi Recreation centre has recently been rebranded to Plains Fitness and is being run by highly trained and motivated staff whom have worked hard to increase services, membership and satisfaction.

A review of facilities and services was completed as part Council's service delivery review and included associated memberships.

The Plains Fitness team were able to partner with Quirindi High School in the development of a new contemporary membership model which allows unrestricted access to Plains Fitness facilities to staff and children. This innovative program has seen significant beneficial effects across the whole community with an increase in student and staff wellbeing and associated social benefits. Outreach to smaller communities, such as Spring Ridge, has also been undertaken in the reporting period to improve local health and wellbeing.

The pools at Werris Creek and Quirindi continue to operate on similar levels as previous years. There are generally yearly changes in pool lifeguard staffing due to some staff obtaining full-time positions elsewhere, making way for new team members to join this motivated team of young people.

In the reporting period Council has completed some major renovations at both pool facilities including new amenities, a major upgrade of the Werris Creek Swimming Pool filtration system. Visitation at both pools has increased considerably.



COMMONWEALTH HOME SUPPORT PROGRAM

The aim of the Quirindi, Werris Creek and Willow Tree Commonwealth Home Support Program (CHSP) is to assist and cater for the frail, aged and people with disabilities over 65 (or over 50 if of Aboriginal or Torres Strait Islander background) to live in the community for as long as is practical. The CHSP is funded by the Federal and State Governments, and supported locally by the Liverpool Plains Shire Council, which is responsible for the overall management of the Program within the local government area.

Services provided include Meals on Wheels, group and one-on-one social support, various transport services and outings. Staff, with the assistance of a number of volunteers at each site, continue to provide support to their respective clients and work to ensure client needs are met.

SERVICE NSW AGENCY

Liverpool Plains Shire Council and Service NSW continue to partner to provide the community with agency service across the Shire. The Service NSW agency, located in the main street of Quirindi, is committed to making it simpler and easier for rural and regional residents of NSW to access more Government services through a single shop front for:

- Drivers' licences (driver licencing) and driver testing
- Vehicle registration, renewals and transfers
- Boating licences and registrations
- Applications for Birth, Death and Marriage certificates
- Mobility Parking Scheme
- Working with children checks
- Firearms licence renewals

The Quirindi agency also has a self-serve kiosk to help customers complete transactions online quickly and efficiently and is open five (5) days per week from 8.30am to 3.00pm, Monday to Friday. Council staff have been provided with training on all transactions and are also supported by the Service.

Donna Ausling

Director Environmental and Economic Development Services

STATUTORY REPORTING

This Section of the Annual Report contains legislative information that the Council is required to provide under the following Acts and Legislation:

- *Local Government Act 1993*
- *Local Government Regulation 2005*
- *Companion Animals Act and Regulation*
- *Government Information (Public Access) Act and Regulation*
- *Environmental Planning and Assessment Act 2014*
- *Public Interest Disclosure Act and Regulation*
- *Carers' (Recognition) Act 2010*
- *Disability Inclusion Act 2014*

Cooperatives, trusts and partnerships

Council was not involved in any corporations, partnerships, trusts, joint ventures, syndicates or other bodies during 2018-2019, however Council is a member of the following organisations:

Statewide Mutual Insurance - A self-insurance pool covering public liability, professional indemnity, property and fidelity guarantee risk, enabling member Councils to reduce insurance premiums.

Statecover Mutual Insurance – a self-insurance pool covering workers compensation enabling Council's to reduce premiums and tailor fit injury management.

Namoi Unlimited - Namoi Councils is made up of Councils from northern NSW including Liverpool Plains, Gunnedah, Tamworth, Narrabri, Walcha and Uralla.

Disability Inclusion Action Plan

Liverpool Plains Shire Council adopted its Disability Inclusion Action Plan (2017-2021) at its June 2017 Council Meeting following extensive community consultation. The Plan can be viewed on Council's website at <http://www.lpsc.nsw.gov.au/index.php/my-council/council-plans-reports>.

Contracts awarded (major):

Council did not award any contracts for amounts greater than \$150,000 in 2018-2019.

Contributions and Grants

The total amount for 2018-2019 contributed or otherwise granted under section 356 (financially assist others) is presented in the table below:

Annual Donations Program	\$ 34 330.76
Heritage Assistance	8,000
Community Funding Program	20,770

Carers Recognition

Council recognises that carers make a valuable contribution to our community and that the health and wellbeing of carers is important. Council consults with bodies representing carers when developing policies and programs that can impact carers. Council also ensures that staff have an awareness and understanding of the NSW Carers Charter

Council provides support to Carers through its Commonwealth Home Support Program, Community Transport and Childcare services.

Council includes carer awareness as part of its induction package for all new employees. Employees are encouraged to speak with their direct supervisor in the first instance regarding any personal circumstances and any requirement for flexible work arrangements.

Companion animal management

Council administers the *Companion Animals Act* and *Impounding Act* in an attempt to minimise problems with straying stock and dog attacks. A Compliance Officer and one full-time Ranger undertake regular patrols across the Shire and have promoted animal owner responsibilities at various community events.

Council has not received any external funding for companion animal management and associated activities.

Community education and the promotion of de-sexing of dogs and cats has been delivered through attending local events such as the Spring Show, Local Government Week along with ongoing information being provided through various social media platforms and Council's webpage.

Council's Ranger continues to work extremely effectively with pet rescue groups to dramatically reverse the euthanasia/rehoming rates for the LGA.

LPSC personnel have been kept busy responding to:

- Dangerous and nuisance dog complaints
- Stray cat complaints
- Call-outs for stock straying on roads
- Littering enforcement
- Pollution incidents
- Illegal dumping incidents
- Overgrown allotment complaints
- Illegal building complaints
- Unfenced private swimming pool issues
- On-site Sewage Management System (OSMS) approvals and inspections
- Adherence to sign-posted restrictions at the Quipolly Dam Recreation Area

- Alcohol Free Area signage and Liquor Accord interests

Council's formal leash free areas in Quirindi (3), Werris Creek, Currabubula, Willow Tree, Wallabadah and Premer continue to be well utilised. Promotional pamphlets and signage improvements have been carried out to promote the lawful use of these areas.

Council's new Animal Welfare Facility, located near the Quirindi Landfill, is now operational. Council offered free micro-shipping at the opening of the Animal Welfare Facility.

Annual Statistics

Dogs seized	88
Dogs rehomed	76
Dogs returned to owner	5
Dogs euthanized	15
Dog attacks	4
Cats seized	50
Cats return to owner or rehomed	1
Cats euthanized	38

A full description of funds spent on companion animal management and activities is included in the Financial Statements at the end of this document.

Environmental Upgrade Agreements

Council did not enter into any Environmental Upgrade Agreements in the 2018-2019 Financial Year.

Report on Capital Expenditure Review

Council did not undertake any capital works programs costing in excess of 10% of council's annual rate revenue.

Equal Employment Opportunities

Liverpool Plains Shire Council is an Equal Employment Opportunities employer committed to providing a working environment that embraces and values diversity and inclusion. All staff are required to comply with Council's policies and procedures as they relate to their employment, including the model Code of Conduct. Staff receive a thorough induction, Staff Handbook and ongoing training in accordance with Council's procedures.

External bodies that exercise functions delegated by Council

There were no external bodies that exercised functions delegated by Liverpool Plains Shire Council during 2018-2019.

Government Information (Public Access)

Council is required to prepare an annual report on activities undertaken during the financial year relevant to the *Government Information (Public Access) Act 2009* (GIPA). The report is provided to the Minister for Local Government and is available for download via Council's website.

A Copy of the submitted report starts on Page 35.

Public Interest Disclosure

Council is required to have a Public Interest Disclosure Policy under Section 31 of the *Public Interest Disclosure Act, 1994* (PID Act). This policy must have procedures for receiving, assessing and dealing with public interest disclosures, having regard to the Ombudsman's guidelines in the formulation of the policy. The policy is accessible to all community members via Council's website.

The PID report is below, starting on page 41:

Mayoral and Councillor Expenses:

The Mayor, Deputy Mayor and Councillors are paid an annual fee that is within the limit set by the Local Government Remuneration Tribunal. All Councillors are paid for expenses incurred in discharging their functions and responsibilities to the Liverpool Plains community.

The Mayor's Fee for 2018-2019 was \$22,347 plus Councillor Fee. The Deputy Mayor's Fee for 2018-2019 was \$3,533 plus Councillor Fee. The Councillor's Fee for 2018-2019 was \$11,860 for each Councillor.

The total amount of money expended during the 2018-2019 year on mayoral expenses and councillor expenses was \$8,678.59. The breakdown of these payments is provided in the table below:

Expenses	\$
Provision of dedicated office equipment	0
Telephone calls made by Councillors	1,696.76
Attendance at conferences and seminars	0
Training and provision of skill development	6,981.83
Travel – Interstate	0
Travel – Overseas	0
Expenses of any spouse, partner or other person who accompanied a councillor in the performance of his or her civic functions	0
Provision of care for a child of, or an immediate family member of, a councillor	0

Overseas visits

There was no overseas visits during the 2018-2019 Financial Year.

Legal Proceedings - Summary of costs incurred:

A summary of the amounts incurred by Council during the 2018-2019 Financial Year in relation to legal proceedings taken by or against Council (including amounts, costs and expenses paid or received by way of out of court settlements, other than those the terms of which are not to be disclosed) and a summary of the state of progress of each legal proceeding and (if it has been finalised) the result is presented in the table below:

Type	Amount	State of Progress
Debt Recovery (Rates recovery)	\$ 76,726	Ongoing
Environmental Planning and Regulatory	\$45,808	Ongoing
Other	\$ 15,152	Finalised

Planning Agreements

Under the *Environmental Planning and Assessment Act, 1979*, Council is required to report on any planning agreements that were in force during the financial year.

There were no planning agreements in force within Liverpool Plains Shire Council's Local Government area during 2018-2019.

Rates and charges written off during the year:

The total rates and charges written off for the 2018-2019 financial year was \$ 9,628.52.

Recovery and Threat Abatement Plans

Council do not have any Recovery and Threat Abatement Plans under the *Fisheries Management Act 1994* within the local government area.

Remuneration – General Manager

The total remuneration package of Council's General Manager was \$286,947. The breakdown of these payments is provided in the table below:

Salary	233,322
Superannuation	22,504
Motor Vehicle (non-cash)	5,649
Fringe Benefits Tax	25,472

Remuneration Senior Staff

The total remuneration package of Council's senior staff was \$210,016. The breakdown of these payments is provided in the table below:

Salary	166,045
Superannuation	16,285
Motor Vehicle (non-cash)	5,375
Fringe Benefits Tax	22,311

Stormwater management services

Liverpool Plains Shire Council did not levy Stormwater Management services to its ratepayers.

Special Variation Expenditure

The Special Rate Variation Expenditure Report is included in this Report and starts on page 43.

Swimming Pool Inspections

Under the Swimming Pools Regulation 2018, Council undertook the following private swimming pool inspections:

Number of inspections that resulted in issuing a certificate of Compliance	13
Number of inspections that resulted in a certificate of non-compliance	3

There are no premises with more than two (2) dwellings nor any tourist and visitor accommodation within the local government area which have a swimming pool needing inspection.

Work carried out on private lands

Council did not resolve to carry out works on private land under Clause 67 (2)(b) in the 2018-2019 Financial Year.

