



# WALCHA COUNCIL ANNUAL REPORT 2019 – 2020

Published December 2020



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Council Chambers Walcha NSW 2354  
PO Box 2 Walcha NSW 2354  
Phone 02 6774 2500 Fax 02 6777 1181  
Email [council@walcha.nsw.gov.au](mailto:council@walcha.nsw.gov.au)

[www.walcha.nsw.gov.au](http://www.walcha.nsw.gov.au)

Office Hours: cashier and enquiries 8.30am to 5.00pm  
Service NSW/RMS 8.30am to 4.45pm





# MESSAGE FROM OUR MAYOR

The last 12 months have been a roller coaster ride for many councils, including Walcha.

There is no purpose in dwelling on the negatives but I feel they should be acknowledged. The impact of severe drought and the focus then turning to devastating bushfires that destroyed fences, farmland, dwellings and natural resources on the rim of our local government area (LGA) will linger in our memories well into the future. A new and unexpected threat arose in March and COVID-19 leaving Council needing to adapt to a changing worldwide environment.

Tempering this was excellent rainfall at the start of 2020 that saw our 'pasture wonderland' reputation restored and bring a boon to farmers with a spike in commodity prices which was beneficial to those having saleable commodities, but made it difficult for those wishing to restock. In rural communities like Walcha a prosperous farming sector leads to a prosperous town and our business sector has rebounded, much of this attributable to their positive attitude.

Both Australian and NSW Governments saw the need to stimulate regional economies and our LGA has been the recipient of funds to repair, renew and reinvigorate our infrastructure and therefore local economies. A fourth 'r' being resilience, has been used at every opportunity and has certainly been a buzz word for this year.

November 2019 saw a change in Walcha Council management, with long serving General Manager, Jack O'Hara retiring and the appointment of Ms Anne Modderno as the new custodian of Council. Jack's contribution to Walcha has been, and always will be recognised and highly regarded, steering Walcha through some very hard times including amalgamation attempts and tight financial situations. His legacy will always form part of Walcha's highly regarded place in Local Government. Anne arrived at the start of the bushfires and was given a quick baptism

with COVID-19 following hot on its heels. I am sure that the leadership shown in these times will stand Anne in good stead to lead Council into the future.

As mentioned earlier Walcha has been the recipient of some welcoming funding towards, roads, bridges and other vital community infrastructure (pool, water treatment, etc.). With the \$12M Thunderbolts Way Strategy grant from 2018 starting to hit the ground, a massive improvement in this ever increasing vital link will become a reality. While we are proud of our efforts in gaining this grant we must be mindful that this road will need much more funding over the coming years and must be prepared to once again lobby to maintain and improve this vital link.

The resolve of Council to secure funds to build a water storage for our town remains our top priority and I am certain that our lobbying over the last four years and our ability to 'tick all the boxes' will see funding announced before years end. To bring water security to Walcha has been the major focus of this Council and is critical for Walcha to maintain and grow its population.

The revamping of Council's Procurement Policy should see a much clearer and usable policy that is at the core of local business interactions with Council. This, combined with VendorPanel to allow contractors and businesses immediate access to Council requirements should make this a much smoother process.

Walcha's continued involvement in the Namoi Joint Organisation of Councils continues to pay dividends both from a financial and lobbying aspect. The power of these five Councils in chasing road funding, and it's assistance in our continuing journey to source the previously mentioned water storage funding makes our membership an excellent investment.



Our two local members, the Honourable Barnaby Joyce and the Honourable Kevin Anderson, are always accessible and willing to take on our causes. Both extremely dedicated politicians for their electorates our role is made easier by their willingness to lobby and advocate on our behalf. Our community thank you both for your commitment.

While the big wins are important it mostly is the issues raised by the community that can be solved, that I believe brings the most satisfaction to Councillors. The toilet and seating at the General Cemetery, lighting the levee banks (delayed due to workload), park upgrades and facility refurbishment in the smaller communities, make our community more liveable.

Into next year we will see our Council Facilities Strategy and Youth Strategy take shape and direct these important sectors well into the future. With what will hopefully be a secure water supply and renewable energy projects coming, the need for Council to help address a shortage of both residential and industrial land must be seen as a major priority.

To our Council Staff – your dedication and commitment cannot be overstated. Without singling out specific areas our whole Council operates effectively as it does because of your work ethic and pride in the outcomes. Your excellent reputation in our community has never been questioned in my term as Mayor and I hope Councillors can give you the support into the future to maintain an effective and well resourced workplace.

Finally, but most importantly, I would like to thank my fellow Councillors. We are entrusted with much of the future direction of Walcha and I know we take that responsibility very seriously.

Through our policies and resolutions we direct a vision for our community, and theoretically the way forward for Walcha. As a small Council, Walcha has an enviable reputation at all Government levels and amongst its peers.

This reputation must never be taken for granted and will only be maintained by a strong focus on the future, attentive budgeting and maintaining a unified community. With delayed Council elections until 2021 we have an extra year to direct our Council's path and I can assure our community we will do this with the long term sustainability of Walcha as our priority.



Sincerely

**Mayor Eric Noakes**



# MESSAGE FROM THE GENERAL MANAGER

I am delighted to present this Annual Report, which details all we have achieved under our 2019 – 2020 Operational Plan.

Our 2019 – 2020 Operational Plan was the third year of the 2017 – 2021 Delivery Program and delivered a wide range of projects, services and initiatives for Walcha.

Key projects and initiatives delivered this year included the Walcha Community Storage Sheds, a summer of free entry to our Walcha Memorial Baths, installation of new toilet facilities at the General Cemetery, town beautification works at the Hospital Wall and Mill Hole, “SQUIDISH” a new addition to our Open Air Gallery, upgrade to our Sewer Treatment Plant and over \$7million capital investment in our roads, bridges and transport infrastructure.

In August 2019 Council secured \$1.5million from the State Government to complete the design phase of our new off stream storage project to secure our water future. I am pleased to report that this design project is progressing on program with completion expected mid 2021. This will be seamlessly followed by the construction phase of the project due to the more recent announcement of additional funding. Council will recruit a dedicated project manager early 2021 to lead this project successfully through to completion.

October 2019 delivered a change in leadership for Walcha Council, with myself joining as General Manager and later welcoming Peter Murray, our new Director Infrastructure in early 2020. Our predecessors Mr Jack O’Hara and Mr Dylan Reeves handed over a positive and healthy council, one that all of our community can be very proud of. On behalf of all Council staff, I thank and commend both Jack and Dylan for all of their hard work and commitment to the Walcha Shire. A legacy that our current leadership team is honoured to lead and build on.

Summer of 2019 – 2020 presented many challenges including the bushfires, road closures, event cancellations and level 5 water restrictions. I would like to thank all of the staff, volunteers and community members that contributed to our fire fighting efforts over what was a long and hot summer. The recovery and resilience work continues even now, and the ability we have all shown in our recovery is representative of the strength we hold as a community.

Walcha Council secured an additional \$2.5 million in funding for drought recovery and bushfire recovery and resilience projects. With the majority of this funding being spent in the 2020-2021 year to improve roads, bridges, community halls, support community events and the recovery process. The turbulent year has meant that we have carried over a considerable capital program from 2019 – 2020 into the 2020 – 2021 year. Work is well underway to successfully deliver this program of work for our community.

Our world changed in March 2020 with the COVID-19 pandemic. I am extremely proud of the way council staff, councillors, local businesses and our community reacted to COVID-19 to keep Walcha safe and healthy. Council is committed to remain vigilant and agile in our response to government restrictions and advice relating to COVID-19.

Thank you to all of our community groups, sporting clubs, service clubs and other not-for-profit organisations for your tireless efforts and contributions to community events and council services. Special thank you to the Quota Club of Walcha for your instrumental efforts to make Walcha Sculptures Soundtrail project such a success in 2019 – 2020. This project is a tourism highlight for our town and one that locals and visitors alike can enjoy.

Finally, I would like to take this opportunity to thank all of the staff and Councillors for their efforts in such a turbulent year. I look forward to continuing to lead Walcha Council in 2020 – 2021 and delivering the final stages of our 2017 – 2021 Delivery Program.



**Anne Moddero**  
General Manager

# SUMMARY OF 2019 – 2020

<p><b>\$141K</b> Net operating surplus</p>	<p><b>\$7M</b> invested in road maintenance</p>	<p><b>Inaugural</b> Walcha Motorcycle Weekend</p>
	<p><b>Free</b> access to Walcha Memorial Baths all summer and entry to Walcha Races</p>	<p><b>\$400M</b> value of all infrastructure assets</p>
<p><b>85</b> Full time equivalent staff</p>	<p><b>5 out of 6</b> financial performance measures exceeding the standard benchmark</p>	

## COMMUNITY PROJECTS DELIVERED

	<p>Community survey about Council facilities and our youth</p>			<p>New toilet for Walcha General Cemetery</p>	<p>Walcha community storage sheds</p>
<p>Walcha community resilience tulip initiative</p>		<p>Hospital wall beautification project</p>	<p>Mill Hole beautification project</p>		

# COUNCIL AND GOVERNANCE





# OUR COUNCILLORS AND COMMITTEES

Walcha Council's governing body consists of eight Councillors.

Walcha currently has four Wards, and each Ward is represented by two Councillors.

All Councillors are elected to carry out duties under the Local Government Act 1993, and in doing so have the following roles and responsibilities:

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

The Mayor and Deputy Mayor are elected for a two-year period by the members of the Council, and have additional statutory responsibilities under the Local Government Act 1993.

As our governing body, the Councillors are responsible for developing and endorsing the Delivery Program and Operational Plan, and reviewing Council's performance in delivering on the activities and actions contained within it.

## COUNCIL MEETINGS

Regular meetings of Council are called 'Ordinary Meetings'. Council must conduct a minimum of ten Ordinary Meetings each year. 'Extra Ordinary Meetings' of Council may also be called at any time to enable it to discuss and decide upon specific or urgent matters.

All Council Meetings are held in the Council Chambers, 2W Hamilton Street, Walcha on the last Wednesday of the month, commencing at 3.00pm. All Council meetings are audio recorded and audio files are accessible from our website. Members of the public and media are welcome to attend Council Meetings and view from the public gallery.

During the COVID-19 pandemic, community members are encouraged to access the audio files as an informative resource and advise Council in advance if there is need to attend any meeting in person. Any member of our community wanting to attend the Ordinary Meetings of Council will be safely accommodated.

Correspondence for inclusion in the Business paper closes 12 noon on the Monday, nine days prior to the Council Meeting.

## COMMITTEE MEETINGS

Council has established a number of advisory committees under s355 of the Local Government Act (1993). Community members also sit on these committees. These are:

- **Walcha Council Community Care (WCCC):** provides services that support people to stay at home and to be more independently in the community. It is supported by Walcha Council and jointly funded by Commonwealth and State Governments. The Committee provides advice to Council on policy matters and programs specifically for our community.
- **Walcha Beautification and Tidy Towns Committee:** considers matters relating to the beautification of the town and district and tree planting program.
- **Walcha Preschool Advisory Committee:** advise Council on policy matters and strategic issues regarding the management of the Walcha Preschool.
- **Walcha Arts Advisory Committee:** advises Council on future public art projects.
- **Walcha Tourism Advisory Committee:** advises Council on future tourism promotion.
- **Walcha Youth Advisory Committee:** Purpose is to engage with the youth of Walcha and allow for their input into the Youth programs developed in the Walcha area.
- **Walcha Aboriginal Advisory Committee:** Purpose is to advise Council on Aboriginal matters.
- **Walcha Motorcycle Rally Committee:** Purpose is to provide strategic planning to the Walcha Motorcycle Rally event.

## OUR VISION

To be a vibrant, welcoming, resilient and sustainable community that supports our citizens, businesses, industries and environments.

## OUR CORPORATE GOAL

To provide effective, efficient and responsive government for our community.

# COUNCILLORS

## WARD A



**Clr Rachael Wellings**

Elected September 2016

**Member**

Walcha Council Youth Advisory Committee

Walcha Preschool Advisory Committee

Roads Management Committee

Walcha Council Waste Management Committee



**Clr Peter Blomfield**

Elected September 2016

**Council Delegate**

Local Emergency Management Committee (LEMC)

Zone Bush Fire Management Committee

**Member**

Walcha Town and District Beautification and Tidy Towns Committee

Roads Management Committee

Walcha Council Waste Management Committee

## WARD B



**Clr Eric Noakes  
Mayor**

Elected September 2016, elected Mayor in 2016.

**Council Delegate**

Namoi Councils Joint Organisation

Namoi Councils Joint Organisation Roads Group

Country Mayors Association of NSW (CMA)

**Member**

Plant Committee

Roads Management Committee

Walcha Council Waste Management Committee



**Clr Clint Lyon  
Deputy Mayor**

Elected 2012 elected Deputy Mayor in 2016 – 20

**Member**

Plant Committee

Roads Management Committee

Walcha Council Waste Management Committee

Walcha Town and District Beautification and Tidy Towns Committee

Walcha Council Audit, Risk and Improvement Committee



## WARD C



**Cllr Jen Kealey**

Elected September 2016  
Deputy Mayor 2020

**Council Delegate**

Arts North West  
Community Centre Committee (Multi Purpose Centre)

**Member**

Walcha Council Arts Advisory Committee  
Walcha Council Tourism Advisory Committee  
Roads Management Committee  
Walcha Council Waste Management Committee  
Walcha Motorcycle Rally Committee



**Cllr Scott Kermode**

Elected September 2016

**Council Delegate**

New England Weeds Authority  
Walcha Community Consultative Committee

**Member**

Walcha Council Audit, Risk and Improvement Committee  
Plant Committee  
Roads Management Committee  
Walcha Council Waste Management Committee

## WARD D



**Cllr Bill Heazlett**

Elected: 1974 and 1987,  
Mayor 2000 – 2012

**Council Delegate**

Central Northern Regional Libraries Committee  
NSW Public Libraries Association - North Eastern Zone  
Management Committee Pioneer Cottage  
Walcha Community Consultative Committee

**Member**

Roads Management Committee  
Walcha Council Waste Management Committee



**Cllr Kevin Ferrier**

Elected 1991, Deputy Mayor 2000 – 2012

**Council Delegate**

Walcha Local (Liquor) Consultative Committee  
Walcha Local Traffic Committee (LTC) and Council Advisory Committee

**Member**

Roads Management Committee  
Walcha Council Waste Management Committee  
Walcha Council Festival Committee  
Walcha Council Community Care Advisory Committee



# OUR COMMUNITY

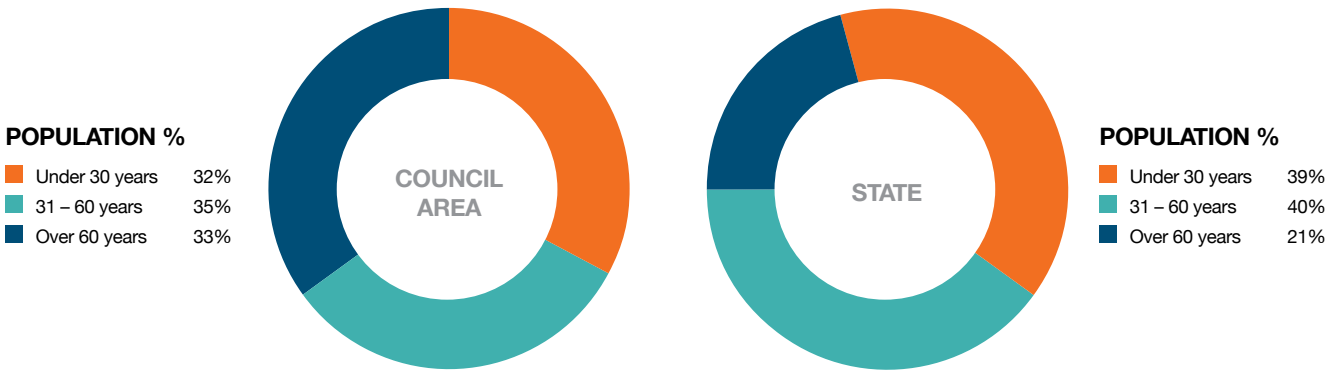
Walcha is located in the New England Tablelands region of NSW. We are located half way between Sydney and Brisbane on the crossroads of the Oxley Highway and Thunderbolts Way. The beauty of our landscape is quite breathtaking and changes distinctly with the seasons.