Councillor Training

From January to June 2019, Councillors professional development included:

Councillor/Course	Code of Conduct	Code of Meeting Practice
Mayor Hope	Yes	Yes
Dept Mayor Moules	Yes	Yes
Cr Black	Yes	Yes
Cr Cudmore	No	No
Cr Hawkins	No	No
Cr Lobsey	Yes	Yes
Cr Webster	Yes	Yes

GOVERNMENT INFORMATION (PUBLIC ACCESS) REPORTING

Clause 8A: Details of the review carried out by the agency under section 7 (3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of the review

Reviews carried out by the agency	Information made publicly available by the agency
Yes	Yes

Updated register of GIPA applications. Reviewed procedures to ensure Open Access information under Schedule 1 of the Regulation is easily accessed, including uploading on website where appropriate.

Clause 8B: The total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications)

Total number of applications received
2

Clause 8C: The total number of access applications received by the agency during the reporting year that the agency refused either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure)

Number of Applications Refused	Wholly	Partly	Total
	0	0	0
% of Total	0%	0%	0%

SCHEDULE 2 STATISTICAL INFORMATION ABOUT ACCESS APPLICATIONS TO BE INCLUDED IN ANNUAL REPORT

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

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information is held	Application Withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private sector business	0	0	0	0	0	0	0	0	0	0%
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0	0%
Members of the public (by legal representative)	0	0	0	0	0	0	0	0	0	0%
Members of the public (other)	2	0	0	0	0	0	0	0	2	100%
Total	2	0	0	0	0	0	0	0	2	
% of Total	100%	0%	0%	0%	0%	0%	0%	0%		

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

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

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information is held	Application Withdrawn	Total	% of Total
Personal information applications*	0	0	0	0	0	0	0	0	0	0%
Access applications (other than personal information applications)	2	0	0	0	0	0	0	0	2	100%
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0%
Total	2	0	0	0	0	0	0	0	2	
% of Total	100%	0%	0%	0%	0%	0%	0%	0%		

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

Table C: Invalid applications

Reason for invalidity	No of applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	1	100%
Application is for excluded information of the agency (section 43 of the Act)	0	0%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of invalid applications received	1	100%
Invalid applications that subsequently became valid applications	0	0%

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

	Number of times consideration used*	% of Total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	0	0%
Excluded information	0	0%
Documents affecting law enforcement and public safety	0	0%
Transport safety	0	0%
Adoption	0	0%
Care and protection of children	0	0%
Ministerial code of conduct	0	0%
Aboriginal and environmental heritage	0	0%
Privilege generally - Sch 1(5A)	0	0%
Information provided to High Risk Offenders Assessment Committee	0	0%
Total	0	0%

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

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

	Number of times consideration used*	% of Total
Responsible and effective government	0	0%
Law enforcement and security	0	0%
Individual rights, judicial processes and natural justice	2	50%
Business interests of agencies and other persons	2	50%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
Total	4	100%

Table F: Timeliness

	Number of applications*	% of Total
Decided within the statutory timeframe (20 days plus any extensions)	2	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0%
Total	2	100%

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

	Decision varied	Decision upheld	Total	% of Total
Internal review	1	0	1	33%
Review by Information Commissioner*	0	2	2	67%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by NCAT	0	0	0	0%
Total	1	2	3	
% of Total	33%	67%	100%	100%

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

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

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

Table I: Applications transferred to other agencies.

	Number of applications transferred	% of Total
Agency-Initiated Transfers	0	0%
Applicant - Initiated Transfers	0	0%
Total	0	0%

PUBLIC INTEREST DISCLOSURE REPORTING

LIVERPOOL PLAINS SHIRE COUNCIL

Report to the NSW Ombudsman

Submitted On: 21 Jan 2019

Reporting Period: July to December 2018

	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
No of public officials who made public interest disclosures to your public authority	0	0	0
No of public interest disclosure received by your public authority	0	0	0
Of public interest disclosures received, how many were primarily about:	0	0	0
Corrupt conduct	0	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
No of public interest disclosures (received since 1 Jan 2012) that have been finalised in this reporting period		0	
Have you established an internal reporting policy?			Yes
Has the head of your public authority taken action to meet their staff awareness obligations?			Yes
If so, please select how staff have been made aware			
Links on your intranet site,Links on your internet site,Messages in staff newsletters,Messages on bulletin board,Statement of commitment from the head of your organisation			

LIVERPOOL PLAINS SHIRE COUNCIL

Report to the NSW Ombudsman

Submitted On: 12 Jul 2019

Reporting Period: January to June 2019

	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
No of public officials who made public interest disclosures to your public authority	0	0	0
No of public interest disclosure received by your public authority	0	0	0
Of public interest disclosures received, how many were primarily about:	0	0	0
Corrupt conduct	0	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
No of public interest disclosures (received since 1 Jan 2012) that have been finalised in this reporting period		0	
Have you established an internal reporting policy?			Yes
Has the head of your public authority taken action to meet their staff awareness obligations?			Yes
If so, please select how staff have been made aware			
Email message to all staff, Links on your intranet site, Messages in circulars, Posters, Training provided to new staff during induction			

SPECIAL RATE VARIATION

Under section 508A(1) of the Local Government Act 1993 Council made application to IPART and received a Special Rate Variation in June 2014. The percentage by which Liverpool Plains Shire Council may increase its general income for the period 2014-15 to 2023-24 is 10.2% consisting of the following:

Component	%
Increase to continue the expiring special variation for capital works on roads and associated infrastructure	6.5
Increase to improve financial sustainability, upgrade infrastructure and reduce backlog	3.7

Summary Operating Statement for Council for 2014/15 to 2023/14 (\$000)

	2014/15		2015/16		2016/17		2017/18		2018/19	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Total Revenue	19,597	24,034	19,753	30,001	20,222	29,930	20,835	27,838	21,499	27,193
Total Expenses	18,075	23,308	18,466	24,299	18,929	25,635	19,256	29,156	19,644	31,089
Operating Result (including capital grants and contributions)	1,522	726	1,287	5,702	1,293	4,295	1,579	(1,318)	1,855	(3,896)

Capital programs related to the Special Rate Variation

Year	Proposed SRV Expenditure (\$)	Proposed SRV Expenditure Activities (\$)	Actual Expenditure (\$)	Actual Expenditure Activities
			<i>Amounts in this column list the expenditure of Council's own source revenue (Rates including SRV) and does NOT include grant funds expended on Roads.</i>	<i>Works listed in this column include works undertaken with own source revenue (Rates – including SRV) and may include works undertaken through Grant Funding activities.</i>
2014/15	Reported in previous years' Annual Report			
2015/16	562,333 + 58,090	Local Road Rehabilitation (248,310) Local Road Resealing (175,000) Local Road Gravel Resheeting (139,023) Longitudinal Drainage (58,090)	1,911,268	<ul style="list-style-type: none"> • Moreduval Road • Harrisons Plains Road Rehabilitation • Lowes Creek Road • Fairview Road • Woodton Road • Currabubula Stock Route Road • Wallabadah Creek Road • McLauchlan Street • Wilkie Street • Pollocks Lane • Carpet Street • Fortune Street • Railway Street • Maitland St
2016/17	579,496 + 59,540	Local Road Rehabilitation (277,650) Local Road Resealing (183,000) Local Road Gravel Resheeting (118,846) Longitudinal Drainage (59,540)	3,093,259	<ul style="list-style-type: none"> • Coonabarabran Road • Moreduval Lane • Inverkip Road • Merriwa Road • Currabubula Stock Route Road • Williewarina Road • Pollocks Lane

Year	Proposed SRV Expenditure (\$)	Proposed SRV Expenditure Activities (\$)	Actual Expenditure (\$)	Actual Expenditure Activities
			<i>Amounts in this column list the expenditure of Council's own source revenue (Rates including SRV) and does NOT include grant funds expended on Roads.</i>	<i>Works listed in this column include works undertaken with own source revenue (Rates – including SRV) and may include works undertaken through Grant Funding activities.</i>
2017/18	597,177 + 61,030	Local Road Rehabilitation (20,890) Local Road Resealing (430,000) Local Road Gravel Resheeting (146,287) Longitudinal Drainage (61,030)	2,542,891	<ul style="list-style-type: none"> • Williewarina Road • Bundella Road
2018/19	615,393 + 62,560	Local Road Rehabilitation (0) Local Road Resealing (516,000) Local Road Gravel Resheeting (99,393) Longitudinal Drainage (62,560)	210,785	<ul style="list-style-type: none"> • Abbot St • Campbell St • Coronation St • Fairburn St • Nelson ST • North St • Perkins St • Phillip St • Russell St • Spring St

FINANCIAL STATEMENT

Each year, individual Local Governments across NSW are required to present a set of audited Financial Statements to their Council and Community.

Liverpool Plains Shire Council's Financial Statements are attached to this report as Annexure 1.

What you will find in the statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ending 30 June 2018. The format of the Financial Statement is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements of the Division of Local Government.

About the Councillor/Management Statement

The Financial Statements must be certified by senior staff as "presenting fairly" the council's financial result for the year, and are required to be adopted by council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The Financial Statements incorporate five primary financial statements:

1. *An income statement* – a summary of council's financial performance for the year, listing all income and expenses. This statement also displays Council's adopted budget to provide a comparison between what was projected and what actually occurred.
2. *A statement of comprehensive income* – Primarily records changes in the fair values of Council's infrastructure, property, plant and equipment.
3. *A balance sheet* – a 30th June snapshot of Council's financial position including its Assets and Liabilities.

4. *A statement of changes in equity* – the overall change for the year (in dollars) of Council's "net worth."
5. *A statement of cash flows* – indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the notes to the financial statements

The notes to the Financial Statements provide greater detail and additional information on the five Primary Financial Statements.

About the auditor's report

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government). In NSW the Auditor provides two audit reports:

- An opinion on whether the Financial Statements present fairly the Council's financial performance and position; and
- Their observations on the conduct of the Audit including the Council's financial performance and financial position.

These reports are included at the back of the Financial Statements.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report. Submissions from the public can be made to Council up to seven days subsequent to the public presentation of the Financial Statements.

Council is also required to forward an audited set of Financial Statements to the Division of Local Government.

Liverpool Plains Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2019



Liverpool Plains Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



General Purpose Financial Statements

for the year ended 30 June 2019

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Liverpool Plains Shire Council

General Purpose Financial Statements

for the year ended 30 June 2019

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 27 November 2019.