Our LGA covers an area of 6,261 square kilometres, situated approximately 1,067 metres above sea level. Our population is approximately 3,144 which includes around 1,800 within the Walcha township.

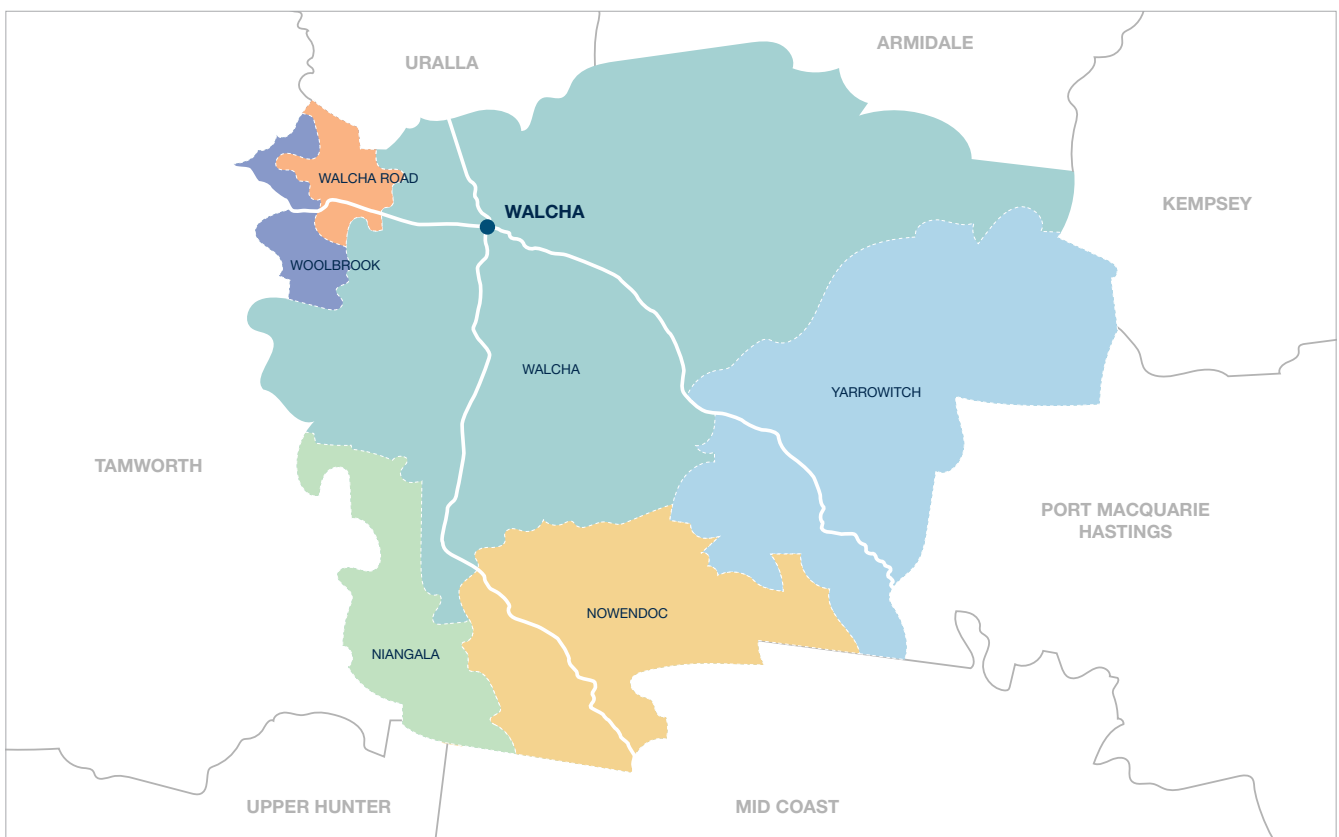
Our district is a significant primary producing area. It is one of the highest stock carrying areas in Australia and Walcha is renowned for some of the best fine wool in the world. Walcha has long been known as a producer of high-quality native hardwoods and the importance as a softwood producing area is increasing.

Walcha is home to National Parks, including parts of the World Heritage listed central eastern rainforest reserves, and our rivers and streams are known for their excellent trout fishing.

## DEMOGRAPHICS OF POPULATION



Source: [www.yourcouncil.nsw.gov.au](http://www.yourcouncil.nsw.gov.au)





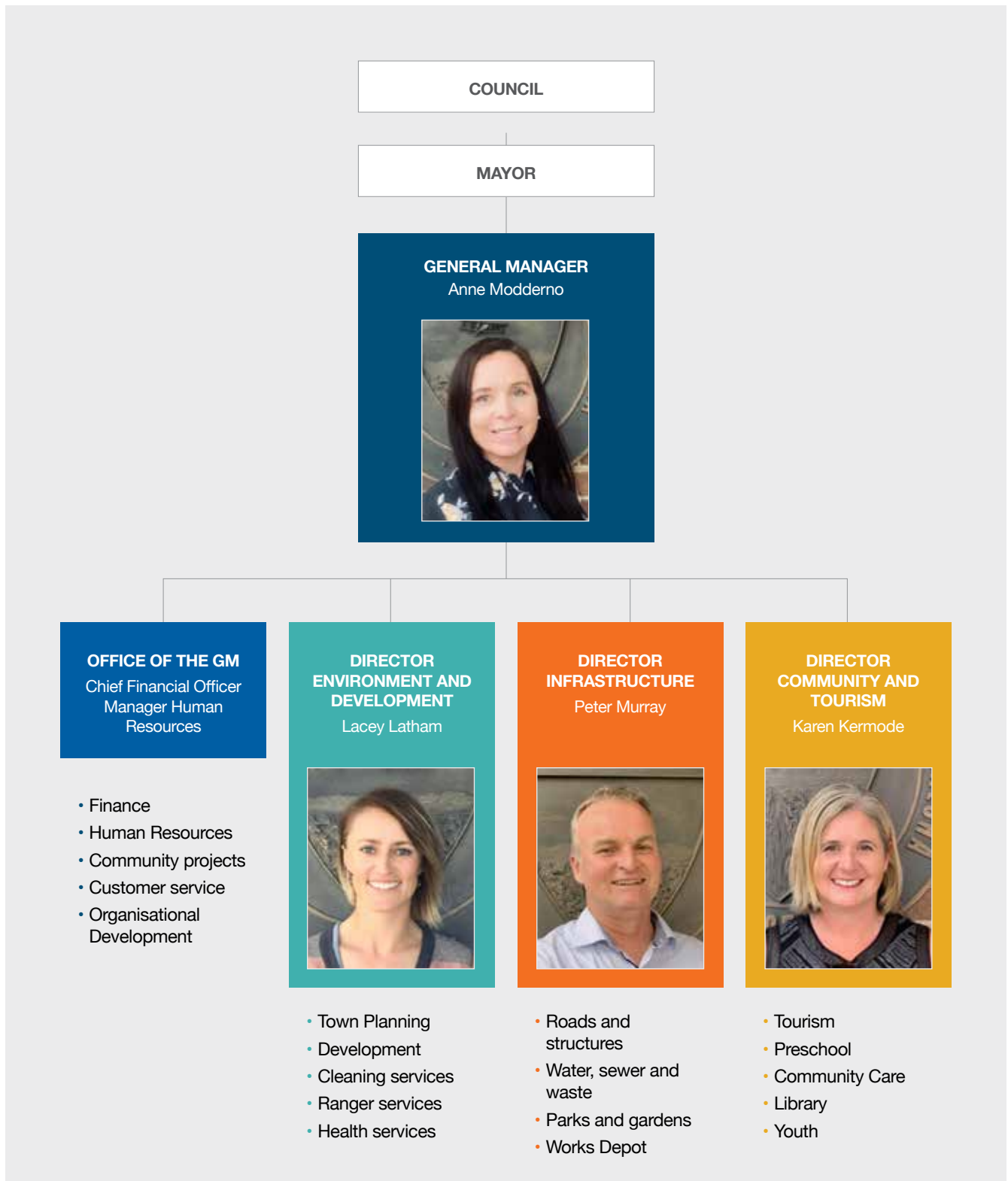
# OUR EXECUTIVE TEAM

The Council team consists of four streams.

These are led by the General Manager and three Directors. Within the office of the General Manager, there are a number of senior managers including our Chief Financial Officer and Manager Human Resources.

## APPOINTMENTS WITH EXECUTIVE TEAM

All Executive Staff endeavour to make themselves available to meet with the public, however business commitments make them unavailable on occasion. All appointments with Executive Staff are to be made in advance by contacting the council office.



# INTEGRATED PLANNING AND REPORTING

The Integrated Planning and Reporting (IP&R) framework is set out in the Local Government Act 1993 and requires all councils to lead the development of long-term plans for their communities.

Underpinned by community engagement and consultation, the IP&R framework ensures that local planning and reporting is informed, relevant and responsive to community needs.



## COMMUNITY STRATEGIC PLAN

The Community Strategic Plan is the highest-level plan that Council prepares. Its purpose is to identify our community’s main priorities and aspirations for the future and to plan strategies for achieving these goals.

In doing this, the planning process considers the issues and pressures that may impact the community and the level of resources that will realistically be available to achieve its aspirations.

The Community Strategic Plan seeks to answer four key questions:

1. Where are we now?
2. Where do we want to be in 10 years’ time?
3. How will we get there?
4. How will we know when we’ve arrived?

At an operational level, the Community Strategic Plan is implemented through Council’s Delivery Program and Operational Plan (this document), which details the activities and actions Council will undertake to achieve our shared vision.

## RESOURCING STRATEGY

While the Community Strategic Plan provides a vehicle for expressing our community’s long-term aspirations, our Resourcing Strategy identifies the time, money, assets and people we need to carry them out successfully.

The Resourcing Strategy includes the following key components:

1. **Long-Term Financial Plan** – This plan tests the aspirations of our Community Strategic Plan against the financial realities of delivering on those aspirations. It is integrated with the Community Strategic Plan through the Delivery Program and Operational Plan;
2. **Workforce Management Plan** – This plan addresses the human resourcing requirements of the Community Strategic Plan, including what people, skills, experience and expertise are required to achieve its strategic objectives; and
3. **Asset Management Plans** – Council’s asset management planning is supported by an Asset Management Policy and individual Asset Management Plans considering “whole of life” asset management principles including planning, purchase, operation, maintenance and disposal. The Asset Management Strategy forecasts community requirements and the capacity to meet them on a short, medium and long term basis.



## DELIVERY PROGRAM

The Delivery Program outlines how Council will contribute to achieving the vision set out in the Community Strategic Plan and turns the strategic objectives contained in the Community Strategic Plan into actions. All plans, projects, activities and funding allocations made by Council must be directly linked to the Delivery Program.

## OPERATIONAL PLAN AND BUDGET

Supporting the Delivery Program is an annual Operational Plan. Adopted by Council each year alongside its annual Budget, the Operational Plan identifies the plans, projects and activities that will be carried out over the financial year covered by the Operational Plan to achieve the commitments made in the Delivery Program.

## REPORTING OUR PROGRESS

Council use a number of reporting mechanisms to track and report progress on our plans. These include:

1. **Delivery Program and Operational Plan Progress Reports:** submitted bi-annually to Council.
2. **Quarterly Budget Review Statements:** submitted quarterly to Council within two months of the end of each quarter.
3. **Annual Report (this document):** reported annually within five months of the end of each financial year. This document is our report back to community on how we have gone delivering the Operational Plan each year. It includes certain information that is prescribed by the Local Government (General) Regulation 2005 and Government Information (Public Access) Act 2009.
4. **End of Term Report:** This is tabled at the last meeting of the outgoing Council. This provides an update on the Council's progress in implementing the Community Strategic Plan over the term of the Council, as well as the results and outcomes the implementation of the Community Strategic Plan has had for the Walcha community.

# OUR COMMUNITY STRATEGIC PLAN THEMES

<b>1. TRANSPORT</b>	<b>CSP 1.1</b> Walcha will be serviced by an integrated and efficient transport network.
<b>2. BUSINESS AND JOBS</b>	<b>CSP 2.1</b> Commercial and tourist development will be promoted and encouraged to grow in harmony with the natural environment, to take maximum advantage of commercial opportunities and to increase local employment.
<b>3. HEALTH</b>	<b>CSP 3.1</b> Health services and facilities will be provided and where appropriate managed locally to meet the needs of the community. <b>CSP 3.2</b> The public health and wellbeing of the community will be protected and enhanced.
<b>4. EDUCATION AND TRAINING</b>	<b>CSP 4.1</b> Education and training opportunities will be provided that deliver the skills and knowledge needed to advance the community.
<b>5. STRONGER COMMUNITY</b>	<b>CSP 5.1</b> Social services will be planned, maintained and coordinated so that they meet the current and future needs of all groups in the community. <b>CSP 5.2</b> The existing strong community spirit and pride will be protected and promoted. <b>CSP 5.3</b> Walcha's cultural identity will be enhanced. <b>CSP 5.4</b> Walcha's Aboriginal communities will be supported and strengthened. <b>CSP 5.5</b> Young people will be retained and supported to live in Walcha. <b>CSP 5.6</b> People of all ages and abilities will be encouraged to participate in cultural, recreational and sporting activities. <b>CSP 5.7</b> Community members will be given the opportunity to develop their leadership skills so that they can better participate in the leadership of the community.
<b>6. LOCAL ENVIRONMENT AND LIVEABLE COMMUNITIES</b>	<b>CSP 6.1</b> Walcha's distinct and diverse natural and built environment will be protected and enhanced. <b>CSP 6.2</b> Solid waste will be managed in a sustainable manner with a continuing reduction in waste generation and disposal to landfill. <b>CSP 6.3</b> Water supply and sewerage services will be physically and environmentally sensitive. <b>CSP 6.4</b> Walcha will increase the use and production of renewable energy. <b>CSP 6.5</b> Agricultural activities will be environmentally sustainable. <b>CSP 6.6</b> The character of Walcha and its surrounding villages will be maintained while protecting the productivity of our rural land.
<b>7. KEEPING PEOPLE SAFE</b>	<b>CSP 7.1</b> Police stations and staff numbers will be provided to effectively control and reduce crime and antisocial behaviour and to keep our community safe. <b>CSP 7.2</b> Emergency Services will be provided to ensure the safety of our community and visitors.
<b>8. BETTER GOVERNMENT</b>	<b>CSP 8.1</b> Walcha Council will exemplify good leadership, mutual respect and trust by being inclusive, ensuring open information and communication and encouraging active participation at all levels. <b>CSP 8.2</b> Council rate funding for local government projects will be supplemented by income generated from other sources. <b>CSP 8.3</b> The boundaries of the Walcha Local Government Area will be modified to reflect existing and developing communities of interest.



# OUR ACHIEVEMENTS



# ACHIEVEMENT HIGHLIGHTS

## WALCHA'S WATER

### Water Security

In 2019 Council received \$1.5million funding to complete the design phase of our new off stream storage. The delivery of this project will secure our water future. The design phase is due for completion mid 2020, and the project business case is complete. In late 2020 the State Government announced additional \$9million of funding to complete the project. This announcement will allow the team to seamlessly progress from design through to construction. Securing our water future remains top of the list as Council's highest priority.

### Water Restrictions

Late 2019 Walcha transitioned from Level 4 to Level 5 Water Restrictions, led by a campaign from council to be "Nifty with your 150L". Council also provided residents with 3 minute shower timers to promote water efficiency. Our community can be proud of its efforts to reduce daily water usage per person to below the 150L per day target. Council reported daily usage rates to the community weekly throughout this period.