Andrew Hope

Mayor

27 November 2019



Paul Moules

Deputy Mayor

27 November 2019



Ron Van Katwyk

General Manager

27 November 2019



Sonya Stimson

Responsible Accounting Officer

27 November 2019

Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019 ²	\$ '000	Notes	Actual 2019	Actual 2018 ¹
Income from continuing operations				
Revenue:				
– Rates and annual charges		3a	11,667	11,341
– User charges and fees		3b	3,251	3,224
– Interest and investment revenue		3c	842	784
– Other revenues		3d	1,263	694
– Grants and contributions provided for operating purposes		3e,3f	6,933	4,812
– Grants and contributions provided for capital purposes		3e,3f	3,237	6,983
– Total income from continuing operations			27,193	27,838
Expenses from continuing operations				
– Employee benefits and on-costs		4a	9,270	9,013
– Borrowing costs		4b	427	295
– Materials and contracts		4c	8,549	8,072
– Depreciation and amortisation		4d	10,152	9,222
– Other expenses		4e	2,608	2,237
– Net losses from the disposal of assets		5	83	81
– Fair value decrement on investment properties		10	–	236
– Total expenses from continuing operations			31,089	29,156
– Operating result from continuing operations			(3,896)	(1,318)
– Net operating result for the year			(3,896)	(1,318)
– Net operating result attributable to council			(3,896)	(1,318)
– Net operating result for the year before grants and contributions provided for capital purposes			(7,133)	(8,301)

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

(2) Please refer Note 18 for more details regarding the original unaudited budget

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

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018 ¹
Net operating result for the year (as per Income Statement)		(3,896)	(1,318)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9	3,329	(2,325)
Loss on asset disposal back to revaluation reserve		—	(785)
Total items which will not be reclassified subsequently to the operating result		3,329	(3,110)
Total other comprehensive income for the year		3,329	(3,110)
Total comprehensive income for the year		(567)	(4,428)
 Total comprehensive income attributable to Council		 (567)	 (4,428)

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

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

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018 ¹
ASSETS			
Current assets			
Cash and cash equivalent assets	6(a)	3,742	4,406
Investments	6(b)	24,500	19,000
Receivables	7	4,333	2,969
Inventories	8	877	404
Total current assets		33,452	26,779
Non-current assets			
Investments	6(b)	—	4,000
Receivables	7	13	59
Infrastructure, property, plant and equipment	9	544,330	534,270
Investment property	10a	600	600
Total non-current assets		544,943	538,929
TOTAL ASSETS		578,395	565,708
LIABILITIES			
Current liabilities			
Payables	11	2,201	874
Borrowings	11	226	218
Provisions	12	2,400	2,283
Total current liabilities		4,827	3,375
Non-current liabilities			
Borrowings	11	4,089	4,315
Provisions	12	13,618	1,590
Total non-current liabilities		17,707	5,905
TOTAL LIABILITIES		22,534	9,280
Net assets		555,861	556,428
EQUITY			
Accumulated surplus	13a	214,459	218,355
Revaluation reserves	13a	341,402	338,073
Council equity interest		555,861	556,428
Total equity		555,861	556,428

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

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

Statement of Changes in Equity
for the year ended 30 June 2019

\$ '000	Notes	2019			2018 ¹		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		218,355	338,073	556,428	219,673	341,183	560,856
Net operating result for the year		(3,896)	–	(3,896)	(1,318)	–	(1,318)
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	9	–	3,329	3,329	–	(2,325)	(2,325)
– Loss on asset disposal back to revaluation reserve		–	–	–	–	(785)	(785)
Other comprehensive income		–	3,329	3,329	–	(3,110)	(3,110)
Total comprehensive income		(3,896)	3,329	(567)	(1,318)	(3,110)	(4,428)
Equity – balance at end of the reporting period		214,459	341,402	555,861	218,355	338,073	556,428

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

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

Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019 ¹	\$ '000	Notes	Actual 2019	Actual 2018
Cash flows from operating activities				
<u>Receipts</u>				
–	Rates and annual charges		11,414	11,476
–	User charges and fees		2,216	3,886
–	Investment and interest revenue received		868	909
–	Grants and contributions		10,397	12,058
–	Bonds, deposits and retention amounts received		67	–
–	Other		958	1,187
<u>Payments</u>				
–	Employee benefits and on-costs		(9,166)	(9,095)
–	Materials and contracts		(8,631)	(10,536)
–	Borrowing costs		(248)	(257)
–	Other		(1,722)	(2,238)
–	Net cash provided (or used in) operating activities	14b	6,153	7,390
Cash flows from investing activities				
<u>Receipts</u>				
–	Sale of infrastructure, property, plant and equipment		96	538
–	Deferred debtors receipts		1	2
<u>Payments</u>				
–	Purchase of investment securities		(1,500)	(2,500)
–	Purchase of infrastructure, property, plant and equipment		(5,196)	(6,080)
–	Net cash provided (or used in) investing activities		(6,599)	(8,040)
Cash flows from financing activities				
<u>Payments</u>				
–	Repayment of borrowings and advances		(218)	(209)
–	Net cash flow provided (used in) financing activities		(218)	(209)
–	Net increase/(decrease) in cash and cash equivalents		(664)	(859)
–	Plus: cash and cash equivalents – beginning of year	14a	4,406	5,265
–	Cash and cash equivalents – end of the year	14a	3,742	4,406
Additional Information:				
–	plus: Investments on hand – end of year	6(b)	24,500	23,000
–	Total cash, cash equivalents and investments		28,242	27,406

(1) Please refer Note 18 for more details regarding the original unaudited budget

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

Notes to the Financial Statements

for the year ended 30 June 2019

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 27 November, 2019. Council has the power to amend and reissue these financial statements.

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

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

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

Council is a not-for-profit entity.

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

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

(a) New and amended standards adopted by Council

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

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

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note 10
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- (iii) estimated tip remediation provisions – refer Note 12
- (iv) employee benefit provisions – refer Note 12.

Significant judgements in applying the council's accounting policies

- (i) Impairment of receivables

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

(b) The Trust Fund

Council does not maintain a separate and distinct Trust Fund in accordance with the provisions of Section 411 of the Local Government Act 1993 (NSW) (as amended). 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.

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods (and which have not been early adopted by Council).

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

AASB 16 Leases

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

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

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

Council does not currently have any leases which would be impacted by the change in accounting standard and therefore does not anticipate any material change to the Financial Statements.

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

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

Based on a comprehensive analysis of Council's income streams, AASB15 is expected to have a material impact in the next financial year. Council will have to recognise \$394k of liability on transition date. The Liability represents the amount of unsatisfied performance obligations as at 30 June 2019 for unexpended grants

AASB 1058 Income of NFP Entities

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

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

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

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

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

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

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

Council will not be recognising services provided by volunteers. Whilst these services provide considerable value to the community, Council is not financially placed to purchase them should volunteers cease to provide these services.

The specific impacts of AASB1058 for Council are that on transition date it will need to recognise a \$510k liability for unsatisfied performance obligations as at 30 June 2019 for unexpended grants excluding roads. Currently road grant funding is received in arrears of the work being done.

AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

This Standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below market terms and conditions, principally to enable the entity to further its objectives (for example, concessionary or peppercorn leases).

The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases

As per a NSW Office of Local Government recommendation, Council has elected to measure right-of-use assets (under a concessionary or peppercorn lease) at cost. The standard requires additional disclosures be provided in relation to below market-value leases measured at cost.

The specific impacts of AASB2018-8 for Council are expected to be immaterial as to date Council has not determined any instances where it is the lessee of a property for concessional lease payments.

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Apart from those standards listed above, there are no other released standards (with future effective dates) that are expected to have a material impact on Council.

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

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

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

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).										
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
\$ '000	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Functions or activities										
Social	3,606	2,631	2,873	3,154	733	(523)	886	1,089	25,312	20,495
Governance	1,963	1,423	2,117	2,333	(154)	(910)	113	–	2,736	4,302
Environment	19,332	22,686	24,189	21,631	(4,857)	1,055	8,471	10,332	532,127	515,721
Economic	2,292	1,098	1,910	2,038	382	(940)	453	–	18,220	25,190
Total functions and activities	27,193	27,838	31,089	29,156	(3,896)	(1,318)	9,923	11,421	578,395	565,708

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations

\$ '000	2019	2018
(a) Rates and annual charges		
Ordinary rates		
Residential	2,127	2,069
Farmland	4,201	4,105
Mining	357	297
Business	324	328
Less: pensioner rebates (mandatory)	(133)	(136)
Rates levied to ratepayers	6,876	6,663
Pensioner rate subsidies received	73	75
Total ordinary rates	6,949	6,738
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	1,390	1,414
Water supply services	2,156	2,025
Sewerage services	1,151	1,143
Waste management services (non-domestic)	97	96
Less: pensioner rebates (mandatory)	(170)	(168)
Annual charges levied	4,624	4,510
Pensioner subsidies received:		
– Water	33	33
– Sewerage	25	25
– Domestic waste management	36	35
Total annual charges	4,718	4,603
TOTAL RATES AND ANNUAL CHARGES	11,667	11,341

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

Accounting policy for rates and charges

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

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.

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(b) User charges and fees		
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Domestic waste management services	189	188
Water supply services	1,164	1,239
Sewerage services	216	187
Total specific user charges	1,569	1,614
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Building regulation	41	63
Building services – other	23	34
Inspection services	16	15
Planning and building regulation	1	1
Private works – section 67	120	159
Regulatory/ statutory fees	2	1
Registration fees	3	3
Section 10.7 certificates (EP&A Act)	16	18
Section 603 certificates	14	17
Total fees and charges – statutory/regulatory	236	311
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	51	117
Aged care	27	30
Cemeteries	130	116
Child care	573	625
Fire and emergency services levy (FESL) implementation	–	16
RMS (formerly RTA) charges (state roads not controlled by Council)	339	–
Swimming centres	79	110
Water connection fees	10	28
Septic tanks	6	7
Sporting and recreation	230	249
Other	1	1
Total fees and charges – other	1,446	1,299
TOTAL USER CHARGES AND FEES	3,251	3,224

Accounting policy for user charges and fees

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

(c) Interest and investment revenue (including losses)**Interest on financial assets measured at amortised cost**

– Overdue rates and annual charges (incl. special purpose rates)	87	73
– Cash and investments	755	711
TOTAL INTEREST AND INVESTMENT REVENUE	842	784

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

Overdue rates and annual charges (general fund)	79	73
General Council cash and investments	195	191

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	29	25
– Section 64	15	14
Water fund operations	282	269
Sewerage fund operations	242	212
Total interest and investment revenue	842	784

Accounting policy for interest and investment revenue

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

\$ '000	Notes	2019	2018
(d) Other revenues			
Rental income – investment property	10	12	12
Rental income – other council properties		281	193
Fines		2	3
Fines – other		–	21
Legal fees recovery – rates and charges (extra charges)		37	128
Commissions and agency fees		159	155
Sales – general		54	57
Insurance discounts		32	19
Theatre		57	38
Australian Taxation Office Refund		335	–
Outstanding Judgement Debt ¹		208	–
Other		86	68
TOTAL OTHER REVENUE		1,263	694

Accounting policy for other revenue

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

Parking fees and fines are recognised as revenue when the payment for the fee or fine has been received.

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

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

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

(1) It is unlikely these funds will be received a doubtful debt provision has been raised for the full amount

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,220	1,106	–	–
Financial assistance – local roads component	687	667	–	–
Payment in advance - future year allocation				
Financial assistance – general component	1,226	1,135	–	–
Financial assistance – local roads component	752	686	–	–
Total general purpose	3,885	3,594	–	–
Specific purpose				
Bushfire and emergency services	486	257	–	–
Child care	29	–	–	–
Community care	252	201	–	–
Community centres	–	222	–	–
Heritage and cultural	80	25	–	31
Noxious weeds	66	78	–	–
NSW rural fire services	–	–	–	1,585
Recreation and culture	–	339	487	–
Street lighting	39	38	–	–
Transport (roads to recovery)	667	–	–	–
Roads and bridges	1,376	–	1,893	5,013
Other	38	38	172	–
Drought Funding	–	–	453	–
Total specific purpose	3,033	1,198	3,005	6,629
Total grants	6,918	4,792	3,005	6,629
Grant revenue is attributable to:				
– Commonwealth funding	3,889	52	453	31
– State funding	3,029	4,740	2,552	6,598
	6,918	4,792	3,005	6,629

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(f) Contributions					
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		–	–	61	–
S 7.11 – contributions towards amenities/services		–	–	65	130
S 64 – water supply contributions		–	–	59	11
S 64 – sewerage service contributions		–	–	28	–
Total developer contributions – cash		–	–	213	141
Total developer contributions	22	–	–	213	141
Other contributions:					
Cash contributions					
Other		15	10	–	–
Basketball Facilities Upgrade		–	–	–	163
Springridge Playground Enhancement		–	–	–	50
Quirindi Cemetry		–	10	–	–
Total other contributions – cash		15	20	–	213
Non-cash contributions					
NSW State Government - Crown Land		–	–	19	–
Total other contributions – non-cash		–	–	19	–
Total other contributions		15	20	19	213
Total contributions		15	20	232	354
TOTAL GRANTS AND CONTRIBUTIONS		6,933	4,812	3,237	6,983

Accounting policy for grants and contributions

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

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

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

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

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

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

All unexpended grant and contribution funds are shown as externally restricted cash, refer to Note 6.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	2,766	1,609
Add: operating grants recognised in the current period but not yet spent	787	1,821
Add: operating grants received for the provision of goods and services in a future period	1,978	1,135
Less: operating grants recognised in a previous reporting period now spent	(972)	(1,799)
Unexpended and held as restricted assets (operating grants)	4,559	2,766
Capital grants		
Unexpended at the close of the previous reporting period	2,519	—
Add: capital grants recognised in the current period but not yet spent	371	1,833
Add: capital grants received for the provision of goods and services in a future period	—	686
Less: capital grants recognised in a previous reporting period now spent	(2,016)	—
Unexpended and held as restricted assets (capital grants)	874	2,519
Contributions		
Unexpended at the close of the previous reporting period	1,445	1,264
Add: contributions recognised in the current period but not yet spent	257	181
Add: contributions received for the provision of goods and services in a future period	—	—
Unexpended and held as restricted assets (contributions)	1,702	1,445

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations

\$ '000	2019	2018
(a) Employee benefits and on-costs		
Salaries and wages	7,358	7,060
Travel expenses	18	28
Employee leave entitlements (ELE)	1,259	1,225
ELE on-costs	41	12
Superannuation	801	817
Superannuation – defined contribution plans	107	107
Workers' compensation insurance	298	240
Fringe benefit tax (FBT)	111	25
Training costs (other than salaries and wages)	191	202
Protective clothing	19	–
Total employee costs	10,203	9,716
Less: capitalised costs	(933)	(703)
TOTAL EMPLOYEE COSTS EXPENSED	9,270	9,013
Number of 'full-time equivalent' employees (FTE) at year end	111	114

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 16 for more information.

\$ '000	Notes	2019	2018
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		248	256
Total interest bearing liability costs expensed		248	256
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	12	179	39
Total other borrowing costs		179	39
TOTAL BORROWING COSTS EXPENSED		427	295

Accounting policy for borrowing costs

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(c) Materials and contracts		
Raw materials and consumables	3,698	3,528
Contractor and consultancy costs	4,588	4,270
Auditors remuneration ¹	116	85
Legal expenses:		
– Legal expenses: planning and development	1	1
– Legal expenses: other	146	188
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>8,549</u>	<u>8,072</u>

1. Auditor remuneration

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

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

Audit and review of financial statements

	96	85
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Remuneration for audit and other assurance services**Total Auditor-General remuneration**

	96	85
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Non NSW Auditor-General audit firms**(i) Audit and other assurance services**

Other assurance services: Council's Auditor

	20	–
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Remuneration for audit and other assurance services**Total remuneration of non NSW Auditor-General audit firms**

	20	–
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Total Auditor remuneration

	116	85
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Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2019	2018
(d) Depreciation, amortisation and impairment of intangible assets and IPP&E			
Depreciation and amortisation			
Plant and equipment		1,023	879
Office equipment		7	235
Furniture and fittings		27	63
Infrastructure:			
– Buildings		626	412
– Other structures		273	66
– Roads		5,253	5,260
– Bridges		365	370
– Footpaths		169	18
– Stormwater drainage		161	162
– Water supply network		1,065	1,023
– Sewerage network		739	654
Other assets:			
– Other		172	55
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	9,12	176	11
– Quarry assets	9,12	96	14
Total depreciation and amortisation costs		10,152	9,222
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR INTANGIBLES AND IPP&E			
		10,152	9,222

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

Depreciation and amortisation

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

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

Impairment of non-financial assets

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

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(e) Other expenses		
Advertising	48	43
Bad and doubtful debts	277	111
Bank charges	3	3
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	358	253
Councillor expenses – mayoral fee	22	22
Councillor expenses – councillors' fees	87	84
Councillors' expenses (incl. mayor) – other (excluding fees above)	14	47
Electricity and heating	527	327
Insurance	547	546
Library costs	139	126
Postage	28	30
Printing and stationery	25	46
Street lighting	182	234
Subscriptions and publications	190	210
Telephone and communications	161	155
<u>TOTAL OTHER EXPENSES</u>	<u>2,608</u>	<u>2,237</u>

Accounting policy for other expenses

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

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

\$ '000	Notes	2019	2018
Plant and equipment			
	9		
Proceeds from disposal – plant and equipment		96	538
Less: carrying amount of plant and equipment assets sold/written off		(179)	(619)
Net gain/(loss) on disposal		(83)	(81)
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(83)</u>	<u>(81)</u>

Accounting policy for disposal of assets

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
Cash and cash equivalents		
Cash on hand and at bank	3,742	4,406
Total cash and cash equivalents	3,742	4,406

Accounting policy for cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. As at 30 June, 2019 Council had not availed itself of its bank overdraft facility.

Note 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Investments				
'Financial assets at amortised cost' / 'held to maturity' (2018)	24,500	–	19,000	4,000
Total Investments	24,500	–	19,000	4,000
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	28,242	–	23,406	4,000
Financial assets at amortised cost / held to maturity (2018)				
Term deposits	24,500	–	19,000	4,000
Total	24,500	–	19,000	4,000

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

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

On initial recognition, all financial instruments are measured at fair value, 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

Assets measured at amortised cost are financial assets where:

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

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

Accounting policy under AASB 139 – applicable for 2018 comparatives only

Classification

Councils financial assets have been classified as Financial Assets held to maturity.

(b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Council only holds investments in term deposits which are recognised at the amount of the initial investment.

(c) Loans and receivables

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

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

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Total cash, cash equivalents and investments	28,242	–	23,406	4,000
attributable to:				
External restrictions	23,247	–	18,370	4,000
Internal restrictions	4,495	–	4,979	–
Unrestricted	500	–	57	–
	28,242	–	23,406	4,000

\$ '000	2019	2018
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Details of restrictions

External restrictions – other

Developer contributions – general	1,124	970
Developer contributions – water fund	550	476
Developer contributions – sewer fund	28	–
Specific purpose unexpended grants	3,135	3,144
Specific purpose unexpended grants-water fund	320	320
Water supplies	9,340	9,620
Sewerage services	8,683	7,840
Deposits, Retentions & Bonds	67	–
External restrictions – other	23,247	22,370

Total external restrictions

Internal restrictions

Summerhill Lodge	2	–
Property	100	–
Employees leave entitlement	1,107	1,070
Remediation - Quarry	100	–
Remediation - Waste	100	–
Infrastructure/ Renewal	208	–
Economic development and tourism	–	200
FAG Grant 19/20 Received in Advance	1,226	1,135
FAG Road 19/20 Received in Advance	752	686
Information Technology	200	–
Transport and road infrastructure	–	500
Kokoda	–	1
Plant and vehicle replacement reserve	700	700
Werris Creek Meals On Wheels	–	2
Quirindi Meals On Wheels	–	7
Quirindi HACC	–	74
Werris Creek HACC	–	5
First Fleet Honesty Box	–	40
Royal Theatre	–	4
Grant Contingency	–	500
Former S355 Reserves	–	55
Total internal restrictions	4,495	4,979

TOTAL RESTRICTIONS

27,742 27,349

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Purpose				
Rates and annual charges	1,032	13	726	59
Interest and extra charges	104	–	148	–
User charges and fees	2,294	–	1,066	–
Accrued revenues				
– Interest on investments	252	–	234	–
Deferred debtors	23	–	24	–
Government grants and subsidies	834	–	730	–
Net GST receivable	160	–	153	–
Other levels of government	8	–	36	–
Total	4,707	13	3,117	59
Less: provision of impairment				
Rates and annual charges	(106)	–	(99)	–
User charges and fees	(60)	–	(49)	–
Judgement Debt	(208)	–	–	–
Total provision for impairment – receivables	(374)	–	(148)	–
TOTAL NET RECEIVABLES	4,333	13	2,969	59
Externally restricted receivables				
Water supply				
– Rates and availability charges	481	–	185	–
– User Fees & Charges	228	–	622	–
Sewerage services				
– Rates and availability charges	113	–	97	–
Total external restrictions	822	–	904	–
Unrestricted receivables	3,511	13	2,065	59
TOTAL NET RECEIVABLES	4,333	13	2,969	59

\$ '000	2019	2018
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	148	59
+ new provisions recognised during the year	278	89
– amounts already provided for and written off this year	(52)	–
Balance at the end of the period	374	148

Accounting policy for receivables

Recognition and measurement

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables (continued)

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

Impairment

Accounting policy under AASB 9 applicable from 1 July 2018

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

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

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 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 as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received.

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.

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

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

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

Note the judgement debt recognised in Note 3 (d) is unlikely to be received and a provision for the full amount has been raised.

Accounting policy under AASB 139 – applicable for 2018 comparatives only

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

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Rates and annual charges outstanding are secured against the property. A provision for impairment for this receivable classification is only raised when the value of the property for rating purposes is less than the debt currently recorded against the property.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Inventories				
(i) Inventories at cost				
Stores and materials	877	–	404	–
Total inventories at cost	877	–	404	–
<u>TOTAL INVENTORIES</u>	<u>877</u>	<u>–</u>	<u>404</u>	<u>–</u>

(i) Other disclosures

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Movements:				
Real estate assets at beginning of the year	–	–	49	–
– Transfers in from (out to) Note 9	–	–	(49)	–
Total real estate for resale	–	–	–	–

Accounting policy for inventories and other assets

Raw materials and stores, work in progress and finished goods

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

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

Note 9. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2018			Asset movements during the reporting period							as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals 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	Net carrying amount
Capital work in progress	2,761	–	2,761	2,692	–	–	–	(1,952)	–	–	3,501	–	3,501
Plant and equipment	15,164	(8,736)	6,428	273	–	(139)	(1,023)	–	–	–	10,500	(4,961)	5,539
Office equipment	1,600	(1,565)	35	–	–	–	(7)	–	–	–	35	(7)	28
Furniture and fittings	571	(414)	157	–	–	–	(27)	–	–	–	163	(33)	130
Land:													
– Operational land	8,979	–	8,979	–	45	–	–	6	–	–	9,030	–	9,030
– Community land	4,284	–	4,284	–	19	–	–	–	–	–	4,303	–	4,303
Infrastructure:													
– Buildings	53,599	(25,378)	28,221	67	–	(40)	(626)	128	–	–	53,661	(25,911)	27,750
– Other structures	5,271	(719)	4,552	–	–	–	(273)	–	–	–	5,271	(992)	4,279
– Roads	282,006	(48,224)	233,782	1,392	–	–	(5,253)	1,818	–	–	285,216	(53,477)	231,739
– Bridges	73,410	(4,629)	68,781	–	–	–	(365)	–	–	–	73,410	(4,994)	68,416
– Footpaths	2,883	(264)	2,619	–	–	–	(169)	–	–	2,099	5,352	(803)	4,549
– Bulk earthworks (non-depreciable)	78,016	–	78,016	–	–	–	–	–	–	–	78,016	–	78,016
– Stormwater drainage	19,601	(4,557)	15,044	–	–	–	(161)	–	–	–	19,601	(4,718)	14,883
– Water supply network	74,093	(22,577)	51,516	69	–	–	(1,065)	–	–	807	75,348	(24,021)	51,327
– Sewerage network	31,935	(4,785)	27,150	–	–	–	(739)	–	–	423	32,446	(5,612)	26,834
Other assets:													
– Other	3,317	(1,992)	1,325	–	658	–	(172)	–	–	–	3,975	(2,164)	1,811
Reinstatement, rehabilitation and restoration assets (refer Note 12):													
– Tip assets	659	(236)	423	–	–	–	(176)	–	10,556	–	11,215	(412)	10,803
– Quarry assets	486	(289)	197	–	–	–	(96)	–	1,291	–	1,777	(385)	1,392
Total Infrastructure, property, plant and equipment	658,635	(124,365)	534,270	4,493	722	(179)	(10,152)	–	11,847	3,329	672,820	(128,490)	544,330