After being blessed with rain, healthy river flows and increased pumping capacity in early 2020, our storage returned to 100% and water restrictions were relaxed to Level 1. Community members have consistently met their new target daily water usage of 250L per person per day – and we have all been "Nifty with our 250L!" Council congratulate all of the Walcha community for their great work valuing our water resource.

## INFRASTRUCTURE PROJECTS COMPETED

### Wollun Road Bridge Replacement

The old single lane timber bridge on Wollun Road was replaced with a dual lane concrete bridge. The project was delivered for \$810k, which was partly funded under the NSW Government Fixing Country Roads program. The bridge was completed March 2020.

### Niangala Road Bridge Replacement

The old single lane timber bridge on Niangala Road was replaced with a single lane concrete bridge. The project was delivered for \$242k, which was partly funded under the NSW Government Fixing Country Roads program. The bridge was completed May 2020.

### Oxley Highway

Two significant road rehabilitations were completed along the Oxley Highway to the west of Walcha. These were a 1038 metre segment at Boree completed October 2019 and a 709 metre segment at Mount Pleasant completed August 2019. The combined value of both projects was \$1.3million.



Top left: Walcha Council present water security project businesses case to ministers, pictured from left – General Manager Anne Moddero, MP Mr Kevin Anderson, Mayor Eric Noakes, MP Ms Melinda Pavey. Bottom left: Walcha Council Mayor and staff with shower timers. Top right: Wollun Road bridge replacement. Bottom right: Oxley Highway road rehabilitation at Boree.

## COVID-19

### Walcha's Response

Walcha Council and the Walcha Community responded swiftly to the threat of COVID-19 in March 2020. Council activities and services quickly adapted to State Government restrictions and protocols, and partnered with community to offer support through the pandemic. In addition to regular updates provided by the Mayor to community, one highlight initiative was the neighbour card delivered to every home in the Walcha Shire in early April 2020. The card gave neighbours an opportunity to look out for each other through lockdown.

### Walcha's Resilience

The Walcha community has shown strength and resilience during 2019 – 2020 by enduring drought, bushfires and COVID-19. As a symbol of Walcha's strength Council gifted tulip bulbs to the community to plant, nurture and grow. Each year when these bloom they will remind us all of how resilient our small community has been through these tough times.

## TEAM RECOGNITION

### Ministers' Awards for Women in Local Government

Our very own Waste Depot Labourer Linda Scherff was acknowledged as a nominee in the virtual award ceremony for the annual NSW Ministers' Awards for Women in Local Government. Linda was nominated in the Alternative Pathways Award category for her continued work at council to break down gender barriers and conventions.

Linda has been a valued member of our team for over 12 years. Her roles have all been those traditionally held by males including traffic controller, water cart and machine operator and now waste depot labourer. In her current role Linda inspires us all to think more about how much waste we create, and what we can reuse or recycle. Congratulations Linda.

### 2020 NSW Local Government Excellence Awards

The inaugural Walcha Motorcycle Weekend held in November 2019 was recognised as a finalist in the 2020 NSW Local Government Excellence Awards. The local economic benefit of the event was estimated to contribute approximately \$300k to Walcha with over 1,100 day trippers and visitors from all over the country. To ensure that the now annual event gets better and better every year, Walcha Council has allocated future grant funding and has formed a dedicated committee for the event.



Linda was nominated in the Alternative Pathways Award category for her continued work at council to break down gender barriers and conventions.

Left: Walcha Community Resilience Tulip Initiative in bloom. Right: Walcha's own Minister's Award for Women in Local Government nominee - Linda Scherff.



## ENVIRONMENT AND DEVELOPMENT

Council has adopted a number of strategic planning documents this year to identify clear planning priorities for the Walcha LGA to support and develop our local identity, values and opportunities. The Walcha Local Strategic Planning Statement 2036 (LSPS) was adopted in October 2019, and will shape how the land use zones and development standards in the Walcha Local Environmental Plan 2013 (LEP) and Development Control Plan 2019 (DCP) evolve over time to meet the community's future economic, social and environmental needs.

Council's DCP was adopted in July 2019 and received a comprehensive overhaul from the previous version, this plan provides guidelines, objectives and controls for people who wish to carry out development in the Walcha LGA.

Development notification procedures were originally incorporated into the DCP, however the NSW Government then required Council's to prepare a Community Participation Plan to set out how and when we will engage with our community on planning functions Council performs under the Environmental Planning and Assessment Act 1979 (EP&A Act). The Walcha Community Participation Plan (CPP) was adopted in February 2020; Council recognises community participation within the planning system helps to deliver better planning results for people in the Walcha LGA. This plan sets out how and when Council will engage with the community when undertaking its town planning functions.

## COMMUNITY CONSULTATION

In 2019 – 2020 Council continued its commitment to community engagement. In November 2019, Council once again held its annual regional meetings throughout the Shire. This annual event continues to be an excellent opportunity for elected members and executive staff to meet with community members and discuss issues important to them. Council also uses these meetings as a great way to provide feedback on work completed in and planned for each area.

In May 2020 Council launched its first community survey in two years asking residents their thoughts in relation to council facilities and ideas to develop our youth. The survey had an excellent response rate and it will inform new council strategies being developed in 2020-2021.

## SUMMER OF FREE ENTRY TO WALCHA MEMORIAL BATHS

Our town pool provides an outlet for community members, families and kids to support social engagement, physical activity and mental health over the summer. Walcha Council waived all admission fees to the pool for the 2019 – 2020 summer. The free entry meant that the Walcha Baths was a fun, enjoyable and happy space for families and friends to meet and enjoy over summer without having to worry about finances. The decision to provide free pool entry was



Left: Walcha residents enjoyed free entry to the town's Memorial Baths. Right: Walcha's annual Mountain Festival.



made possible through the kind donations from agencies including; Walcha Central School, Walcha Town and Country Club, Walcha Rotary Club, “1000km Walcha Loving Cyclists” group, the HOGs (Harley Owners Group, support over the Walcha Motorcycle Weekend), as well as many other individual donations to the cause.

Of the total 17,500 visitors over the summer, approximately 1380 were from outside the Walcha LGA, with many of these contributing to other forms of local economic spending benefit in our town and shops.

Grant funding was used to purchase a new pool inflatable for our community. “Hurdles of Fun” arrived early 2020 and was a popular part of our summer pool season.

### TOURISM EVENT – WALCHA MOUNTAIN FESTIVAL

This festival was again a great success, attracting approximately 800 – 900 people over the weekend. These attendance numbers are relatively stable and what we have come to expect over the past few years as the event has improved and reputation followed.

### TOURISM EVENT – WALCHA MOTORCYCLE WEEKEND

Walcha Council successfully delivered the inaugural Walcha Motorcycle Weekend in November 2019. The hurdles that unfolded in the lead up to the event were overcome to deliver critical economic benefit to our local community. Walcha community and businesses had endured three years of drought, strict water restrictions, severe bushfires and extensive regional road closures. Council, its community and the country’s motorcycle world was waiting in anticipation to host the inaugural Freak Show Festival of Motorcycles and national Harley Owners Group (HOG) rally in November 2019. The event organisers cancelled and went into administration four weeks out from the event.

Walcha Council, community and businesses banded together to create the inaugural Walcha Motorcycle Weekend. The event spanned four days and three nights and included free entertainment, events, markets, music, rodeo, food, free-shuttle buses and outdoor movie at multiple venues within the township. The event showcased Walcha’s welcoming and resilient spirit and delivered much needed local economic stimulus of approximately \$300k, and increased visitation over the weekend by over 500%.

Our economy depends heavily on tourism with the motorcycle community as a key contributor. The success of the weekend has cemented the event in Walcha’s annual calendar, as the Walcha Motorcycle Rally.



Walcha Council, community and businesses banded together to create the inaugural Walcha Motorcycle Weekend.






Left: Lisa Kirton, DJ Freestyle, Mayor Eric Noakes, member for Tamworth Kevin Anderson and Susie Crawford. Right: Walcha’s motorcycle weekend attracted visitors from across the country.

# FINANCIAL SUMMARY

Walcha Council continues to be financially healthy and a fit for the future council. 5 out of 6 financial performance measures have exceeded the measured benchmarks, representing an improvement from 4 out of 6 in 2018 – 2019. The performance measure of own sourced operating revenue ratio will continue to be difficult to meet for Walcha as this is impacted by the significant portion of grant funding that we have welcomed in 2019 – 2020. A summary of results and investments made are included below, with the full suite of audited financial statements provided in Appendix B.

# DELIVERY DETAILS

Under Section 428 of the Local Government Act 1993 Council is required to report on its achievements in implementing its Delivery program. A detailed summary of these achievement is included as Appendix A of this report titled “Achievements of Delivery Program”.

<p><b>\$141K</b> Net operating surplus</p>	<p><b>5 out of 6</b> financial performance measures exceeding benchmarks</p>	<p><b>\$1.7M</b> invested in sealed road maintenance</p>		<p><b>\$1.1M</b> invested in capital road upgrades</p>
<p><b>\$10.6M</b> revenue received</p>	<p><b>\$9.3M</b> received as grants and contributions</p>	<p><b>\$282K</b> invested in urban roads maintenance</p>		<p><b>\$200K</b> invested in community infrastructure upgrade</p>
<p><b>\$17.4M</b> expenses from continuing operations</p>	<p><b>\$400M</b> carrying value of infrastructure assets</p>	<p><b>\$1.3M</b> invested in unsealed rural roads</p>	<p><b>\$2.4M</b> invested in state roads</p>	<p><b>\$1.1M</b> invested in bridge replacements</p>
		<p><b>\$720K</b> invested in bridges maintenance</p>	<p><b>\$1.5M</b> grant funds received to secure our water future</p>	
				

# STATUTORY REPORTING



# STATUTORY REPORTING

## AUDITED FINANCIAL STATEMENTS

Included with this Annual Report is a copy of the Auditor's Report to Council for the financial year ended 30 June 2020 and a full set of audited financial reports as Appendix B to this report.

## AGENCY INFORMATION GUIDE

Each year, Council adopts its annual Agency Information Guide which is prepared in accordance with the requirements of the Government Information (Public Access) Act 2009. This report includes information regarding council services, access to council information and how we operate. This guide is available to access anytime through council's website.

## STATE OF THE ENVIRONMENT REPORT

The NSW Local Government Act 1993 Section 404 states that the annual report in the year of the ordinary election must include a report (State of the Environment Report) as to the state of the environment in the local government area in relation to the objectives for the environment established by the Community Strategic Plan.

A complete State of the Environment Report was appended to Council's 2015 – 2016 Annual Report and therefore Council is not required to submit one this year.

## INFRASTRUCTURE ASSETS

Residents are referred to Schedule 7 of the Special Schedules Reports within the Audited financial statements (Appendix B) for details as to the condition of Infrastructure Assets.

## LEGAL PROCEEDINGS

All legal proceedings for this year were for action to collect outstanding rates, charges and debtors. All costs associated with the collection of outstanding debts are recovered from the debtors. Legal costs were incurred, in the amount of \$3,465, for:

- Compulsory acquisition of vacant land in Derby Street;
- Pecuniary Interest Disclosure legal advice; and
- Professional services for the Truck Wash Bay Lease.

## SUMMARY OF GIPA REQUESTS

### 2019 – 2020

GIPA requests	Personal	Other	Total
New (including transferred in)	3	Nil	3
Brought forward	Nil	Nil	Nil
Total to be processed	3	Nil	Nil
Complete	2	Nil	Nil
Transferred	Nil	Nil	Nil
Not Processed	1	Nil	Nil
Total processed	2	Nil	Nil
Unfinished (carried forward)	Nil	Nil	Nil

### 2019 – 2020

GIPA requests	Personal	Other	Total
New (including transferred in)	Nil	Nil	Nil
Brought forward	Nil	Nil	Nil
Total to be processed	Nil	Nil	Nil
Complete		Nil	Nil
Transferred	Nil	Nil	Nil
Withdrawn	Nil	Nil	Nil
Total processed	Nil	Nil	Nil
Unfinished (carried forward)	Nil	Nil	Nil





## MAYORAL/COUNCILLOR FEES, EXPENSES AND FACILITIES

Councillors are provided with an iPad for the purpose of carrying out their civic duties. A Council car is made available to Councillors for use on Council business. Councillors are provided with stationery and secretarial support. The Mayor is provided with an office, stationery, telephone and secretarial support and limited entertainment assistance.

Council meets education and training costs for all Councillors. This year Council organised the following training for Councillors.

### FINANCIAL ISSUES IN LOCAL GOVERNMENT:

This training was conducted by Local Government NSW and was held at the Walcha Veterinary Supplies Office, upstairs, on Aberbaldie Road. Councillors and Staff from both Uralla Shire and Walcha Council attended this training.

Council meets all accommodation costs and out-of-pocket expenses (max. \$100 per day) incurred by all Councillors when attending conferences, seminars etc., or on the approved business of the Council. Council also provides afternoon tea and dinner in conjunction with Council meetings.

Council may also meet the legal costs of Councillors who are the subject of an inquiry or against whom legal action is taken in connection with their civic duties, provided that the outcome of the inquiry or action is substantially favourable to the Councillor and subject to such assistance being reduced by the amount of any monies that may be recouped by the Councillor. Council's "Payment of expenses and provision of facilities for the Mayor, Councillors and Staff" Policy is available on Council's website.

In addition to the items above, fees are paid to all Councillors in accordance with the Local Government Act. 1993. A summary of the cost of these fees, expenses and facilities for 2019-2020 is set out below:

Details	Total
Mayoral and Councillor Fees	\$117,933
Councillors Mobile Phone and iPads	\$2,412
Councillors Conferences in NSW	\$3,809
Councillor Conferences interstate	NIL
Councillor Training	\$2,493
Councillors Expenses \$15,617 + Travel Allowance \$6,290	\$21,907

## GENERAL MANAGER AND SENIOR STAFF REMUNERATION

The General Manager was the only staff member designated as a Senior Staff Member in accordance with the meaning of the Local Government Act 1993. The total remuneration comprised in the annual remuneration package of the General Manager at the end of the reporting period was \$240,000.

## MAJOR CONTRACTS

The *Local Government (General) Regulation 2005 cl 217(1) (a2)(i)(ii)* requires Council to report on all major contracts over \$150,000 value. During 2019 – 2020 the following major contracts were awarded:

Contract Name	Contractor	Contract Date	Contract Amount
Construction of Walcha Truck Wash Facility	McHattan Developments	16/07/2019	\$522,006
Replacement of Bowling Green	Berry Bowling Systems Pty Ltd	18/09/2019	\$182,700
Specialist Consulting Services – Walcha Off Stream Storage	Hunter H2O	09/03/2020	\$976,870
Walcha Pool Upgrade	Swimplex Aquatics	04/05/2020	\$394,858

## PRESERVATION OF THE ENVIRONMENT

Council was involved in several programs to enhance and preserve the environment during the year. Council is actively involved in recycling, working to reduce overall waste generation and improving waste management with the assistance of Northern Inland Regional Waste Group. Council also undertakes a number of education programs to encourage recycling and reduce the amount of waste going to landfill.

Council continued its kerbside recycling service within the urban area and continues to operate a licenced waste management facility, being the Walcha Waste Depot, along with two rural waste transfer stations to service the small settlements and rural communities of Woolbrook and Nowendoc.

Council also continued its ongoing tree planting program. Attention was given to the replacement of dead and damaged trees.

Investigations are continuing into the feasibility of implementing on land disposal of sewage effluent rather than discharging into the Apsley River. These investigations are in accordance with the Department of Land and Water Conservation's study into the health of the Apsley River and in liaison with the Environmental Protection Agency (EPA).

The completion of the Maturation Pond and the Storage Pond were part of the upgrade works at the Sewerage Treatment Plant. Council regularly tests sewage effluent to ensure that it complies with Environment Protection Authority standards.

Council is a member of the New England (Noxious Weeds) County Council and through that Organisation, has a commitment to the control and eradication of noxious weeds.

## CULTURAL AND LINGUISTIC DIVERSITY

According to the 2016 ABS Census data, a total of 153 people living in Walcha were born overseas. As noted in Council's adopted Strategic Plan, this group represents a very small proportion of the Shire's population and all appear to be well integrated into the community. Due to the size and nature of our community, cross cultural awareness training for staff is not considered necessary.

184 people (6% of the Shire's population) are of indigenous origin. Council engaged in a number of programs which provided services to our local Aboriginal community and culturally and linguistically diverse groups. These programs were provided under the auspices of Council's Home and Community Care Program and comprised:

- Aboriginal Group meetings. These meetings are held one a month and are of a recreational, social and educational nature.
- Community Nursing and Day Centre activities. Frozen Meals on Wheels (1 client at Summervale Settlement)
- Employs an Aboriginal Access Worker to co-ordinate HACC services to the aboriginal community.
- Health Forums
- Bus to Tamworth on the Last Friday of the Month
- Community Options Program

The Office of Local Government is obliged to report to the Ethnic Affairs Commission on local government activity in relation to ethnic affairs. The Department uses the following three key result areas when reporting to the Commission:

- Social justice
- Community harmony
- Economic and Cultural Opportunities

Council is therefore required to identify which of the three key result areas apply for each significant activity or strategy aimed at assisting people from culturally and linguistically diverse backgrounds, that have been included in this Annual Report.

- a) Social Justice
  - Meals on Wheels Programme.
  - Community Nursing and Day Care Programme.
  - Community Options Programme.
- b) Community harmony
  - Aboriginal Group Meetings.
- c) Economic and Cultural Opportunities
  - Valuing the presence of these groups as a community resource.

## SUBSIDISED PRIVATE WORKS

No subsidised private works were carried out during the year.

## CONTRIBUTIONS AND DONATIONS

Section 356 of the Local Government Act, 1993 provides that Council may, by resolution, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions. While the Act also provides that financial assistance may be granted to persons who act for private gain. In 2019 – 2020 the following contributions were made.

Contributions	Amount
Floral tributes and Retirements	2,936
Staff Christmas Party and Christmas in July	3,708
Westpac Rescue Helicopter	5,000
School Scholarship – Walcha Central	250
Life Education Van	1,850
Rate Refunds	2,270
Sporting Grants to Youth	3,100
School Bus Service	300
NAIDOC Sponsorships	500
Rugby Union Game Entry	13,558
Arts North West	4,467
Quota Soundtrails	6,000
Walcha Support Group Insurance	556
Hall Subsidies	3,700
Other Community Sporting	2,100
	<b>\$50,295</b>

## HUMAN RESOURCE ACTIVITIES

The Council recognises that its staff is its most important asset and is conscious of the need for training and development. During the year a comprehensive training program was undertaken in accordance with council's policies and procedures. Council has invested a total of \$95,042 in staff training activities during the year. Training plans have been prepared and Council's training program is available to the entire workforce. This is scheduled for review in 2020 – 2021.

In 2019 – 2020 the following training was provided:

### PROFESSIONAL DEVELOPMENT/CONFERENCES/ EDUCATIONAL ASSISTANCE

- Staff have attended either forums, webinars, workshops or received tertiary educations support from the following areas: Finance, Administration, Environmental, Community and Tourism and Infrastructure.

### CORPORATE AND GOVERNANCE

- Consultative Committee
- Payroll / FBT / GST
- Civica
- Human Resources / Employment Law

### WORK PLACE HEALTH AND SAFETY TRAINING

- Safe Work Near Overhead Powerlines – Initial and Refresher
- Traffic Controller
- Implement Traffic Control Plans
- Prepare a Workzone Traffic Management Plan
- DrumMuster Inspection
- Chainsaw Level I and II
- WHS General Construction Induction
- Pool Lifeguard Full Course and Refresher
- Heavy Vehicle Licence
- Forklift Licence
- Provide an Emergency First Aid Response in an Education and Childcare Setting
- Provide First Aid



## EQUAL EMPLOYMENT OPPORTUNITY

Council is an Equal Employment Opportunity (EEO) employer and is committed to promoting equal employment opportunities as governed by anti-discrimination laws, EEO principles and the Protected Disclosures Act 1994 for all employees.

Walcha Council is committed to merit based selection processes, regardless of sex, race, marital status, pregnancy, physical and intellectual impairment, homosexuality, transgender or age by conditions or requirements which cannot be shown to be relevant to performance.

In 2019 – 2020 Council reviewed its Recruitment and Selection Policy and supporting procedures to ensure delivery of the items below in accordance with EEO provisions:

- a) ensure the most competent and suitable people are recruited and retained in Walcha Council positions;
- b) offer career path opportunities, promotional and development opportunities for all Council employees;
- c) ensure all appointments are based on merit having regard to the applicant's ability, knowledge and skills relative to the position
- d) eliminate any form of direct or indirect discrimination from Council's recruitment practices; and
- e) ensure that assessment processes are appropriate to the inherent requirements of the position, are sufficient to assess the merits of applicants and are fair and free from bias.

## EXTERNAL BODIES EXERCISING COUNCIL FUNCTIONS

During the year the following external bodies exercised functions on Council's behalf:

- New England (Noxious Weeds) County Council – Noxious Weed control.
- Central Northern Regional Libraries – Library service.
- Mid North Weight of Loads Group.

## INTERESTS IN COMPANIES

Council does not hold any interest in any companies.

## CO-OPERATIVES AND JOINT VENTURES

Council is a member of the following organisations:

- **NAMOI Unlimited**, a group of Councils whose interests lie specifically in matters of Local Government member Councils are Tamworth Regional, Liverpool Plains, Gunnedah, Gwydir, Uralla and Walcha. Walcha's General Manager Mrs Anne Moddero is the current Chair of the Joint Organisation Leadership Team (JOLT), which comprises of the JO Executive Officer and General managers of all member councils.

Value delivered for member councils in the 2019 – 2020 year is summarised below:



Member Councils invested \$179,740.



Namoi Unlimited attracted an additional \$575,000 in program funding.



Namoi Unlimited received \$285,000 to investigate the use of recycled water in Australia and on gravel roads.

\$134million of funding for identified strategic road in the Namoi Roads Network Strategy.



Over 100 people attended events to obtain drought support and access training, 56 people undertook training, 32 people enquired about employment, and 19 course enquiries have been made to the training providers post the event.



Value Reports demonstrate the orientation to performance.

- **Mid-North Weight of Loads Group**, a group of Councils covering parts of the Hunter, the New England and the Mid-North Coast who provide an inspectorial role in relation to overloaded heavy vehicles.
- **Local Government NSW**, the peak organisation of Local Government in NSW.
- **Statewide Insurance**, a Statewide Local Government Mutual for liability, building insurance and motor vehicle. State Cover Insurance, a Statewide Local Government mutual for workers compensation insurance.

## OVERSEAS VISITS FUNDED BY COUNCIL

There were no overseas visits funded by Council this financial year.



## CHILDREN'S SERVICES

Council provides a number of services that are used by the youth of the area including the library, playing fields, the swimming pool, squash courts, skate board area and playing grounds. Council also, in conjunction with the Hunter New England Area Local Health Network, provides immunisation services.

Council supports the local schools whenever possible by providing an Isolated Schools Allowance (\$300 in 2019 – 2020) to the smaller outlying schools and Council also provides a \$250 annual scholarship to a Year 10 student at the Central School to assist with their studies in Years 11 and 12.

Council supports all local schools by assisting with the transportation of the North West Life Education Van and paying the entry fees of all students in the Walcha area into the Van. In addition, Council provides grants to local sporting organisations for junior sport development.

Council operates the Walcha Preschool and also provided an Early Intervention Service for children with learning disabilities. The 2016 Census data shows that 531 people (17% of the Shire's population) were are under the age of 15.

## YOUTH SERVICES

Council's school holiday program continues to entertain and engage the youth of Walcha, with a varying assortment of activities proving to be popular and well attended. COVID-19 closures and restrictions made it particularly difficult to interact with the youth of Walcha for the later part of the year, especially during the lockdown and during the continued restrictions on gatherings and events.

Throughout this difficult period staff distributed craft kits, boredom buster packs and 'Back to School' snack packs for collection, while also hosting a series of online competitions targeting youth, including craft, photography and kids cooking competitions.

This year Council's approval of a designated social media presence was helpful in promotion and engagement of youth activities, providing important and relevant information via Instagram and Facebook, and a connection to the youth during COVID-19. The partnership with Walcha Handmade to provide quality arts based activities was maintained, with a series of physical workshops as well as organised craft kits to engage and inspire local youth in person remotely.

The Walcha Pool Party was held in February (due to being postponed due to weather) and remained the most popular of the physical events, along with the Twilight Basketball Competition and Skateboard workshops. Bus trips to the larger centres of Armidale and Tamworth were very popular before COVID-19 closures, and included full day outings to enjoy Ten Pin Bowling, Cinema and Gymnastics. Staff were able to connect with a wider cross section of youth in the community by holding two craft activities (Christmas Craft and Sand Art) in McHattan Park during the Walcha Farmers Markets over summer. Council has continued to sponsor a church run Kids Games which is held during the October holidays each year. Council provides funding for the activities, transport and materials that go into making their program a success.

The Youth Advisory Committee continue to play an integral part in planning and delivering these activities. The participants ideas and priorities are gathered during regular meetings and integrated into the program. Council launched a survey late 2019 – 2020 asking community members their thoughts regarding council facilities and our youth. The results from this will be used to develop the Walcha Council Youth Strategy and Walcha Council Facilities Strategy, both scheduled for completion in 2020 – 2021.



## ACCESS AND EQUITY ACTIVITIES

Council is responsible for making sure that their facilities and services are appropriate for, and accessible to, everyone in their community. The Council also has a potential advocacy role to help residents to gain access to other required services and resources that may be the responsibility of other levels of government.

Access and Equity activities or strategies are defined as those which benefit both the broad community and/or particular target groups and are aimed at helping councils to:

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

To help achieve these objectives, Council has prepared a Disability Inclusion Action Plan which was adopted in March 2017. It is available on Council’s website: [www.walcha.nsw.gov.au](http://www.walcha.nsw.gov.au) and becomes part of Council’s Integrated Planning and Reporting Framework, directly tying into the goals listed in the Community Strategic Plan – Walcha 2027.

## RATES AND CHARGES WRITTEN OFF

The following rates and charges were written off during the period 1 July 2019 to 30 June 2020:

Details	Amount
General Fund	\$26,622
Water Fund	\$4,899
Sewer Fund	\$4,791
<b>TOTAL</b>	<b>\$36,312</b>

**Reason:** Pensioner

## NATIONAL COMPETITION POLICY

In accordance with National Competition Policy requirements, Council is required to categorise its business activities as either Category 1 Businesses, which is those business activities that have an annual turnover in excess of \$2M or Category 2 Businesses, those activities that have an annual turnover of less than \$2m per annum.

Council does not have any Category 1 Business Activities. Council has however identified the following of its activities as Category 2 Business Activities:

- The Walcha Water Supply Service.
- The Walcha Sewerage Service.

Council has also established a Competitive Neutrality Complaints Handling Mechanism as part of its general complaints handling procedures. This mechanism was publicised at the time that it was implemented.

Council has complied with Competitive Neutrality implementation requirements and has:

- identified its business activities that are subject to the policy.
- established a Competitive Neutrality Complaints Handling Mechanism.
- implemented full cost attribution in those business activities.
- identified that there will be subsidies to Water and Sewerage Service consumers due to the depreciation of the assets of those services being only partially funded.

Council is also required to prepare Special Purpose Financial Statements for its Business Activities and a copy of these accounts is include in the audited financial statements (Appendix B)

## GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009 (GIPA)

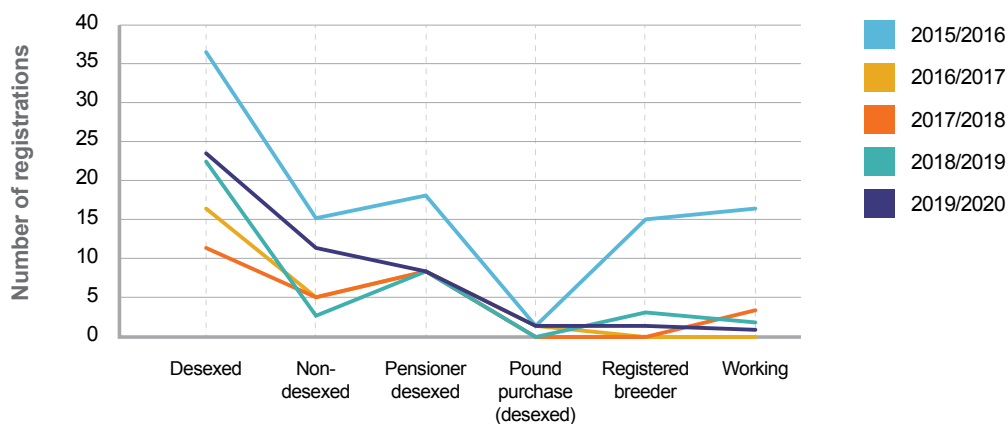
Section 125 of the Government Information (Public Access) Act 2009 requires the preparation of an Annual Report. This report is attached as Appendix C.

## COMPANION ANIMALS

Council encourages responsible pet ownership in the community, as well as at home. Pet owners should make sure their animals don’t disturb their neighbourhood and threaten or harm any other person, pets or wildlife.

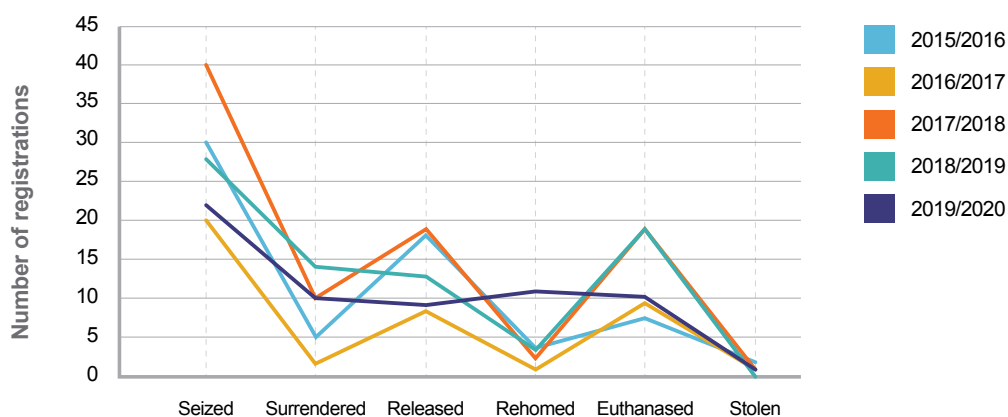
Council is required to enforce the registration laws, and the other areas of pet ownership covered by the Companion Animals Act 1998. Trends over the last five years are shown on page 25.

### COMPANION ANIMAL REGISTRATIONS



	Desexed	Non-desexed	Pensioner desexed	Pound purchased (desexed)	Recognised breeder	Working	Value
2015/2016	36	15	17	1	15	16	\$5,915.00
2016/2017	16	5	8	1	0	0	\$2,020.50
2017/2018	12	5	8	0	0	4	\$1,849.00
2018/2019	22	3	8	0	4	2	\$2,259.00
2019/2020	18	12	8	2	2	1	\$3,818.00

### COMPANION ANIMAL SEIZURES



	Seized	Surrendered	Released	Rehomed	Euthanased	Stolen
2013/2014	27	2	12	0	14	1
2014/2015	34	8	19	3	12	0
2015/2016	30	5	17	4	7	2
2016/2017	20	2	8	1	9	2
2017/2018	40	10	18	3	18	1
2018/2019	27	14	13	4	18	0
2019/2020	22	10	9	11	10	2

## DEVELOPMENT APPLICATIONS

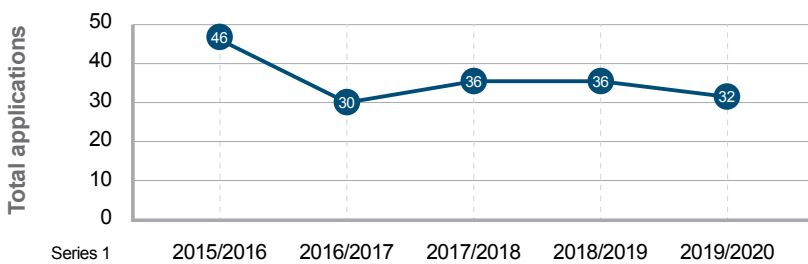
The Walcha Council LGA is a desirable place to work, live and play; Council is supportive and welcoming of developmental growth in accordance with its planning instruments.