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

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

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

	as at 30/6/2017			Asset movements during the reporting period									as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) real estate assets (Note 8)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
\$ '000															
Capital work in progress	3,794	–	3,794	2,705	–	–	–	(3,468)	(270)	–	–	–	2,761	–	2,761
Plant and equipment	15,348	(8,772)	6,576	1,354	–	(623)	(879)	–	–	–	–	–	15,164	(8,736)	6,428
Office equipment	1,565	(1,330)	235	35	–	–	(235)	–	–	–	–	–	1,600	(1,565)	35
Furniture and fittings	445	(351)	94	126	–	–	(63)	–	–	–	–	–	571	(414)	157
Land:															
– Operational land	8,664	–	8,664	–	–	–	–	–	–	49	–	266	8,979	–	8,979
– Community land	4,284	–	4,284	–	–	–	–	–	–	–	–	–	4,284	–	4,284
Infrastructure:															
– Buildings	36,085	(8,441)	27,644	–	987	(382)	(412)	3,410	1,182	–	(4,208)	–	53,599	(25,378)	28,221
– Buildings – specialised	1,245	(63)	1,182	–	–	–	–	–	(1,182)	–	–	–	–	–	–
– Other structures	4,992	(653)	4,339	259	–	–	(66)	20	–	–	–	–	5,271	(719)	4,552
– Roads	281,520	(42,964)	238,556	580	–	–	(5,260)	–	(94)	–	–	–	282,006	(48,224)	233,782
– Bridges	73,733	(4,306)	69,427	122	–	(398)	(370)	–	–	–	–	–	73,410	(4,629)	68,781
– Footpaths	2,854	(246)	2,608	–	29	–	(18)	–	–	–	–	–	2,883	(264)	2,619
– Bulk earthworks (non-depreciable)	78,016	–	78,016	–	–	–	–	–	–	–	–	–	78,016	–	78,016
– Stormwater drainage	19,598	(4,395)	15,203	3	–	–	(162)	–	–	–	–	–	19,601	(4,557)	15,044
– Water supply network	72,334	(21,089)	51,245	235	–	–	(1,023)	–	–	–	–	1,059	74,093	(22,577)	51,516
– Sewerage network	31,233	(4,033)	27,200	30	–	–	(654)	16	–	–	–	558	31,935	(4,785)	27,150
Other assets:															
– Other	3,317	(1,937)	1,380	–	–	–	(55)	–	–	–	–	–	3,317	(1,992)	1,325
Reinstatement, rehabilitation and restoration assets (refer Note 12):															
– Tip assets	659	(225)	434	–	–	–	(11)	–	–	–	–	–	659	(236)	423
– Quarry assets	486	(275)	211	–	–	–	(14)	–	–	–	–	–	486	(289)	197
Total Infrastructure, property, plant and equipment	640,172	(99,080)	541,092	5,449	1,016	(1,403)	(9,222)	(22)	(364)	49	(4,208)	1,883	658,635	(124,365)	534,270

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

Accounting policy for infrastructure, property, plant and equipment

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

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

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

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date. In the case of Crown Land Council uses the valuation provided for rating puposes, if the Valuer General has not provided a value for a particular parcel of land than the average unit rate of neighbouring parcels of land is discounted and applied to the Crown Land. Discounting is applied to allow for the restricted use of the Crown Land.

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

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.

Land under roads

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

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

Crown reserves

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

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

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all 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".

Council only recognises Rural Fire Service assets that have been constructed on Council owned or controlled land.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Investment property

\$ '000	2019	2018
(a) Investment property at fair value		
Investment property on hand	600	600
Reconciliation of annual movement:		
Opening balance	600	836
– Net gain/(loss) from fair value adjustments	–	(236)
CLOSING BALANCE – INVESTMENT PROPERTY	600	600

(b) Valuation basis

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

A revaluation was not obtained for the 18/19 financial year of Council's investment property, instead Council staff conducted an internal high level review of similar properties that changed hands in the 18/19 financial year in the Liverpool Plains area for assurance that the revaluation figured determined in 17/18 by Scott Fullarton has not materially changed.

(c) Leasing arrangements – Council as lessor

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

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

Within 1 year	12	12
Later than 1 year but less than 5 years	7	19
Total minimum lease payments receivable	19	31

Council has only one investment property which is currently under a 5 year lease, the current lease is due to expire in 2021 Lease payments on the property are payable monthly

(d) Investment property income and expenditure – summary

Rental income from investment property:		
– Minimum lease payments	12	12
Direct operating expenses on investment property:		
– that generated rental income	(5)	(5)
Net revenue contribution from investment property	7	7
plus:		
Fair value movement for year	–	(236)
Total income attributable to investment property	7	(229)

Accounting policy for investment property

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Payables				
Goods and services – operating expenditure	1,904	–	659	–
Accrued expenses:				
– Salaries and wages	228	–	213	–
– Other	2	–	–	–
Advances	–	–	2	–
Security bonds, deposits and retentions	67	–	–	–
Total payables	2,201	–	874	–
Borrowings				
Loans – secured ¹	226	4,089	218	4,315
Total borrowings	226	4,089	218	4,315
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>2,427</u>	<u>4,089</u>	<u>1,092</u>	<u>4,315</u>

(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 20.

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Water	215	3,459	211	3,622
Sewer	–	–	4	–
Payables and borrowings relating to externally restricted assets	215	3,459	215	3,622
Total payables and borrowings relating to restricted assets	215	3,459	215	3,622
Total payables and borrowings relating to unrestricted assets	2,212	630	877	693
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>2,427</u>	<u>4,089</u>	<u>1,092</u>	<u>4,315</u>

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Payables and borrowings (continued)

(b) Changes in liabilities arising from financing activities

	as at 30/6/2018					as at 30/6/2019
\$ '000	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	4,533	(218)	–	–	–	4,315
TOTAL	4,533	(218)	–	–	–	4,315

	as at 30/6/2017					as at 30/6/2018
\$ '000	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	4,742	(209)	–	–	–	4,533
TOTAL	4,742	(209)	–	–	–	4,533

\$ '000	2019	2018
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(c) Financing arrangements

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

Bank overdraft facilities ¹	150	150
Credit cards/purchase cards	31	13
Total financing arrangements	181	163

Undrawn facilities as at balance date:

– Bank overdraft facilities	150	150
– Credit cards/purchase cards	21	13
Total undrawn financing arrangements	171	163

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 for payables and borrowings

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Payables and borrowings (continued)

Borrowings

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

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

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

Note 12. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Provisions				
Employee benefits				
Annual leave	787	–	718	–
Sick leave	13	13	10	11
Long service leave	1,364	42	1,359	42
ELE on-costs	236	4	196	4
Sub-total – aggregate employee benefits	2,400	59	2,283	57
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	13,559	–	1,533
Sub-total – asset remediation/restoration	–	13,559	–	1,533
<u>TOTAL PROVISIONS</u>	<u>2,400</u>	<u>13,618</u>	<u>2,283</u>	<u>1,590</u>

\$ '000	2019	2018
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(a) Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	1,626	1,617
	<u>1,626</u>	<u>1,617</u>

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Provisions (continued)

(b) Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	
2019					
At beginning of year	718	21	1,401	200	2,340
Additional provisions	568	–	135	–	703
Amounts used (payments)	(521)	–	(267)	–	(788)
Remeasurement effects	22	5	137	40	204
Total ELE provisions at end of period	787	26	1,406	240	2,459
2018					
At beginning of year	706	19	1,512	187	2,424
Additional provisions	580	2	97	–	679
Amounts used (payments)	(584)	–	(228)	–	(812)
Remeasurement effects	16	–	20	13	49
Total ELE provisions at end of period	718	21	1,401	200	2,340

\$ '000	Other provisions	
	Asset remediation	Total
2019		
At beginning of year	1,533	1,533
Revised costs	11,847	11,847
Unwinding of discount	179	179
Total other provisions at end of period	13,559	13,559
2018		
At beginning of year	1,494	1,494
Unwinding of discount	39	39
Total other provisions at end of period	1,533	1,533

Nature and purpose of non-employee benefit provisions

Asset remediation

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

Accounting policy for provisions

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Provisions (continued)

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

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

Restoration

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Provisions (continued)

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.

Notes to the Financial Statements

for the year ended 30 June 2019

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

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

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

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

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

– AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the income statement. In prior year, this information was presented as part of other expenses.

– AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year.

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

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

(c) Changes in accounting policies due to adoption of new accounting standards (retrospective)

The above change/s in accounting policies had no impact on the Statement of Financial Position at 1 July, 2017.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6(a)	3,742	4,406
Balance as per the Statement of Cash Flows		3,742	4,406
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		(3,896)	(1,318)
Adjust for non-cash items:			
Remediation Re-measurement		(11,847)	–
Depreciation and amortisation		10,152	9,222
Net losses/(gains) on disposal of assets		83	81
Non-cash capital grants and contributions		(19)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investment property		–	236
Unwinding of discount rates on reinstatement provisions		179	39
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(1,545)	(502)
Increase/(decrease) in provision for impairment of receivables		226	89
Decrease/(increase) in inventories		(473)	(85)
Increase/(decrease) in payables		1,245	(304)
Increase/(decrease) in accrued interest payable		–	(1)
Increase/(decrease) in other accrued expenses payable		17	12
Increase/(decrease) in other liabilities		65	5
Increase/(decrease) in provision for employee benefits		119	(84)
Increase/(decrease) in other provisions		11,847	–
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		6,153	7,390
(c) Non-cash investing and financing activities			
Other dedications		19	–
Total non-cash investing and financing activities		19	–

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Commitments

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

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

Property, plant and equipment

Buildings	–	10
Plant and equipment	–	69
Werris Creek Aquatic Centre	–	482
Quipolly Dam	–	294
Road Construction	210	184
Recreational Assets	118	–
Total commitments	328	1,039

These expenditures are payable as follows:

Within the next year	328	1,039
Total payable	328	1,039

Sources for funding of capital commitments:

Unrestricted general funds	–	1,039
Future grants and contributions	210	–
Unexpended grants	118	–
Total sources of funding	328	1,039

Details of capital commitments

Council has accepted funding under the Stronger Country Communities Grant Program and is working on improving recreational assets within the community. Roadworks are continuing on the Merriwa Road upgrade.

Note 16. Contingencies and other assets/liabilities not recognised

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Contingencies and other assets/liabilities not recognised (continued)

Description of the funding arrangements.

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

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

Division B	1.9 times member contributions for non 10 Point Members; Nil for 180 Point Members
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2018 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$ 168,825.41. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 1 December 2018], and covers the period ended 30 June 2018.

Council's expected contribution to the plan for the next annual reporting period is \$155,351.56.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1784.2	100.8%
Vested Benefits	1,792.0	100.4%

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Contingencies and other assets/liabilities not recognised (continued)

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

(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 30/6/08.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Contingencies and other assets/liabilities not recognised (continued)

(ii) Infringement notices/fines

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management

Risk management

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

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

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

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

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

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	3,742	4,406	3,742	4,406
Receivables	4,346	3,028	4,287	3,403
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	24,500	23,000	24,500	23,000
Total financial assets	32,588	30,434	32,529	30,809
Financial liabilities				
Payables	2,201	874	2,201	874
Loans/advances	4,315	4,533	4,315	4,533
Total financial liabilities	6,516	5,407	6,516	5,407

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

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

Council's finance area manages the cash and Investments.

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2019				
Possible impact of a 1% movement in interest rates	238	238	(238)	(238)
2018				
Possible impact of a 1% movement in interest rates	230	230	(230)	(230)

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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 .