Development activity and statistics have been provided below, the major component of development in the shire has been in relation to sheds and garages, however other

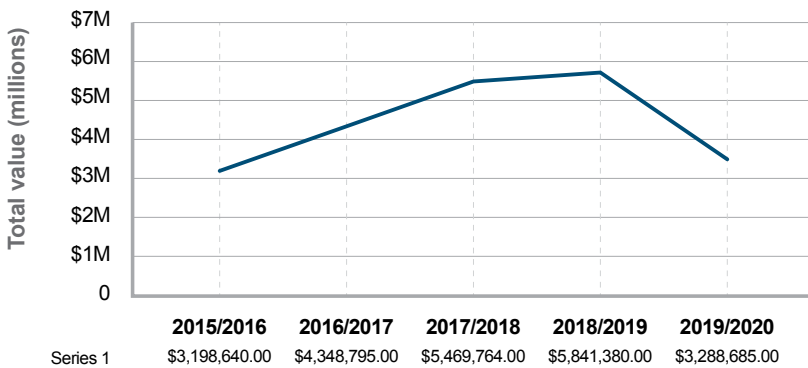
notable applications were for a major motorcycle festival and associated primitive camping.

Council acknowledges that the figures for 2019/2020 are down on those for the previous year, with the community facing challenges related to the prolonged drought having an impact on many within our community.

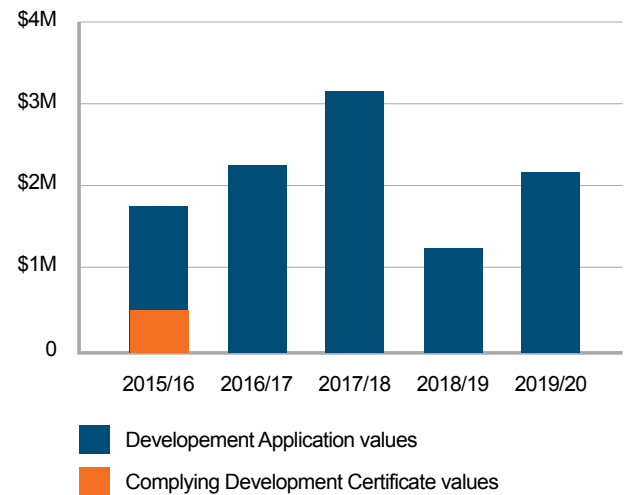
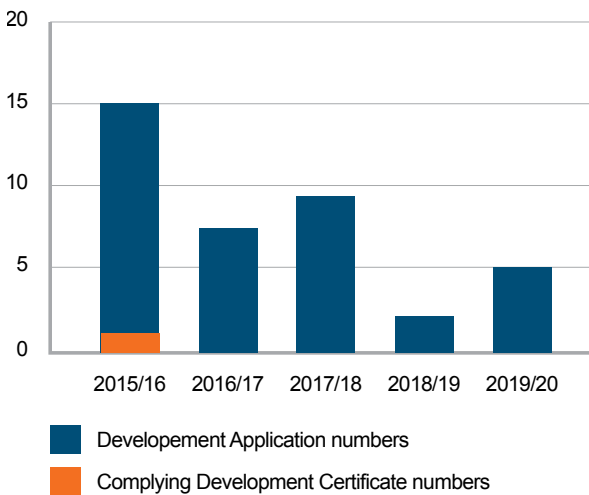
### WALCHA DEVELOPMENT APPLICATION NUMBERS



### WALCHA DEVELOPMENT APPLICATION VALUES

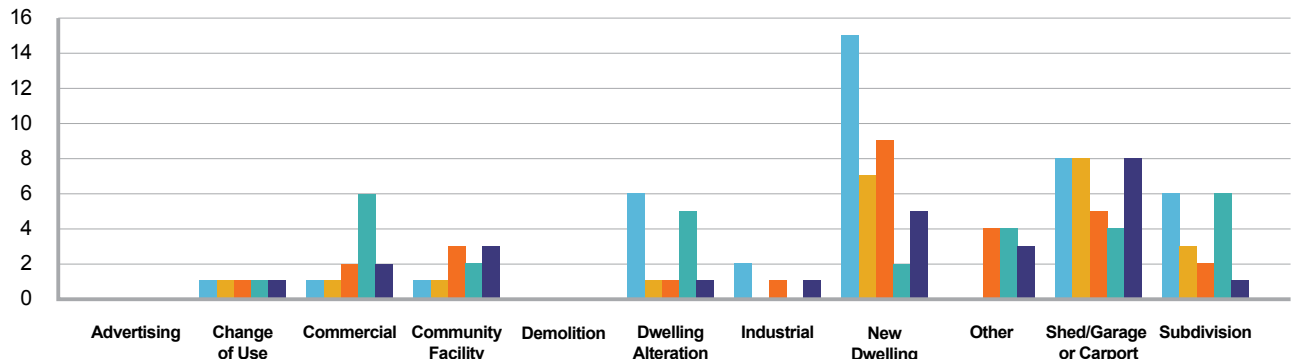


### DEVELOPMENTS – NEW DWELLINGS

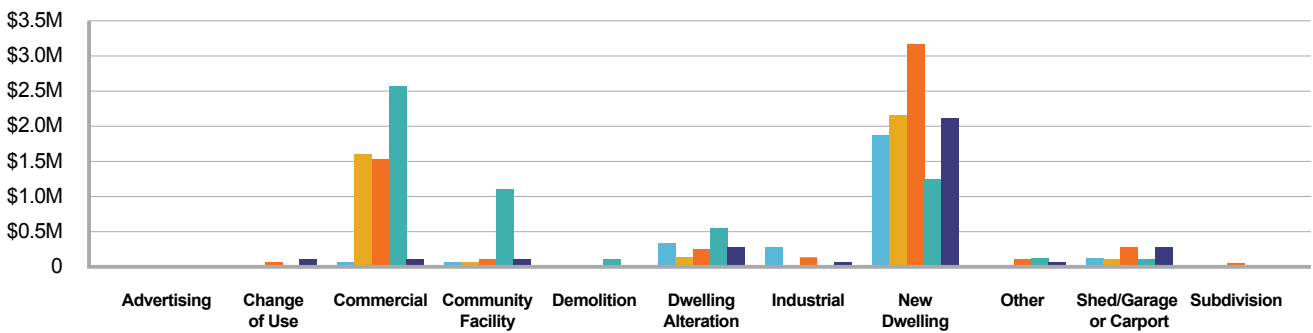




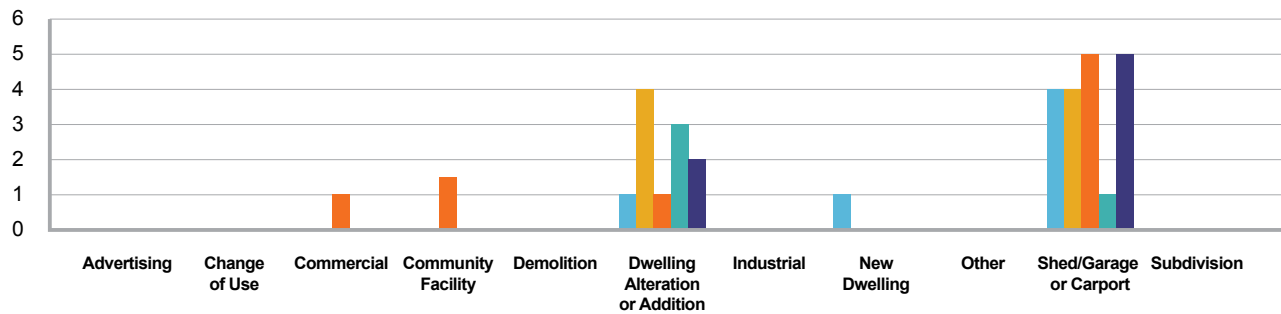
**DEVELOPMENT APPLICATION NUMBERS**



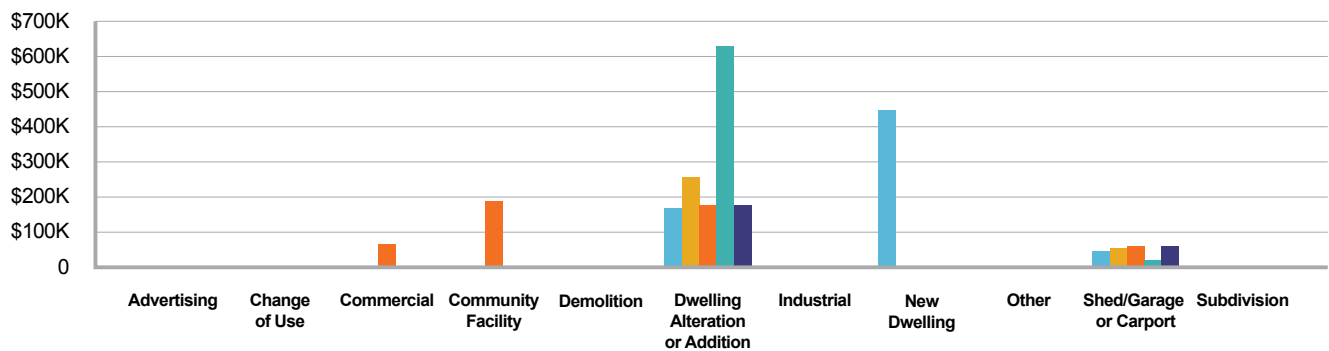
**DEVELOPMENT APPLICATION VALUES**



**COMPLYING DEVELOPMENT CERTIFICATE NUMBERS**



**COMPLYING DEVELOPMENT CERTIFICATE VALUES**



2015/2016    2016/2017    2017/2018    2018/2019    2019/2020



Apsley River levee bank

# APPENDIX A

## ACHIEVEMENT OF THE DELIVERY PROGRAM 2019 – 2020

FOR THE YEAR ENDING 30 JUNE 2020



# APPENDIX A.

Action	Responsible Officer	Task	Measure	Achieved	In Progress	Deferred	Comments – as at 30 June 2020 if needed	2017/18	2018/19	2019/20	2020/21
<b>TRANSPORT</b>											
<b>1.1</b>		<b>Walcha will be serviced by integrated and efficient transport network</b>									
<b>1.1.1</b>		<b>Develop and maintain a safe and efficient local road and bridge network.</b>									
<b>1.1.1.1</b>	<b>DI</b>	<b>Roads Urban Local – Maintain as per the Road Asset Management Plan.</b>	The condition of the local road network meets the adopted targets. The level of community satisfaction with the roads.	●				●	●	●	●
	<b>DI</b>	<b>Roads Sealed Rural Local – Maintain as per the Road Asset Management Plan.</b>	The condition of the local road network meets the adopted targets. The level of community satisfaction with the roads.	●				●	●	●	●
	<b>DI</b>	<b>Roads Unsealed Rural Local – Maintain as per the Road Asset Management Plan.</b>	The condition of the local road network meets the adopted targets. The level of community satisfaction with the roads.	●				●	●	●	●
	<b>DI</b>	<b>Review and update the Road Asset Management Plan.</b>	The Plan is reviewed, updated and adopted by Council.	●			GAP analysis and initial review scheduled for completion 2020 – 2021. Asset Management Plan review deferred until 2021 – 2022.	●			
<b>1.1.1.2</b>	<b>DI</b>	<b>Bridges Urban Local – Maintain as per the Bridge Asset Management Plan.</b>	The condition of the local bridges meets the adopted targets. The level of community satisfaction with the bridges.	●				●	●	●	●
	<b>DI</b>	<b>Bridges Sealed Rural Local – Maintain as per the Bridge Asset Management Plan.</b>	The condition of the local bridges meets the adopted targets. The level of community satisfaction with the bridges.	●				●	●	●	●
	<b>DI</b>	<b>Bridges Unsealed Rural Local – Maintain as per the Bridge Asset Management Plan.</b>	The condition of the local bridges meet the adopted targets. The level of community satisfaction with the bridges.	●				●	●	●	●
	<b>DI</b>	<b>Review and update the Bridge Asset Management Plan.</b>	The Plan is reviewed, updated and adopted by Council.	●			GAP analysis and initial review scheduled for completion 2020 – 2021. Asset Management Plan review deferred until 2021 – 2022.	●	●	●	●
<b>1.1.1.3</b>	<b>DI</b>	<b>Dust Suppression Program – Implement as per the Road Asset Management Plan.</b>	The kilometres of non-dedicated road providing access to two or more properties.	●				●	●	●	●
<b>1.1.1.4</b>	<b>DI</b>	<b>Prepare a Business Plan for the operation of Council managed quarries.</b>	The Business Plan is completed.	●				●	●	●	●
	<b>DI</b>	<b>Review quarry management plans.</b>	The management plans are reviewed annually.	●				●	●	●	●



DI	1.1.1.4.3	Investigate potential new sources of suitable gravel and aggregate.	Feasibility of new sources based on the cost per tonne to produce gravel and the cost per tonne kilometre to deliver gravel.	●	●
DI	1.1.1.4.4	Operate quarries in accordance with mining and environmental requirements.	The operation of quarries complies with mining and environmental requirements as determined by external audit.	●	●
DI	1.1.1.4.5	Control the spread of noxious weeds from quarries and borrow sites.	The number of incidents where noxious weed infestation can be directly linked to the movement of earthen materials.	●	●
DI	1.1.1.5.1	Provide traffic facilities.	The entire road network is inspected and defects recorded in Maintenance Defect Register monthly.	●	●
1.1.1.5		<b>Carry out road safety audits on local and regional roads and erect and maintain appropriate signs that comply with Australian Standards.</b>	Maintenance Defect Register is now stored on REFLECT system	●	●
<b>1.1.2 Maintain safe and efficient regional and state road links to, from and through the Walcha Local Government Area</b>					
DI	1.1.2.1	<b>Maintain regional roads as per the Road Asset Management Plan.</b>	The condition of the regional road network meets the adopted targets. The level of community satisfaction with the roads.	●	●
DI	1.1.2.1.1	Roads Urban Regional – Maintain as per the Road Asset Management Plan.		●	●
DI	1.1.2.1.2	Roads Sealed Rural Regional – Maintain as per the Road Asset Management Plan.		●	●
DI	1.1.2.1.3	Review and update the Road Asset Management Plan.	The Plan is reviewed, updated and adopted by Council.	●	●
DI	1.1.2.2.1	Bridges Sealed Rural Regional – Maintain as per the Bridge Asset Management Plan.	The condition of the bridges on regional roads meets the adopted targets. The number of complaints received. The level of community satisfaction with the bridges.	●	●
DI	1.1.2.2.2	Review and update the Bridge Asset Management Plan.	The Plan is reviewed, updated and adopted by Council.	●	●
DI	1.1.2.3.1	Maintain State roads.	A satisfactory performance report is received from the Transport NSW each year.	●	●
1.1.2.3		<b>Maintain state roads as per the Road Maintenance Council Contract (RMCC).</b>	Walcha Council is transitioning from acting when instructed by the RMS, to taking more of a lead role in supporting the direction of the Oxley Highway. This has resulted in more projects and the RMS being more satisfied with performance. Contractor performance reports issued by Transport for NSW, are always positive.	●	●
DI	1.1.2.4.1	Lobby the NSW Government for more BLOCK and REPAIR funding.	The level of funding provided under the BLOCK and REPAIR grants.	●	●
1.1.2.4		<b>Obtain additional State and Federal Government funding to upgrade and maintain Regional Roads.</b>	INITIAL discussions around BLOCK and REPAIR program funding increases has not been met with much success, due to the restrictive nature of these recurring grants. This may change with the State Governments Review of Regional Roads.	●	●

DI	1.1.2.4.2	Lobby the NSW Government for supplementary funding to upgrade and maintain regional roads.	The level of additional funding received.	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	The Thunderbolts Way Corridor Strategy has been approved through Fixing Country Roads Round 4, as a four year program. The delivery of projects has commenced.
<b>1.1.3 Maintain and increase the rail passenger service and the use of rail for freight</b>					
GM	1.1.3.1	Ensure that the NSW State Government maintains an affordable and appropriate rail service to Armidale.	The rail passenger service is retained and is competitively priced.	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	Rail service still running and no significant price fluctuations have occurred
GM	1.1.3.1.1	Monitor the NSW Government's decisions and liaise with the Local Member.	Council is kept promptly informed of any moves by the NSW Government that may impact on the rail service.	<ul style="list-style-type: none"> <li>•</li> </ul>	
GM	1.1.3.2	Support the provision of a tourist rail service operating between Tamworth and Armidale.		<ul style="list-style-type: none"> <li>•</li> </ul>	Deferred
GM	1.1.3.3	Support proposals to increase the use of rail for freight.		<ul style="list-style-type: none"> <li>•</li> </ul>	Support for adjacent and regional programs occurring at JO level (e.g.. Inland Rail)
<b>1.1.4 Maintain and improve the standard and competitiveness of our regional air services</b>					
GM	1.1.4.1	Work with regional stakeholders to develop strategies for regional air services.	Participation in relevant regional forums.	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	Transport and connectivity discussed with Namoi Unlimited.
DI	1.1.4.2.1	Maintain Walcha Aerodrome as per the Aerodrome Management Plan.	Develop an Aerodrome Management Plan.	<ul style="list-style-type: none"> <li>•</li> </ul>	Council has commenced the Aerodrome Management Plan, this will be developed to meet all necessary requirements. Delivery deferred to assess wider impacts and operating model for airport.
<b>1.1.5 Improve community and public transport</b>					
DI	1.1.5.1	Improve and enhance the community and public transport system.	Review existing services and needs.	<ul style="list-style-type: none"> <li>•</li> </ul>	Council has not held any bi-annual forums. However community engagement has been completed through a community survey.
DI	1.1.5.1.1		Conduct a bi-annual public forum.	<ul style="list-style-type: none"> <li>•</li> </ul>	
DI	1.1.5.1.2	Develop, implement and review an action plan.	The views of all stakeholders are obtained and documented.	<ul style="list-style-type: none"> <li>•</li> </ul>	Deferred
DCT	1.1.5.1.3	Investigate and review public transport facilities.	The Review is conducted.	<ul style="list-style-type: none"> <li>•</li> </ul>	Deferred
DCT	1.1.5.2.1	Research existing services.	A comprehensive list of existing service has been prepared and is kept updated.	<ul style="list-style-type: none"> <li>•</li> </ul>	Brochures exist for existing services, and is also included in the client handbook. Additional funding has been received for NDIS participant transport using existing resources.
DCT	1.1.5.2.2	Advertise services.	Quarterly advertisements placed. The number of people using the service maintained at current levels.	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	Facebook and media advertising on the introduction of Taxi vouchers. This has increased the number of people using services.

**1.1.6 Provide and maintain facilities for the safe movement of pedestrian and cycle traffic.**

<b>1.1.6.1</b>	<b>DI</b>	<b>1.1.6.1.1</b>	Operate and maintain appropriate street lighting.	-	● ● ● ● ● ●
<b>1.1.6.2</b>	<b>DI</b>	<b>1.1.6.2.1</b>	Prepare a PAMP in consultation with community stakeholders	The plan is developed and implemented.	● ● ● ● ● ●
	<b>DI</b>	<b>1.1.6.2.2</b>	Source funding and implement plan as funding becomes available.	The value of funding secured.	● ● ● ● ● ●
	<b>DI</b>	<b>1.1.6.2.3</b>	Review and update the Plan.	The Footpath and Cycleway Asset Management Plan is reviewed and updated to include PAMP projects.	● ● ● ● ● ●
	<b>DI</b>	<b>1.1.6.2.4</b>	Investigate the expansion of street lighting to include footpath and cycleways along levee banks and Middle Street Bridge	Investigation complete	● ● ● ● ● ●
<b>1.1.6.3</b>	<b>DI</b>	<b>1.1.6.3.1</b>	Maintain footpaths and cycleways as per the Roads Asset Management Plan with reference to the DIAP.	The condition of the footpaths and cycleways meets the adopted targets. The level of community satisfaction with the condition.	● ● ● ● ● ●
	<b>DI</b>	<b>1.1.6.3.2</b>	Review and update the Streetscape Upgrade Program.	The Plan is reviewed, updated and adopted by Council.	● ● ● ● ● ●

Develop and maintain a safe and efficient road and bridge network

Maintain safe and efficient regional and state road links to, from and through the Walcha Local Government Area



Action	Responsible Officer	Task	Measure	Achieved	In Progress	Deferred	Comments – as at 30 June 2020 if needed	2017/18	2018/19	2019/20	2020/21
<b>BUSINESS AND JOBS</b>											
2.1		Commercial and tourist development will be promoted and encouraged to grow in harmony with the natural environment, to take maximum advantage of commercial opportunities and increase local employment									
2.1.1		Maintain and improve the appearance of Walcha Local Government Area to increase tourist and commercial activity.									
2.1.1.1		Maintain public toilets as per the Building Asset Management Plan.	The condition rating of facilities meets the adopted targets.								
	DED	2.1.1.1.1	Maintain public toilets as per the Buildings Asset Management Plan.	The condition of the public toilets meets the adopted targets. The level of community satisfaction with the condition.			Upgrade scheduled for Lions park toilets in 2020 – 2021				
	DI	2.1.1.1.2	Review and update the Buildings Asset Management Plan.	The Plan is reviewed, updated and adopted by Council.			Assessment deferred to 2020 – 2021				
2.1.2		Develop and market tourism products targeting identified markets.									
2.1.2.1		Operate and maintain the Visitor Information Centre and tourism services.	The service provided meets the adopted levels. The number and type of visitors.								
	DCT	2.1.2.1.1	Develop the Tourism Management Plan.				Deferred until 2020 – 2021 to incorporate additional events and initiatives to be funded by new grant programs relating to bushfire impact.				
2.1.2.2		Partner with NSW Government to increase visitation to State and national parks.	NPWS Committee Member advises number of joint promotional activities.								
	DCT	2.1.2.2.1	Work with government agencies that manage and market State and national parks.				National Parks represented on Tourism 355 committee supported by successful recent grant applications				
2.1.3		Develop activities that encourage increased visitation frequency and stay length.									
2.1.3.1		Develop ways to keep tourists in Walcha for longer.	The needs are identified.								
	GM	2.1.3.1.1	Investigate ways to encourage tourists to spend longer in Walcha.				Walcha Motorcycle Rally was held this year and was a success. Motorcyclists from NSW and QLD arrived in Walcha for the weekend. This has now been scheduled for an annual event. Additional work is ongoing				
	GM	2.1.3.1.2	Develop and implement a plan to provide this encouragement.				Now linked to overall regional and local plans re bushfire recovery. Complete FY21				
2.1.4		Assist, support and encourage the establishment and/or expansion of local businesses.									
2.1.4.1		Economic Development	Economic Development								
	GM	2.1.4.1.1	Economic Development				Deferred for new CSP to gain additional clarity regarding the action.				
2.1.4.2		Support industry workshops that identify new, existing and developing products and commercial opportunities.									
	GM						None scheduled.				



2.1.4.3	Support local businesses located within the Walcha Local Government Area.	GM	2.1.4.3.1	Support local businesses as opportunities arise	●	●	●	●	●	Ongoing support provided	●
2.1.5	Promote Walcha's suitability for the aged care community and associated industries.										
2.1.5.1	Support those promoting Walcha's suitability for aged care industries.	DCT									
2.1.6	Develop an environment that will attract technology or internet based industry to come to Walcha.										
2.1.6.1	Attract technology and internet based industries	GM	2.1.6.1.1	Consult with relevant stakeholders	The relevant stakeholders are consulted.	●				Deferred	●
		GM	2.1.6.1.2	Investigate the feasibility of attracting internet based industries to Walcha.	The investigation is completed and an action plan submitted to Council for consideration.	●				Deferred	●
2.1.6.2	Maximise commercial and residential use of the National Broadband Network.	GM	2.1.6.2.1	Maintain established partnerships that will make the rollout easier.	The priority given to rolling out the NBN in Walcha.	●				Rollout completed	
		GM	2.1.6.2.2	Assist businesses as needs are identified.		●				NBN installed	●
2.1.6.3	Maximise mobile phone network coverage reliability and speed	GM	2.1.6.3.1	Lobby Government and telecommunications provider for increased level of service.		●				Continuously lobbying for better communications. Highlighted in recent addendum developed for State Government REDS	●
2.1.7	Provide the services that appeals to "young" workers e.g.: childcare, medical, housing, sporting facilities and parks.										
2.1.7.1	Facilitate after school and vocational care services.	DCT	2.1.7.1.1	Advertise the facilities that are available.	The facilities are advertised. The level of community awareness.	●				Preschool extended hours has been maintained and possible changes being workshopped with working group	●
		DCT	2.1.7.1.2	Determine future after school and vocational care needs	The number of services available.	●				Child Care survey completed, and working group formed to review responses and forward action plan	●
2.1.8	Encourage and promote Walcha as a 'change of life' location										
2.1.8.1	Develop promotional material highlighting Walcha's lifestyle.	GM			Produced and distributed material.	●				Additional stock footage and material being collected for use.	●
2.1.9	Encourage the development of additional rental accommodation in Walcha.										
2.1.9.1	Promote existing low costs of development and permissible land uses and their benefits	GM			Promotional material distributed through appropriate channels.	●				Work continues	●

Action	Responsible Officer	Task	Measure	Achieved	In Progress	Deferred	Comments – as at 30 June 2020 if needed	2017/18	2018/19	2019/20	2020/21
<b>HEALTH</b>											
3.1 Health Services and facilities will be provided and where appropriate managed locally to meet the needs of the community.											
3.1.1 Maintain a viable, state-of-the-art Multi Purpose Service in Walcha											
3.1.1.1 Support the Walcha Multi Purpose Service.	GM		The Walcha Multi Purpose Centre is maintaining or increasing service levels.	●			New Kitchen installed at MPC				
3.1.1.2 Support the Local Health Committee	GM	3.1.1.2.1 Ensure that Walcha is well represented on the Committee by both local government and community representation.	The Committee is active with Local Government and the Walcha Community well represented.	●			Mayor is a Committee Member.	●	●	●	●
3.1.2 Reinststate and maintain the blood donor collection facility in Walcha											
3.1.2.1 Lobby Red Cross Blood Bank to reinststate Service.	DED			●			Lobby work complete. Unfortunately we were not successful. Mobile units are at full capacity, not looking to change their set locations and it is very rare that they do change, unfortunately can't cover all parts of Australia so Armidale remains our closest location. Mobile units are scheduled for three monthly visits and require 100's of donators.	●			
3.1.3 Maintain the Lavery Pathology Service in Walcha											
3.1.3.1 Monitor the services existence.	DED			●			The service is maintained.	●	●	●	●
3.1.4 Provide general practitioners and allied health workers commensurate with the community's need											
3.1.4.1 Support the process to attract appropriate medical and allied health workers to work in Walcha.	DED	3.1.4.1.1 Support strategies to attract and retain medical and other health workers to work in Walcha.	Adequate doctors with VMO rights and other health professionals are available.	●			Adequate Doctors are available within our community.	●	●	●	●
3.1.5 Ensure adequate transport is provided for community members to access local, regional and State services											
3.1.5.1 Provide transport to access health services.	DCT	3.1.5.1.1 Support regional health transport services.	Westpac Helicopter donation			●	We are unable to use our funding for donations.	●	●	●	●
	DCT	3.1.5.1.2 Support and coordinate local health transport services.	The Customer Satisfaction Survey is completed and reported to Council.	●			Funding can only be used to transport eligible clients. Surveys are completed on a regular basis for reporting obligations	●	●	●	●
3.2 The public health and well being of the community will be protected and enhanced.											
3.2.1 Foster preventative health systems and activities that promote physical, mental and social health											

3.2.1.1	Work with the schools and other interested community organisations to deliver mental and other health programs.	DED	3.2.1.1.1	Assist with the transport of the Life Education Van.	The van is transported in accordance with the schedule	●	●	●	●	Ongoing – Council support the transport of the Life Education Van every year.	●
		DED	3.2.1.1.2	Pay Life Education access fees for all school students in the Walcha Local Government Area and attending Niangala Public School.	The fees are provided for in the Budget.	●	●	●	●	Ongoing – Council provide a budget for these fees annually.	●
		DED	3.2.1.1.3	Partner with other stakeholders in delivering community health promotion events.		●	●	●	●	Council very active in assisting with drought mental health programs	●
3.2.1.2	Monitor the availability of appropriate preventative health services in Walcha.	DED	3.2.1.2.1	Continually review available services in Walcha.	A survey is prepared, circulated, completed and analysed.	●	●	●	●	Work deferred to be included in holistic community consultation in FY21 as appropriate	●
3.2.1.3	Safeguard public health.	DED	3.2.1.3.1	Inspect sites where activities may have an adverse impact on public health.	The number and frequency of inspections carried out.	●	●	●	●	Regular food premises inspections conducted, currently preparing for implementation of OSSMI strategy.	●
3.2.2	Promote the benefits of, and provide opportunities for, all children to be immunized										
3.2.2.1	Provide immunization services for children.	DED	3.2.2.1.1	Conduct immunisation clinics.	The number of immunisations.	●	●	●	●	WCHC within HNE Health at Walcha MPS conduct and manage immunisations	●
		DED	3.2.2.1.2	Promote the benefits of immunisation.	The number of promotional programs.	●	●	●	●	WCHC within HNE Health at Walcha MPS left to promote immunisation benefits	●
3.2.3	Maintain the availability and quality of water for use in rural areas										
3.2.3.1	Control development that may have an impact on water quality in rural areas.	DED	3.2.3.1.1	Through the development process impose relevant development conditions	No breaches.	●	●	●	●	Conditioned, on consent and inspected during construction for compliance.	●
3.2.4	Ensure that the disposal of liquid waste in rural areas is carried out in a healthy manner without negative environmental impact										
3.2.4.1	Develop and implement onsite sewage management strategies.	DED	3.2.4.1.1	Administer government regulations relating to on-site sewage management systems.	The number of systems administered.	●	●	●	●	Deferred by Council due to drought	●
3.2.4.1	Develop and implement onsite sewage management strategies.	DED	3.2.4.1.1	Administer government regulations relating to on-site sewage management systems.	Complete Audit on high risk rural properties in Macdonald River catchment	●	●	●	●	Deferred by Council due to drought	●
3.2.5	Maintain cemeteries in accordance with the community's needs and expectations										
3.2.5.1	Manage the cemeteries in accordance with the Cemeteries Management Plan.	DI	3.2.5.1.1	Maintain and operate cemeteries as per the Cemeteries Management Plan.	The service provided meets the adopted levels. The level of community satisfaction.	●	●	●	●		●
		DI	3.2.5.1.2	Review and update the Cemeteries Management Plan.	The Plan is reviewed, updated and adopted by Council.	●	●	●	●	Cemeteries management plan is being developed, and focuses on the long term viability of this facet of Councils business.	●