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2019						
Gross carrying amount	–	707	137	112	89	1,045
2018						
Gross carrying amount	–	368	417	–	–	785

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

Receivables - non-rates and annual charges

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

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2019						
Gross carrying amount	305	2,746	44	106	474	3,675
Expected loss rate (%)	0.00%	0.00%	1.00%	2.00%	56.11%	7.31%
ECL provision	—	—	—	2	266	268
2018						
Gross carrying amount	450	1,636	34	111	160	2,391
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	30.67%	2.05%
ECL provision	—	—	—	—	49	49

(c) Liquidity risk

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

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

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

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

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

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2019							
Trade/other payables	0.00%	67	2,134	—	—	2,201	2,201
Loans and advances	5.51%	—	463	1,825	3,972	6,260	4,315
Total financial liabilities		67	2,597	1,825	3,972	8,461	6,516
2018							
Trade/other payables	0.00%	—	874	—	—	874	874
Loans and advances	5.51%	—	466	1,836	4,424	6,726	4,533
Total financial liabilities		—	1,340	1,836	4,424	7,600	5,407

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 27 June 2018 and is unaudited.

Due to the lack of detail in this budget Council is unable to furnish this note.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement

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

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

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

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

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

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

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

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

		Fair value measurement hierarchy				
2019	Notes	Date of latest valuation	Level 1 Quoted prices in active mkt	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
Recurring fair value measurements						
Investment property						
	10					
Investment properties		30/06/18	–	600	–	600
Total investment property			–	600	–	600
Infrastructure, property, plant and equipment						
	9					
Plant and equipment		30/06/19	–	–	5,539	5,539
Office equipment		30/06/19	–	–	28	28
Furniture and fittings		30/06/19	–	–	130	130
Operational land		30/06/18	–	9,030	–	9,030
Community land		30/06/16	–	–	4,303	4,303
Buildings		30/06/18	–	–	27,750	27,750
Other structures		30/06/16	–	–	4,279	4,279
Roads		30/06/14	–	–	231,739	231,739
Bridges		30/06/14	–	–	68,416	68,416
Footpaths		30/06/19	–	–	4,549	4,549
Bulk earthworks (non-depreciable)		30/06/14	–	–	78,016	78,016
Stormwater drainage		30/06/14	–	–	14,883	14,883
Water supply network		30/06/19	–	–	51,327	51,327
Sewerage network		30/06/19	–	–	26,834	26,834
Other assets		30/06/19	–	–	1,811	1,811
Total infrastructure, property, plant and equipment			–	9,030	519,604	528,634

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

		Fair value measurement hierarchy				
2018	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	Total
Recurring fair value measurements						
Investment property	10					
Investment properties		30/06/18	—	600	—	600
Total investment property			—	600	—	600
Infrastructure, property, plant and equipment						
	9					
Plant and equipment		30/06/18	—	—	6,428	6,428
Office equipment		30/06/18	—	—	35	35
Furniture and fittings		30/06/18	—	—	157	157
Operational land		30/06/18	—	8,979	—	8,979
Community land		30/06/16	—	—	4,284	4,284
Buildings		30/06/18	—	—	28,221	28,221
Other structures		30/06/16	—	—	4,552	4,552
Roads		30/06/14	—	—	233,782	233,782
Bridges		30/06/14	—	—	68,781	68,781
Footpaths		30/06/14	—	—	2,619	2,619
Bulk earthworks (non-depreciable)		30/06/14	—	—	78,016	78,016
Stormwater drainage		30/06/14	—	—	15,044	15,044
Water supply network		30/06/18	—	—	51,516	51,516
Sewerage network		30/06/18	—	—	27,150	27,150
Other assets		30/06/18	—	—	1,325	1,325
Total infrastructure, property, plant and equipment			—	8,979	521,910	530,889

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

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

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

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

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 (IPP&E)

Fair value hierarchy level 3 valuations of land - Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, 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.

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:

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

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.

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

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

\$ '000	Level 3 asset class
2018	
Opening balance	527,989
Purchases (GBV)	3,760
Disposals (WDV)	(1,403)
Depreciation and impairment	(9,197)
FV gains – other comprehensive income	(2,591)
Other movement	3,352
Closing balance	521,910
2019	
Opening balance	521,910
Purchases (GBV)	2,478
Disposals (WDV)	(179)
Depreciation and impairment	(9,880)
FV gains – other comprehensive income	3,329
Other movement	1,946
Closing balance	519,604

b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:

There were no transfers into our out of level 3.

c. 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.
Community Land	Land values obtained from the NSW Valuer General	Land value, land area

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

	Valuation technique/s	Unobservable inputs
Buildings	External valuation	Using depreciable replacement cost given limited comparable sales information
Roads, bridges, Footpaths, stormwater	Conducted internally using Council engineers	Derived using unit rates using costs from recent works
Sewer Infrastructure	Conducted internally using Council engineers	Derived using unit rates using costs from recent works
Water infrastructure	Conducted internally using Council engineers	Derived using unit rates using costs from recent works
Other Structures	At cost but disclosed at fair value	No observable or unobservable inputs were used
Remaining Classes	At cost but disclosed at fair value	No observable or unobservable inputs were used

(4) Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Related Party Transactions

(a) Key management personnel

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

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

\$ '000	2019	2018
Compensation:		
Short-term benefits	773	688
Post-employment benefits	56	73
Termination benefits	—	65
Total	829	826

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Related Party Transactions (continued)

(b) Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
\$ '000						
2019						
A KMP who is a Mayor provided signage for various projects.	1	43	—		—	—
A KMP who is a Councillor provided supplies and Materials for various projects.	2	4	—		—	—
A KMP relative is employed by a company Council engaged for surveying and associated works.	3	2	—		—	—
2018						
A KMP who is a Mayor provided signage for various projects.	1	62	—		—	—
A KMP who is a Councillor provided supplies and Materials for various projects.	2	2	—		—	—
1 Council purchased numerous signs during the year from Country Mile Signs, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the Council's procurement processes.						
2 Council purchased various plants, small maintenance supplies and materials during the year from Quirindi Grain & Produce, a company which has a member of Council's KMP as a director. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the Council's procurement processes.						
3 Council paid for various surveying and associated works during the year from Baxter GEO consulting, a company which employs a family member of a KMP. amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the Council's procurement process.						

Note 21. Events occurring after the reporting date

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Statement of developer contributions

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

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

Summary of contributions and levies

	as at 30/6/2018	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/6/2019	
	Opening Balance	Cash	Non-cash				Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000								
Drainage	1	—	—	—	—	—	1	—
Roads	285	61	—	9	—	—	355	—
Open space	44	—	—	1	—	—	45	—
Community facilities	23	—	—	1	—	—	24	—
Other	158	—	—	5	—	—	163	—
Youth services	21	—	—	—	—	—	21	—
Bushfire	11	—	—	—	—	—	11	—
S7.11 contributions – under a plan	543	61	—	16	—	—	620	—
S7.12 levies – under a plan	336	65	—	10	—	—	411	—
Total S7.11 and S7.12 revenue under plans	879	126	—	26	—	—	1,031	—
S7.11 not under plans	91	—	—	2	—	—	93	—
S64 contributions	476	87	—	15	—	—	578	—
Total contributions	1,446	213	—	43	—	—	1,702	—

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

Note 22. Statement of developer contributions (continued)

\$ '000	as at 30/6/2018	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/6/2019	
	Opening Balance	Cash	Non-cash				Held as restricted asset	Cumulative internal borrowings due/(payable)
S7.11 Contributions – under a plan								
CONTRIBUTION PLAN – Quirindi								
Roads	68	51	–	2	–	–	121	–
Open space	27	–	–	1	–	–	28	–
Community facilities	23	–	–	1	–	–	24	–
Youth services	21	–	–	–	–	–	21	–
Total	139	51	–	4	–	–	194	–
CONTRIBUTION PLAN – Willow Tree								
Drainage	1	–	–	–	–	–	1	–
Roads	217	10	–	7	–	–	234	–
Open space	17	–	–	–	–	–	17	–
Bushfire	11	–	–	–	–	–	11	–
Total	246	10	–	7	–	–	263	–
CONTRIBUTION PLAN – Werris Creek								
Other	158	–	–	5	–	–	163	–
Total	158	–	–	5	–	–	163	–

S7.12 Levies – under a plan

CONTRIBUTION PLAN								
Other	336	65	–	10	–	–	411	–
Total	336	65	–	10	–	–	411	–

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Statement of developer contributions (continued)

	as at 30/6/2018		Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/6/2019	
	Opening Balance		Cash	Non-cash				Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000									
S7.11 Contributions – not under a plan									
CONTRIBUTIONS – NOT UNDER A PLAN									
Roads	70		–	–	2	–	–	72	–
Open space	21		–	–	–	–	–	21	–
Total	91		–	–	2	–	–	93	–
S64 contributions									
S64 contributions									
Sewer	–		28	–	–	–	–	28	–
Water	475		59	–	15	–	–	549	–
Total	475		87	–	15	–	–	577	–

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23. Financial result and financial position by fund

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	8,221	2,054	1,392
User charges and fees	1,752	1,498	1
Interest and investment revenue	289	310	243
Other revenues	1,187	76	–
Grants and contributions provided for operating purposes	6,846	59	28
Grants and contributions provided for capital purposes	3,184	53	–
Total income from continuing operations	21,479	4,050	1,664
Expenses from continuing operations			
Employee benefits and on-costs	8,300	777	193
Borrowing costs	212	215	–
Materials and contracts	6,520	1,449	580
Depreciation and amortisation	8,348	1,065	739
Other expenses	2,606	2	–
Net losses from the disposal of assets	83	–	–
Total expenses from continuing operations	26,069	3,508	1,512
Operating result from continuing operations	(4,590)	542	152
Net operating result for the year	(4,590)	542	152
Net operating result attributable to each council fund	(4,590)	542	152
Net operating result for the year before grants and contributions provided for capital purposes	(7,774)	489	152

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	(1,489)	3,285	1,946
Investments	10,810	6,925	6,765
Receivables	3,511	709	113
Inventories	877	—	—
Total current assets	13,709	10,919	8,824
Non-current assets			
Receivables	13	—	—
Infrastructure, property, plant and equipment	465,065	52,366	26,899
Investment property	600	—	—
Total non-current assets	465,678	52,366	26,899
TOTAL ASSETS	479,387	63,285	35,723
LIABILITIES			
Current liabilities			
Payables	2,149	52	—
Borrowings	63	163	—
Provisions	2,400	—	—
Total current liabilities	4,612	215	—
Non-current liabilities			
Borrowings	630	3,459	—
Provisions	13,618	—	—
Total non-current liabilities	14,248	3,459	—
TOTAL LIABILITIES	18,860	3,674	—
Net assets	460,527	59,611	35,723
EQUITY			
Accumulated surplus	170,963	29,848	13,648
Revaluation reserves	289,564	29,763	22,075
Council equity interest	460,527	59,611	35,723
Total equity	460,527	59,611	35,723

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Amounts 2019	Indicator 2019	Prior period 2018	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(7,050)	(29.43)%	(38.28)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	23,956			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	16,856	61.99%	57.03%	>60.00%
Total continuing operating revenue ¹	27,193			
3. Unrestricted current ratio				
Current assets less all external restrictions	9,383	3.14x	4.86x	>1.50x
Current liabilities less specific purpose liabilities	2,986			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3,529	5.47x	3.04x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	645			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	1,043	8.37%	6.63%	<10.00%
Rates, annual and extra charges collectible	12,458			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	28,242	16.96 mths	14.72 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	1,665			

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

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2019	2018	2019	2018	2019	2018	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(42.04)%	(59.18)%	12.23%	22.92%	9.13%	25.35%	>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	52.80%	47.06%	96.42%	99.70%	96.81%	100.00%	>60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.14x	4.86x	49.30x	49.42x	∞	1,984.25x	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3.17x	(12.02)x	4.77x	5.66x	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	8.11%	5.89%	10.07%	9.79%	7.35%	7.43%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	6.74	6.01	46.87	58.21	135.76	185.93	>3.00
Payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

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 Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements 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 except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 18 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 Services

Delegate of the Auditor-General for New South Wales

29 November 2019
SYDNEY



Cr Andrew Hope
Mayor
Liverpool Plains Shire Council
PO Box 152
QUIRINDI NSW 2343

Contact: Chris Harper
Phone no: 02 9275 7374
Our ref: D1928022/1756

29 November 2019

Dear Mayor Hope

**Report on the Conduct of the Audit
for the year ended 30 June 2019
Liverpool Plains Shire Council**

I have audited the general purpose financial statements (GPFS) of Liverpool Plains Shire Council (the Council) for the year ended 30 June 2019 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2019 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2019	2018	Variance
	\$m	\$m	%
Rates and annual charges revenue	11.7	11.3	3.5
Grants and contributions revenue	10.2	11.8	13.6
Operating result for the year	(3.9)	(1.3)	200
Net operating result before capital grants and contributions	(7.1)	(8.3)	14.5

Council's operating deficit of \$3.9 million including the effect of depreciation and amortisation expense of \$10.2 million was \$2.6 million lower than 2017–18. This was mainly due to a reduction in grants and an increase in depreciation, employee benefits and on-cost and materials and contract costs during the current year.

The net operating deficit before capital grants and contributions of \$7.1 million was \$1.2 million lower than 2017–18. This is mainly due to the increase in depreciation (due to the revaluation of footpaths and changeover of fleet), employee benefits and on-cost (due to pay increases) and materials and contracts (due to increased contractor and consultancy costs) during the current year.

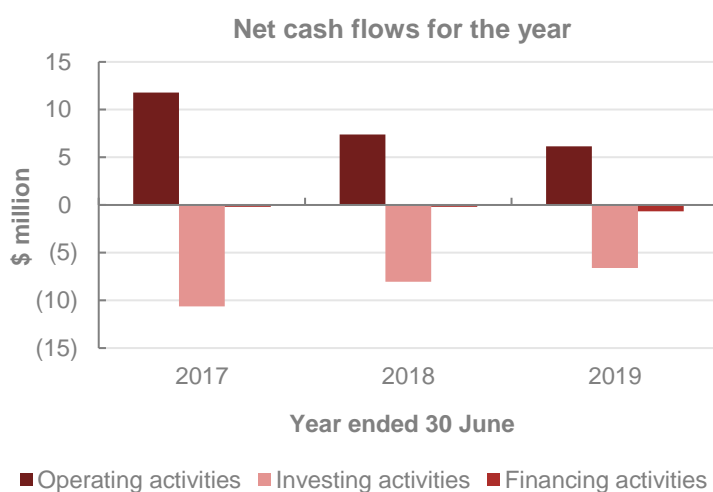
Rates and annual charges revenue of \$11.7 million increased by \$326,000 (3.5 per cent) in 2018–2019. This was mainly due to rate peg increases during the year.

Grants and contributions revenue of \$10.2 million were \$1.6 million lower mainly due to a reduction in roads and bridges and NSW Rural Fire Service capital grants during the year.

STATEMENT OF CASH FLOWS

Cash flows from operations decreased mainly due to a reduction in cash inflows from user charges and fees and grants and contributions received during the year.

Cash flows from investing activities represents expenditure on the purchase and renewal of assets.



FINANCIAL POSITION

Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	23.2	22.3	<ul style="list-style-type: none"> Major external cash restrictions include water, sewer, unexpended grants and developer contributions for specific purposes at year end. Council's internal restrictions mainly comprise restrictions for Financial Assistance Grants received in advance, employee leave entitlements at year end and plant and vehicle replacement.
Internal restrictions	4.5	5.0	
Unrestricted	0.5	0.1	
Cash and investments	28.2	27.4	

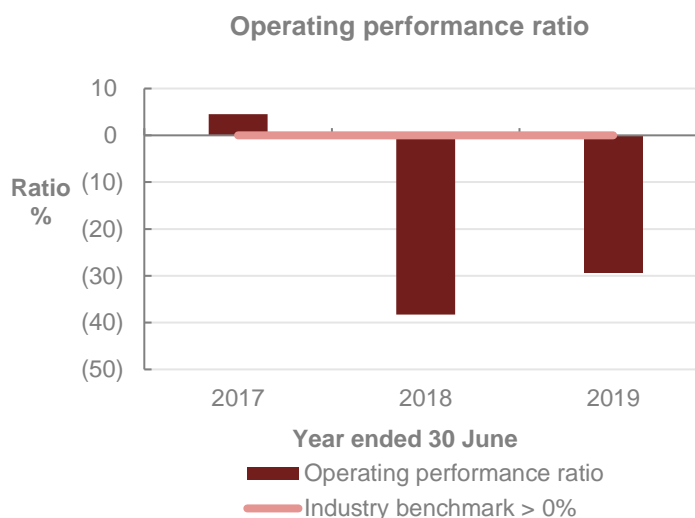
PERFORMANCE

Operating performance ratio

The operating performance ratio improved mainly due to an increase in other revenue and an increase in operational grants and contributions this financial year.

The ratio remains below the benchmark set by the former Office of Local Government (OLG) of greater than zero per cent.

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).

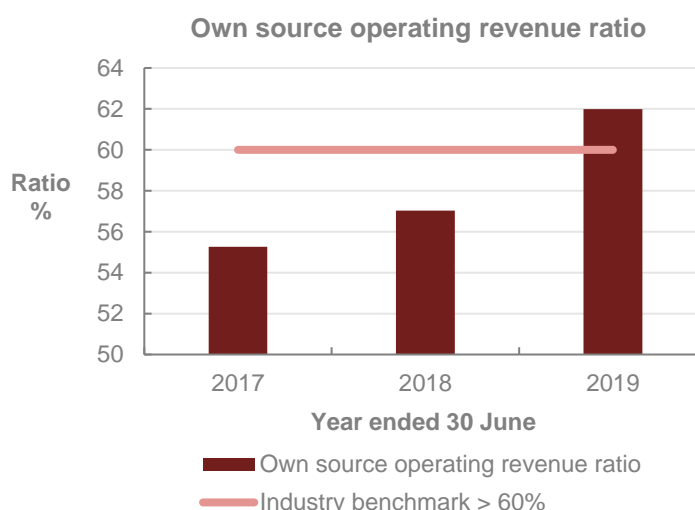


Own source operating revenue ratio

The own source operating revenue ratio has increased compared to 2017–18 mainly due to a lower proportion of grants and contributions during the year.

Council has achieved the 60 per cent benchmark set by the former OLG.

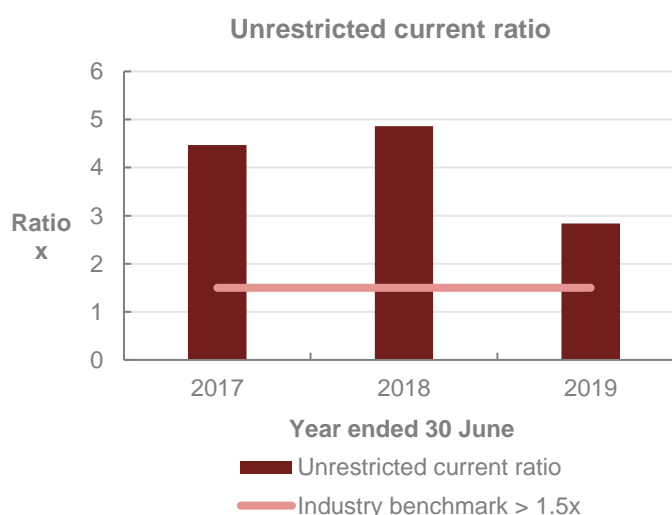
The 'own source operating revenue ratio' measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions.



Unrestricted current ratio

Council remains above the OLG benchmark. The ratio has decreased from the prior year due to the increase in accounts payable at year end.

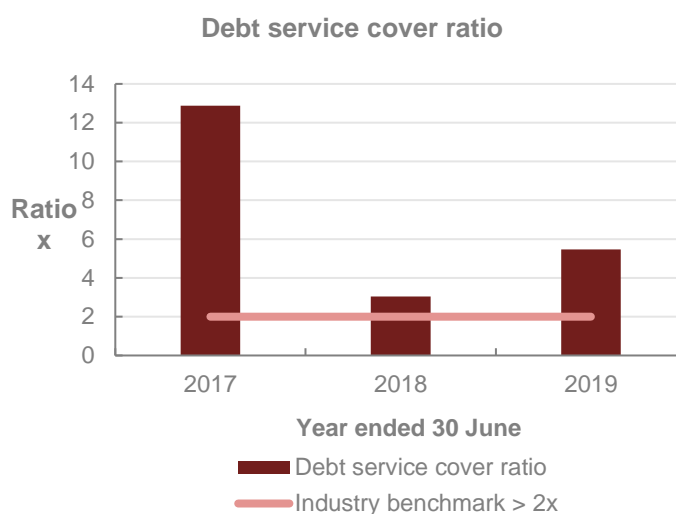
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.



Debt service cover ratio

Council's debt service cover ratio remains above the OLG benchmark and increased due to the improved operational result before capital, interest and depreciation for the year.

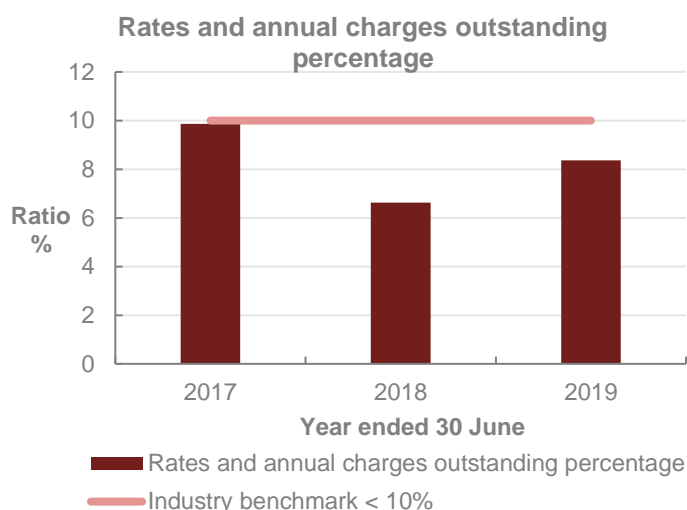
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.



Rates and annual charges outstanding percentage

Council's rates and annual charges outstanding ratio has remained within the OLG benchmark. The percentage increased due to an increase in outstanding rates arising from the economic impact of drought conditions.

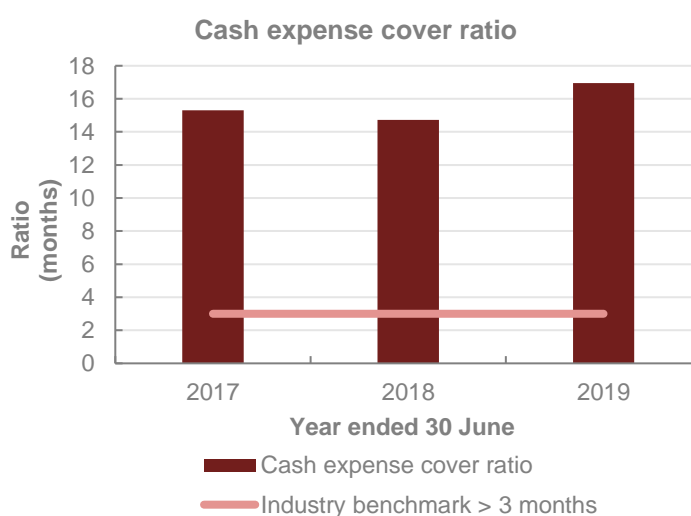
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

The cash expense cover ratio has increased compared to 2017–18 due to an increase in cash and remains well above the OLG benchmark.