Action	Responsible Officer	Task	Measure	Achieved	In Progress	Deferred	Comments – as at 30 June 2020 if needed	2017/18	2018/19	2019/20	2020/21
<b>EDUCATION AND TRAINING</b>											
4.1	Education and training opportunities will be provided that deliver the skills and knowledge needed to advance the community.										
4.1.1	Provide quality and accessible preschool and early intervention facilities for children in a safe and supportive environment										
4.1.1.1	DCT	4.1.1.1.1	Operate and maintain the Preschool as per the Preschool Management Plan. The service provided meets the adopted levels. The level of parent satisfaction. The number and children using the service.	●			New preschool building completed November 2020.	●	●	●	●
	DCT	4.1.1.1.2	Review and update the Plan			●	Plans updated annually and adopted by Council		●		●
4.1.2	Ensure access to education for all children in outlying villages										
4.1.2.1	GM		Lobby staffing numbers and transport subsidies are maintained for small schools	●			Continues to be achieved and maintained each year.				
4.1.2.2	GM	4.1.2.1.1	Lobby bus services to ensure appropriate routes	●			Small schools operating.	●	●	●	●
4.1.2.3	GM		Lobby for school bus routes to encourage attendance for all schools for K-12	●			All schools operating.	●	●	●	●
4.1.3	Support education, training and employment programs for trainees and apprentices and adult education										
4.1.3.1	GM		Support employment programs for trainees and apprentices and adult education.	●			Council maintain two work placed trainees at all times.	●	●	●	●
4.1.4	Provide financial incentives for local children who study and work locally in an area of identified skill shortage for an agreed number of years										
4.1.4.1	GM	4.1.4.1.1	Identify areas of local skill shortage.			●	The areas of local skill shortage are identified.	●	●	●	●
	GM	4.1.4.1.2	Identify businesses that would benefit.			●	The businesses that would benefit are identified.	●	●	●	●
	GM	4.1.4.1.3	Provide scholarships for school students.	●			The number and value of scholarships provided.		●	●	●
	GM	4.1.4.1.4	Provide opportunities for student work placements.	●			Distribute relevant information as skills shortages are identified.	●	●	●	●
4.1.5	Promote Council as a viable and rewarding career choice										



4.1.5.1	Continue to foster relationships with Waicha Central School by encouraging work placements and school based apprenticeships and trainees.	HRM	4.1.5.1.1	Participate in career forums at local schools.	Attendance at forums.	●	●	●	●	●	No attendance at forums due to none being held, however relationships are proactively maintained. Traineeships and Work Placements are solidly continuing.	2020/21
<p style="text-align: center;"><b>STRONGER COMMUNITY</b></p>												
5.1	Social services will be planned, maintained and coordinated so that they meet the current and future needs of all groups in the community											
5.1.1	Provide and support Waicha Council Community Care and Meals on Wheels programs so that they reach the appropriate clientele											
5.1.1.1	Provide and support WCCC.	DCT	5.1.1.1.1	Provide community aged care services appropriate for the community.	Maintain current levels.	●	●	●	●	●	Referrals from the MAC have dropped. This is outside our control. Services continue to be delivered to existing clients.	2020/21
		DCT	5.1.1.1.2	Maintain the Community Care groups.	The number of functioning groups.	●	●	●	●	●	Groups have been maintained	
		DCT	5.1.1.1.3	Support the Meals on Wheels program.	The number of meals provided.	●	●	●	●	●	Meals on wheels numbers have increased. And teams managed well to continue service safely through COVID-19.	
		DCT	5.1.1.1.4	Undertake Australia Aged Care Quality Review to measure compliance with quality standards and legislation.	Completion of review and accreditation issued.					●	Review due 2020	
5.1.2	Support activities that provide meaningful engagement and social interaction.											
5.1.2.1	Support activities that provide meaningful engagement and social interaction.	DCT	5.1.2.1.1	Support the needs of individuals that fall outside established programs.	Maintain current levels.	●	●	●	●	●		
5.1.3	Support current volunteer efforts and encourage volunteer participation											
5.1.3.1	Maintain volunteer participation.	DCT	5.1.3.1.1	Implement programs to volunteer numbers for services such as the Waicha Library, Community Care, Visitor Information Centre.	The number of programs developed and delivered.	●	●	●	●	●		
		DCT	5.1.3.1.2	Support school based programs for volunteering.	-					●		
		DCT	5.1.3.1.3	Meet all associated costs with relative compulsory requirements for Council related volunteering.		●	●	●	●	●	Costs are met for compulsory checks	

<b>DCT</b>	5.1.3.1.4	Providing in-kind support to community events and organisations.			●	No budget provided for this type of support. Existing program funding does not allow for this type of support.	●	●
<b>5.1.4 Employ and support local social and youth workers to assist the community</b>								
<b>DCT</b>	5.1.4.1.1	Youth services.	-		●	Youth Services changes or expansion to be considered as part of Youth Strategy	●	●
<b>DCT</b>	5.1.4.1.2	Support the Church programs.	Funding is provided in the Budget.		●	Anglican Church holiday program is supported financially by Council and WCCC	●	●
<b>5.2 The existing strong community spirit and pride will be protected and promoted</b>								
<b>5.2.1 Support and promote participation in community events</b>								
<b>DCT</b>	5.2.1.1.1	Incorporate AgeQuip into Seniors Week celebrations.	The event is held regularly.		●	Mini Age quip was held in September 2019	●	●
<b>GM</b>	5.2.1.1.2	Australia Day.	-		●		●	●
<b>GM</b>	5.2.1.1.3	Walcha Festival.	-		●		●	●
<b>GM</b>	5.2.1.2.1	Subsidise public halls.	Funding is provided in the Budget.		●	Allocation in Budget annually	●	●
<b>GM</b>	5.2.1.2.2	Provide other financial assistance where appropriate.	Funding is provided in the Budget.		●		●	●
<b>DI</b>	5.2.1.2.3	Walcha Showground – Assist with maintaining grounds.	Budget allocation provided.		●	An annual budget is provided and expended each year on maintenance functions. Council assists wherever possible prior, during and after events at the showground.	●	●
<b>GM</b>	5.2.1.3.1	Stage new community events, especially those suitable for young people.	The number of events held.		●	Purchased Outdoor Theatre and providing Youth Program activities in School Holidays.	●	●
<b>5.2.2 Encourage and support outlying communities to have their own identity through the development of community infrastructure</b>								
<b>GM</b>	5.2.2.1.1	Encourage and support outlying communities to maintain their own infrastructure.	-		●	Ongoing support identified through grants and facilitating improvements	●	●
<b>GM</b>	5.2.2.1.2	Support the establishment and maintenance of outdoor recreational facilities.	The number of successful grant applications.		●	Assist with grant applications and subsidies where possible.	●	●
<b>5.2.3 Support service, sporting and other community groups</b>								
<b>GM</b>	5.2.3.1	Provide rate relief as per Council's Donations Policy	Budget allocation provided.		●		●	●
<b>GM</b>	5.2.3.2	Investigate the construction of a joint storage facility	Investigation complete and report to Council.		●	Grant received construction will commence in next quarter	●	●
<b>GM</b>	5.2.3.3	Actively seek grant funding opportunities for community	Number of funding opportunities identified		●	Multiple grants received	●	●

	GM	Percentage of successful grants	Multiple grants received
<b>5.3</b>	<b>Walcha's cultural identity will be enhanced</b>		
<b>5.3.1</b>	<b>Promote and support Walcha as the premier agricultural area of New England</b>		
<b>5.3.1.1</b>	<b>Support cultural agricultural events</b>	All events are supported.	
<b>5.3.2</b>	<b>Make the "Open Air Gallery" theme an integral part of the development of the Walcha Local Government Area</b>		
<b>5.3.2.1</b>	<b>Maintain public art as per the Public Art Asset Management Plan.</b>	The condition of public art meets the adopted targets. The level of community satisfaction with the condition.	
	DI 5.3.2.1.1	Maintain public art as per the Public Art Asset Management Plan.	
	DI 5.3.2.1.2	Review and update the Public Art Asset Management Plan.	
<b>5.3.2.2</b>	<b>Provide more public art.</b>	An event is held.	
	GM 5.3.2.2.1	Hold a special public art event or competition.	
	GM 5.3.2.2.2	Support the schools in creative and visual arts.	
	GM 5.3.2.2.3	Develop public / private partnerships.	
	GM 5.3.2.2.4	Maintain Arts Advisory Committee	
<b>5.3.2.3</b>	<b>Increase access and promotion of the "Open Air Gallery"</b>	Opportunities are identified.	
	GM 5.3.2.3.1	Identify opportunities to increase access	
<b>5.3.3</b>	<b>Support the activities of cultural organisations.</b>		
<b>5.3.3.1</b>	<b>Support the activities of cultural organisations.</b>	Each request for support to be considered on its merits.	
<b>5.3.4</b>	<b>Preserve, support and promote the History of Walcha</b>		
<b>5.3.4.1</b>	<b>Preserve historical assets.</b>	Budget allocation provided as per Council's Donations Policy.	
	DED 5.3.4.1.1	Provide rate relief for Historical Museum	
	DED 5.3.4.1.2	Promote local heritage through the Visitor Information Centre and Local History Centre.	
<b>5.3.4.2</b>	<b>Apply Council's Local Environmental Plan and planning controls.</b>	Through the development application assessment process and the section 4.15 assessment and integrated development provisions.	

5.4	Walcha's Aboriginal communities will be supported and strengthened								
5.4.1	Increase effective partnerships with, and develop the capacity of, Aboriginal communities								
5.4.2	Support improvements in the quality, availability and suitability of Aboriginal housing								
5.4.2.1	<b>Improve Aboriginal facilities.</b>	DED	5.4.2.1.1	Identified needs considered on their merits.					
									Section 355 Aboriginal Advisory Committee was established and inaugural meeting held 31082017. As part of this committee, identified need for Aboriginal Flag to be raised outside Council office building and project completed.
5.4.3	<b>Manage the water and sewerage systems at Summervale village</b>								
5.4.3.1	<b>Maintain the water and sewerage systems in accordance with the agreement.</b>	DI	5.4.3.1.1	Maintain the water supply system.	-				
									Ongoing - regular meetings / inspections with DPIE - Water, NSW Health and Amaro
		DI	5.4.3.1.2	Maintain the sewerage system.					
									Ongoing - regular meetings / inspections with DPIE - Water, NSW Health and Amaro
5.4.4	<b>Ensure that Aboriginal children have access to early childhood education and early intervention services.</b>								
5.4.4.1	<b>Ensure that Aboriginal children have access to early childhood education and early intervention services.</b>	DCT							
									ATSI preschool fee is very low. An aboriginal liaison educator has been employed.
		DCT	5.4.4.1.1	Ensure that the fees are subsidised in accordance with relevant guidelines.					
									All funding requirements are met, including the requirement to keep fees low for equity groups.
		DCT	5.4.4.1.2	Investigate the incorporation of the Yarning Circle in the Preschool playground.					
5.4.5	<b>Increase and support meaningful, long term and equal opportunities for Aboriginal employment</b>								
5.4.5.1	<b>Support meaningful, long term and equal opportunities for Aboriginal and Torres Strait Islander employment.</b>	GM	5.4.5.1.1	Identify and acknowledge employment opportunities for Aboriginal and Torres Strait Islander people.					
									Identified opportunities reported.
5.5	<b>Young people will be encouraged and supported to live in Walcha</b>								
5.5.1	<b>Seek, monitor and respond to requests from the youth population</b>								
5.5.1.1	<b>Establish a new Section 355 Youth Advisory Committee</b>	GM	5.5.1.1.1	Budget provision provided for youth activities.					
									Committee established and budget provided, meetings held 2-4 times per year.
5.5.1.2	<b>Facilitate structured activities for young people</b>	DCT	5.5.1.2.1	Support the Walcha Playgroups					
									Hall rental is paid for the mobile playgroup. Also Council sponsored a Woolbrook Playgroup, once a fortnight, from August to December 2019.
5.6	<b>People of all ages and abilities will be encouraged to participate in cultural, recreational and sporting activities</b>								



**5.6.1 Maintain and improve library, sporting and recreational facilities**

<b>5.6.1.1</b>	<b>DCT</b>	<b>5.6.1.1.1</b>	Improve and increase the collection of library resources in accordance with Central Northern Regional Library Resources Policy.	Maintain collection relevant to clients and easily accessible.	Collection is updated weekly	●	●	●	●
	<b>DCT</b>	<b>5.6.1.1.2</b>	Identify specific areas of need and increase resources relevant to the identified target groups.	Promote the expansion of services to homebound users, increase number of talking books, large print and IT accessibility	Quota run a home library service, and Riverview have a borrowing service	●	●	●	●
	<b>DCT</b>	<b>5.6.1.1.3</b>	Promote clientele / borrower independence.	Raise awareness of internet access to personal reservations, references and databases.	Facebook posts have highlighted the range of services available at the library	●	●	●	●
	<b>DCT</b>	<b>5.6.1.1.4</b>	Provide a greater number and wider nature of library promotion programs.	Increase interest in Library activities.	Funding for Tech Savvy seniors has been obtained, courses to be run throughout 2019 and 2020.	●	●	●	●
	<b>DCT</b>	<b>5.6.1.1.5</b>	Strengthen relationship with local media.	Increase awareness of the Library and the services provided by CNRL.	Facebook posts have highlighted the range of services available at the library	●	●	●	●
	<b>DCT</b>	<b>5.6.1.1.6</b>	Promote and co-ordinate Children's Book Week activities and Seniors Week Activities.	-	A book week competition and NAIDOC week display were incorporated into the library during these weeks.	●	●	●	●
	<b>DCT</b>	<b>5.6.1.1.7</b>	Maintain all library facilities and resources to a high standard.	-	Maintenance carried out when necessary. The library is undersized for our population according to the NSW State Library calculations. A grant application was submitted to replace the front door to improve access.	●	●	●	●
	<b>DCT</b>	<b>5.6.1.1.8</b>	Provide free public access computers with internet access.	-	This service is ongoing. Introduction of colour printing option. Wi-Fi use no longer requires "coDI" and can be accessed outside the library building.	●	●	●	●
<b>5.6.1.2</b>	<b>DI</b>	<b>5.6.1.2.1</b>	Operate and maintain the pool.	The service provided meets the adopted levels. The number of complaints received. The level of community satisfaction. The number of people using the facilities.	The Walcha Pool Upgrade has been developed to address ageing infrastructure at the Walcha Pool, this project will be delivered during the 2020 off season.	●	●	●	●
	<b>DI</b>	<b>5.6.1.2.2</b>	Operate and maintain the squash courts.	The services provided meets the adopted levels. The number of complaints received. The level of community satisfaction. The number of people using the facilities.		●	●	●	●
	<b>DI</b>	<b>5.6.1.2.3</b>	Support the learn to swim programs.	Funding is provided in the Budget and the Policy is reviewed.	Further learn to swim programs have been added during the 2017/18 financial year and ongoing.	●	●	●	●
	<b>DI</b>	<b>5.6.1.2.4</b>	Monitor the operation of the gym at the squash courts.	An annual report is prepared.	Operating review of centre to be completed considering new facility being commissioned in early 2021	●	●	●	●