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



Infrastructure, property, plant and equipment renewals

Council's Infrastructure, Property, Plant and Equipment (IPPE) renewal expenditure was \$4.5 million. This decreased by \$956,000 compared to 2017–18. Infrastructure renewal expenditure was \$5.7 million less than the depreciation, amortisation and impairment for the year.

OTHER MATTERS

New accounting standards implemented

Application period	Overview
AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none">• a simplified model for classifying and measuring financial assets• a new method for calculating impairment• a new type of hedge accounting that more closely aligns with risk management. <p>The revised AASB 7 includes new disclosures as a result of AASB 9.</p> <p>Council's disclosure of the impact of adopting AASB 9 is disclosed in Notes 6 and 7.</p>

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

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



Chris Harper
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Mr Ron Van Katwyk, General Manager
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Liverpool Plains Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



Special Purpose Financial Statements

for the year ended 30 June 2019

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Background

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

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

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

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

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

Liverpool Plains Shire Council**Special Purpose Financial Statements**

for the year ended 30 June 2019

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

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

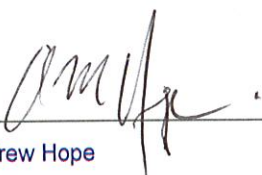
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,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

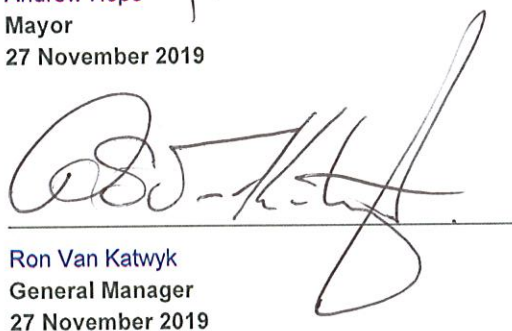
To the best of our knowledge and belief, these statements:

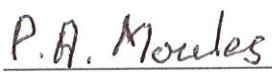
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.


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

Signed in accordance with a resolution of Council made on 27 November 2019.



Andrew Hope
Mayor
27 November 2019

Ron Van Katwyk
General Manager
27 November 2019

Paul Moules
Deputy Mayor
27 November 2019

Sonya Stimson
Responsible Accounting Officer
27 November 2019

Income Statement – Water Supply Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	2,054	1,889
User charges	1,486	1,495
Fees	12	28
Interest	310	281
Grants and contributions provided for non-capital purposes	59	11
Other income	76	5
Total income from continuing operations	3,997	3,709
Expenses from continuing operations		
Employee benefits and on-costs	777	697
Borrowing costs	215	223
Materials and contracts	1,449	882
Depreciation, amortisation and impairment	1,065	1,023
Other expenses	2	34
Total expenses from continuing operations	3,508	2,859
Surplus (deficit) from continuing operations before capital amounts	489	850
Grants and contributions provided for capital purposes	53	–
Surplus (deficit) from continuing operations after capital amounts	542	850
Surplus (deficit) from all operations before tax	542	850
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(134)	(234)
SURPLUS (DEFICIT) AFTER TAX	408	616
Plus accumulated surplus	29,306	28,456
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	134	234
Closing accumulated surplus	29,848	29,306
Return on capital %	1.3%	2.1%
Subsidy from Council	–	291
Calculation of dividend payable:		
Surplus (deficit) after tax	408	616
Less: capital grants and contributions (excluding developer contributions)	(53)	–
Surplus for dividend calculation purposes	355	616
Potential dividend calculated from surplus	177	308

Income Statement – Sewerage Business Activity for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	1,392	1,306
Fees	1	1
Interest	243	213
Grants and contributions provided for non-capital purposes	28	–
Other income	–	34
Total income from continuing operations	1,664	1,554
Expenses from continuing operations		
Employee benefits and on-costs	193	181
Materials and contracts	580	325
Depreciation, amortisation and impairment	739	654
Total expenses from continuing operations	1,512	1,160
Surplus (deficit) from continuing operations before capital amounts	152	394
Surplus (deficit) from continuing operations after capital amounts	152	394
Surplus (deficit) from all operations before tax	152	394
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(42)	(108)
SURPLUS (DEFICIT) AFTER TAX	110	286
Plus accumulated surplus	13,496	13,102
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	42	108
Closing accumulated surplus	13,648	13,496
Return on capital %	0.6%	1.4%
Subsidy from Council	203	322
Calculation of dividend payable:		
Surplus (deficit) after tax	110	286
Surplus for dividend calculation purposes	110	286
Potential dividend calculated from surplus	55	143

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	3,285	3,285
Investments	6,925	6,335
Receivables	709	807
Total current assets	10,919	10,427
Non-current assets		
Infrastructure, property, plant and equipment	52,366	51,879
Total non-current assets	52,366	51,879
TOTAL ASSETS	63,285	62,306
LIABILITIES		
Current liabilities		
Payables	52	55
Borrowings	163	156
Total current liabilities	215	211
Non-current liabilities		
Borrowings	3,459	3,622
Total non-current liabilities	3,459	3,622
TOTAL LIABILITIES	3,674	3,833
NET ASSETS	59,611	58,473
EQUITY		
Accumulated surplus	29,848	29,306
Revaluation reserves	29,763	29,167
TOTAL EQUITY	59,611	58,473

Statement of Financial Position – Sewerage Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	1,946	1,075
Investments	6,765	6,765
Receivables	113	97
Total current assets	8,824	7,937
Non-current assets		
Infrastructure, property, plant and equipment	26,899	27,216
Total non-current assets	26,899	27,216
TOTAL ASSETS	35,723	35,153
LIABILITIES		
Current liabilities		
Payables	–	4
Total current liabilities	–	4
TOTAL LIABILITIES	–	4
NET ASSETS	35,723	35,149
EQUITY		
Accumulated surplus	13,648	13,496
Revaluation reserves	22,075	21,653
TOTAL EQUITY	35,723	35,149

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

Note 1. Significant Accounting Policies

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

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

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

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

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

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

Declared business activities

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

Category 1

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

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

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

Note 1. Significant Accounting Policies (continued)

Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars, except for Note 2 and 3 (Best-Practice Management Disclosures). As required by the Department of Industry - Water, these amounts are disclosed in whole dollars.

(i) Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – **27.5%**

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

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

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

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

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

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

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

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

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

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

Local government rates and charges

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

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

Note 1. Significant Accounting Policies (continued)

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30/6/19.

(iv) Dividends

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

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

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

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

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 Income Statement of each declared business activity for the year ended 30 June 2019, the Statement of Financial Position of each declared business activity as at 30 June 2019, Note 1 Significant accounting policies for the business activities declared by Council, and the Statement by Councillors and Management.

The declared business activities of the Council are:

- Water Supply
- 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 2019, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

A handwritten signature in black ink, appearing to read 'CHarper', with a long, sweeping horizontal stroke extending to the right.

Chris Harper
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

29 November 2019
SYDNEY

Liverpool Plains Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2019



Special Schedules

for the year ended 30 June 2019

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Permissible income for general rates

\$ '000		Calculation 2019/20	Calculation 2018/19
Notional general income calculation ¹			
Last year notional general income yield	a	7,219	7,086
Plus or minus adjustments ²	b	73	(16)
Notional general income	c = a + b	7,292	7,070
Permissible income calculation			
Or rate peg percentage	e	2.70%	2.30%
Or plus rate peg amount	i = e x (c + g)	197	163
Sub-total	k = (c + g + h + i + j)	7,489	7,233
Plus (or minus) last year's carry forward total	l	8	(6)
Sub-total	n = (l + m)	8	(6)
Total permissible income	o = k + n	7,497	7,227
Less notional general income yield	p	7,496	7,219
Catch-up or (excess) result	q = o - p	-	8
Carry forward to next year ⁶	t = q + r + s	-	8

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates

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 2020.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (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' (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 2019 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 2019'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

A handwritten signature in black ink, appearing to read 'CHarper', with a long, sweeping horizontal stroke extending to the right.

Chris Harper
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

29 November 2019
SYDNEY

Report on Infrastructure Assets
as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance ^a	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
Buildings	Buildings	66	66	551	478	27,750	53,661	25.0%	54.0%	21.0%	0.0%	0.0%
	Sub-total	66	66	551	478	27,750	53,661	25.0%	54.0%	21.0%	0.0%	0.0%
Other structures	Other structures	8	8	28	32	4,279	5,271	67.0%	23.0%	10.0%	0.0%	0.0%
	Sub-total	8	8	28	32	4,279	5,271	67.0%	23.0%	10.0%	0.0%	0.0%
Roads	Sealed roads	2,386	2,386	1,914	1,720	123,489	156,902	46.0%	23.0%	28.0%	3.0%	0.0%
	Unsealed roads	2,782	2,782	1,415	1,576	110,294	128,314	50.0%	24.0%	18.0%	8.0%	0.0%
	Bridges	386	386	216	3	68,416	73,410	89.0%	3.0%	6.0%	2.0%	0.0%
	Footpaths	2	2	16	14	4,549	5,352	32.0%	64.0%	4.0%	0.0%	0.0%
	Other road assets	—	—	—	—	—	—	100.0%	0.0%	0.0%	0.0%	0.0%
	Bulk earthworks	—	—	—	—	78,016	78,016	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	5,556	5,556	3,561	3,313	382,720	441,994	46.0%	16.4%	16.2%	3.7%	17.7%
Water supply network	Water supply network	3,307	3,307	1,209	1,795	51,327	75,348	16.0%	53.0%	14.0%	17.0%	0.0%
	Sub-total	3,307	3,307	1,209	1,795	51,327	75,348	16.0%	53.0%	14.0%	17.0%	0.0%
Sewerage network	Sewerage network	1,632	1,632	590	1,255	26,834	32,446	17.0%	41.0%	22.0%	20.0%	0.0%
	Sub-total	1,632	1,632	590	1,255	26,834	32,446	17.0%	41.0%	22.0%	20.0%	0.0%
Stormwater drainage	Stormwater drainage	12	12	512	33	14,883	19,601	3.0%	14.0%	83.0%	0.0%	0.0%
	Sub-total	12	12	512	33	14,883	19,601	3.0%	14.0%	83.0%	0.0%	0.0%
TOTAL - ALL ASSETS		10,581	10,581	6,451	6,906	507,793	628,321	38.0%	25.3%	18.7%	5.7%	12.3%

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

Infrastructure asset condition assessment 'key'

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

Report on Infrastructure Assets (continued)

as at 30 June 2019

	Amounts	Indicator	Prior period	Benchmark
\$ '000	2019	2019	2018	
Infrastructure asset performance indicators (consolidated) *				
Buildings and infrastructure renewals ratio ¹				
Asset renewals ²	2,744	31.72%	49.39%	>=100.00%
Depreciation, amortisation and impairment	8,651			
Infrastructure backlog ratio ¹				
Estimated cost to bring assets to a satisfactory standard	10,581	2.08%	2.08%	<2.00%
Net carrying amount of infrastructure assets	507,793			
Asset maintenance ratio				
Actual asset maintenance	6,906	107.05%	96.73%	>100.00%
Required asset maintenance	6,451			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	10,581	1.68%	1.70%	
Gross replacement cost	628,321			

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

(1) Excludes Work In Progress (WIP)

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