5.6.1.3	Manage sporting grounds in accordance with the Sporting Grounds Management Plan.	DI	5.6.1.3.1	Operate and maintain sporting grounds as per the Sporting Grounds Management Plan.	The service provided meets the adopted levels. The number of complaints received. The level of community satisfaction. The number of people using the facilities.	●	●	●	●
5.6.1.4	Provide walking trails.	DI	5.6.1.4.1	Develop tourism trails to points of interest.	The length of trails.	●	●	●	●
		DI	5.6.1.4.2	Support the construction of an outdoor exercise trail.	The length of exercise trail.	●	●	●	●
5.6.1.5	Apply for relevant grants.	DI	5.6.1.5.1	Coordinate and support applications for relevant grants.	The number of applications lodged. The number of successful applications.	●	●	●	●
5.6.1.6	Investigate the establishment of a Sports, Fitness and Wellbeing Centre	GM	5.6.1.6.1	Undertake feasibility study.	Feasibility Study is completed.	●	●	●	●
<b>5.6.2 Strengthen organisations and groups providing cultural, recreational and sporting activities</b>									
5.6.2.1	Support sporting organisations.	GM	5.6.2.1.1	Provide grants to enable junior sporting organisations to hold coaching programs.	The number of grants awarded. Funding is provided in the Budget.	●	●	●	●
<b>5.7 Community members and organisations will be given the opportunity to develop their leadership skills so that they can better participate in the leadership of the community</b>									
<b>5.7.1 Encourage and support community members to develop leadership skills.</b>									
5.7.1.1	Encourage and support community members to develop leadership skills.	GM	5.7.1.1.1	Consult with local service clubs to identify current programs they run that target the development of leadership skills.	Service clubs are consulted and programs are identified.	●	●	●	●
		GM	5.7.1.1.2	Identify ways in which these programs can be promoted in the community.	The number of community members participating in youth leadership programs.	●	●	●	●
		GM	5.7.1.1.3	Support the running of governance enhancing workshops	Deferred to FY21	●	●	●	●
<b>5.7.2 Support community members and activities that have the capacity to improve people's quality of life.</b>									
5.7.2.1	Support community members and activities that have the capacity to improve people's quality of life.	GM			Benefit and details to be evaluated as part of developing the new CSP post Sept 2020 election				
<b>5.7.3 Provide opportunities for community members to become involved in the management of the community.</b>									
5.7.3.1	Provide opportunities for community members to become involved in the management of the community.	GM			Section 355 committees are maintained.	●	●	●	●

Action	Responsible Officer	Task	Measure	Achieved	In Progress	Deferred	Comments – as at 30 June 2020 if needed	2017/18	2018/19	2019/20	2020/21
<b>LOCAL ENVIRONMENT AND LIVEABLE COMMUNITIES</b>											
6.1 Walcha's distinct and diverse natural and built environment will be protected and enhanced											
6.1.1 Maintain and strengthen partnerships with organisations responsible for natural resource management											
6.1.1.1 Develop partnerships with natural resource management organisations.	DED	6.1.1.1.1 Work with LLS authorities and Landcare groups to improve natural resource management.	Carry out biodiversity studies in the Walcha LGA. Identify and manage areas of significant roadside vegetation. Develop projects that will deliver 'on ground works' e.g.: urban sustainability projects. Contribute to and monitor LLS Strategic Plans.	●				●	●	●	●
6.1.2 Promote sustainable development and protection of our natural resources through the planning system											
6.1.2.1 Apply Council's Local Environmental Plan and planning controls.	DED	6.1.2.1.1 Town Planning.	Development is to comply with Land Use Planning Legislation	●			Each Development Application is assessed under section 4.15 of the EP&A Act 1979 taking into consideration relevant planning controls and ensuring compliance.	●	●	●	●
6.1.2.2 Monitor changes to planning legislation.	DED	6.1.2.1.2 Carryout Biodiversity Conservation through compliance with the Biodiversity Conservation Act 2016	Full Compliance with the Legislation	●			Each Development Application is assessed to ensure compliance.	●	●	●	●
6.1.3 Address the impact of climate change on the community	DED	6.1.2.1.9 Implement environmental planning measures to protect land identified as koala habitat	Environmental planning measures implemented.	●			Conditions of consent placed on DA's for land identified as koala habitat in accordance with Koala Plan of Management and new Koala SEPP	●	●	●	●
6.1.3.1 Work with organisations to develop and implement programs that will reduce the impact of climate change.	DED	6.1.3.1.1 Lead and promote the use of fuel efficient, low emissions plant and equipment.	The number of fact sheets made available to community.	●			Ongoing	●	●	●	●
6.1.3.2 Monitor the Murray Darling Basin Plan and the impact of sustainable diversion limits.	DED	6.1.3.1.2 Take advantage of Government subsidies and rebates to make the community more energy efficient.		●			Achieved in part with plant purchases late 2019.	●	●	●	●
6.1.3.3 Assess Council's current carbon footprint	DI	6.1.3.3.1 Engage consultant to carry out energy efficient audit.		●			Work commenced	●	●	●	●

<b>6.1.4</b>	<b>Protect and enhance biodiversity, native vegetation, river and soil health.</b>																						
<b>6.1.4.1</b>	<b>Protect and enhance biodiversity, native vegetation, river and soil health.</b>	<b>DI</b>	6.1.4.1.1	Maintain the Walcha stormwater system in accordance with the Walcha Stormwater Management Plan.	Annual budget allocation made with regular inspections																		
		<b>DI</b>	6.1.4.1.2	Review and update the Walcha Stormwater Management Plan.	Scheduled for first half of 2019 Calendar Year																		
		<b>DI</b>	6.1.4.1.3	Maintain the native vegetation by enforcing the Roadside Vegetation Policy.	100% of Council's projects adhere to Council's Roadside Vegetation Policy.																		
		<b>DI</b>	6.1.4.1.3	Maintain the native vegetation by enforcing the Roadside Vegetation Policy.	No Category 1 Environmental incidents under Council's RMCC Contract.																		
		<b>DI</b>	6.1.4.1.4	Protect the significant roadside environmental areas.	No disturbance of significant roadside environmental areas.																		
		<b>DI</b>	6.1.4.1.5	Reduce discharge from the Sewerage Treatment Plant into the Apsley River.	Reduce effluent discharge into the Apsley River outside storm events.																		
		<b>DI</b>	6.1.4.1.6	Maintain soil integrity by implementing Best Practice Erosion and Sediment Controls.	Comply Best Practice Erosion and Sediment Controls.																		
		<b>DED</b>			All Development Consent involving construction contain appropriate conditions.																		
		<b>DED</b>			All development is audited for Compliance during inspections.																		
		<b>DI</b>	6.1.4.1.7	Maintain aquatic environments by following the criteria set out within the NSW Fisheries Permits.	100% compliance with Permits.																		
<b>6.1.5</b>	<b>Engage and support the community to undertake sustainable natural resource management and protect Walcha's natural environment.</b>																						
<b>6.1.5.1</b>	<b>Engage and support the community to undertake sustainable natural resource management and protect Walcha's natural environment.</b>	<b>DED</b>	6.1.5.1.1	Support all Government agencies and community groups in natural resource management activities.	Benefit and details to be evaluated as part of developing the new CSP																		
<b>6.1.6</b>	<b>Provide the framework for improvements in efficiency and liveability of a range of compatible land uses and development types.</b>																						
<b>6.1.6.1</b>	<b>Provide the framework for improvements in efficiency and liveability of a range of compatible land uses and development types.</b>	<b>DED</b>	6.1.6.1.1	Support the New England Weeds Authority Business Activity Strategic Plan (BASP).	Provide adequate funding to effectively implement the BASP																		
		<b>DI</b>	6.1.6.1.2	Maintain plant hygiene when operating in and leaving a weed area.	Adopted procedures are followed. The number of weed infestations linked to plant movements.																		

DI	6.1.6.1.3	Ensure Council's roadside maintenance program contains weed spread.	Adopted procedures are followed. The number of weed infestations linked to plant movements.	●	●	●	●
DED	6.1.6.1.4	Ensure the aims of the Walcha LEP 2012 are adhered to.	All development applications are measure against the controls of the Walcha LEP2012.	●	●	●	●
DED	6.1.6.1.5	Conduct a review of the Walcha LEP 2012 as required.	Walcha LEP 2012 is reviewed and amended as required.	●	●	●	●
<b>6.1.7 Manage Land Contamination through the planning and development control process</b>							
6.1.7.1	<b>Identify and investigate land contamination during the environmental planning and assessment process and the integration of any necessary remediation into any redevelopment or rezoning.</b>						
6.1.7.2	<b>Facilitate and control land remediation through SEPP 55</b>						
6.1.7.2	<b>Facilitate and control land remediation through SEPP 55</b>						
6.1.7.2	<b>Solid waste will be managed in a sustainable manner with a continuing reduction in waste generation and disposal to landfill</b>						
6.2.1	<b>Develop and promote programs that increase the participation of the community in recycling and reducing waste going to landfill</b>						
6.2.1.1	<b>Develop and promote programs that increase the participation of the community in recycling.</b>						
6.2.1.1.1	Advertise options for recycling.		The number of promotional articles published.	●	●	●	●
6.2.1.1.2	Reduce household waste being disposed in public rest areas.		Complete investigation and implement signage and infrastructure.	●	●	●	●
6.2.1.1.3	Educate residents on ways to recycle.		The weight of material recycled.	●	●	●	●
6.2.1.2.1	Implement actions that capture more recyclables.		The weight of material recycled.	●	●	●	●
6.2.1.3	<b>Participate in container deposit scheme</b>						
6.2.1.3	<b>Participate in container deposit scheme</b>						
6.2.2	<b>Implement alternate and affordable processes that reduce waste going to landfill</b>						
6.2.2.1	<b>Implement processes that reduce waste going to landfill.</b>						
6.2.2.1.1	Identify and investigate process options.		Completion of Waste Management Strategy.	●	●	●	●
6.2.3	<b>Monitor and oppose any move to apply the Waste and Environment Levy on the Walcha Local Government Area</b>						
6.2.3.1	<b>Monitor the decisions of the NSW State Government relating to the Levy.</b>						
				●			Levy not on the current NSW Governments agenda.



<b>6.2.4</b>	<b>Manage solid waste in an efficient, affordable and sustainable manner</b>								
<b>6.2.4.1</b>	<b>Prepare a waste management strategy for solid waste that includes all landfill sites.</b>	DI	6.2.4.1.1	Review the waste management strategy.	The Strategy is developed.				Waste Strategy under development, Landfill Masterplan completed January 2020, and to commence implementation February 2020.
<b>6.2.4.2</b>	<b>Participate actively in regional waste forums.</b>	DI	6.2.4.2.1	Participate in the Northern Inland Regional Waste Group.	The number of meetings attended.				Ongoing - responsible officer holds NIRW Assistant Executive Officer position.
<b>6.3</b>	<b>Water supply and sewerage services will be physically and environmentally sensitive</b>								
<b>6.3.1</b>	<b>Implement the recommendations of the Integrated Water Cycle Management Strategy and other water and sewer management plans</b>								
<b>6.3.1.1</b>	<b>Implement the recommendations of the Integrated Water Cycle Management Strategy.</b>	DI	6.3.1.1.1	Update the yield study to include the Apsley River catchment	The study is completed.				
		DI	6.3.1.1.2	Prepare a demand management plan.	The Plan is completed and adopted by Council.				
		DI	6.3.1.1.3	Review the drought management plan.	The Plan is reviewed.				Emergency Water Carting Plan under development and to be included in updated drought management plan.
		DI	6.3.1.1.4	Review the water quality management plan annually.	The Plan is reviewed annually.				Annual DWMS Report completed and submitted to DPIE-Water, and NSW Health Dec 18, from July 19 monthly water quality meetings and improvement plan actions reviewed.
<b>6.3.1.2</b>	<b>Implement measures to better quantify and mitigate unaccounted water losses.</b>	DI	6.3.1.2.1	Continue the replacement of old water meters.	100% of old meters are replaced.				Ongoing
<b>6.3.1.3</b>	<b>Maintain the water supply system as per the Water Asset Management Plan.</b>	DI	6.3.1.3.1	Renewal and Upgrade Works – Sandfill media replacement, Drought Management Plan, WTP Automation	Truckwash upgrade, Water Meter Renewals, Water Main Renewals, Sand filter media replacement.				Funding received for TWB upgrade, planning underway, Water meter renewals ongoing (6.3.1.2.1). Water main renewals deferred to 2018/19. Sand filter media replacement risks highlighted to NSW Health and DPI Water, funding assistance needed to replace filters.
		DI	6.3.1.3.2	Maintain the water supply system as per the Water Asset Management Plan.	The condition of the water supply system meets the adopted targets. The number of complaints received. The level of community satisfaction with the condition.				Achieved - as reported in DWMS Annual Report.
		DI	6.3.1.3.3	Review and update the Water Asset Management Plan.	The Plan is reviewed, updated and adopted by Council.				AMP adopted 2011 - 30 year plan. Asset management plan reviewed during annual budget preparation.
		DI	6.3.1.3.4	Undertake Apsley Dam Feasibility Study	Completion of Feasibility Study.				

6.3.1.4	Maintain the sewerage system as per the Sewerage Asset Management Plan.	DI	6.3.1.4.1	Maintain the sewerage system as per the Sewerage Asset Management Plan.	The condition of the sewerage system meets the adopted targets. The number of complaints received. The level of community satisfaction with the condition.	●	●	●	●	Ongoing - Formalisation of STP SOPs needed.	●
		DI	6.3.1.4.2	Review and update the Sewerage Asset Management Plan.	The Plan is reviewed, updated and adopted by Council.	●		●		Adopted 2011 - 30 year plan. Asset management plan reviewed during annual budget preparation.	
6.3.1.5	Manage the water supply service in accordance with the Water Strategic Business Plan.	DI	6.3.1.5.1	Operate the water supply service as per the Water Strategic Business Plan.	The service provided meets the adopted levels. The number of complaints received. The level of community satisfaction.	●	●	●	●	IWCM Issues Paper updated February 2016. IWCM gap analysis undertaken by Namoi Water Alliance Jan 2020. Funding for JO councils for IWCM being sought by Namoi Unlimited.	●
		DI	6.3.1.5.2	Reduce the annual cost of pumping water.	The cost of pumping water.		●	●	●	Due to drought conditions additional pumping is required for the Emergency Dam and supply from the Off Creek Storage Dam.	●
6.3.1.6	Manage the sewerage service in accordance with the Sewer Strategic Business Plan.	DI	6.3.1.6.1	Operate the sewerage service as per the Sewer Strategic Business Plan.	The service provided meets the adopted levels. The number of complaints received. The level of community satisfaction.	●	●	●	●	IWCM Issues Paper updated February 2016, SBP to be carried out in conjunction with Water SBP (6.3.1.5.1)	●
		DI	6.3.1.6.2	Find a commercial use for effluent and sludge.	The value of effluent and sludge used.		●				●
		DI	6.3.1.6.3	Reduce the volume of effluent discharged into the Apsley River by the completion of Sewerage Treatment Plant Upgrade.	The volume of effluent discharged into the Apsley River.		●				●
6.3.2	Provide additional off creek storage capacity to drought proof Walcha while minimising the impact of water extraction from the Macdonald River										
6.3.2.1	Provide additional off creek storage.	DI	6.3.2.1.1	Investigate suitable sites for additional off creek storage reservoirs.	Sites are identified and investigated.		●				●
6.3.3	Identify possible new water sources										
6.3.3.1	Find water sources other than Macdonald River.	DI					●			Emergency bore water for OCS dam approved January 2019. To counter evaporation from the OCS dam.	●
6.3.4.1	Promote water use efficiency and water saving.	DI					●			Level 5 promotional programs are ongoing.	●
6.4	Walcha will increase the use and production of renewable energy										
6.4.1	Establish (with partners) alternate renewable energy supplies that will exceed the energy needs of our community										
6.4.1.1	Increase the production of renewable energy.	GM	6.4.1.1.2	Support individuals and groups that setup renewable energy systems.	The number of renewable energy systems established.		●			Transition to Solar Strategy commenced late 2019	●
6.5	Agricultural activities will be environmentally sustainable										
6.5.1	Protect and promote farming practices using the principles of ecologically sustainable development										
6.5.1.1	Partner with other government agencies to promote environmental sustainable practices.	DED								The number of partnerships established.	●
										Benefit and details to be evaluated as part of developing the new CSP	

<b>6.6 The character of Walcha and its surrounding villages will be maintained while protecting the productivity of our rural land</b>						
<b>6.6.1</b>	<b>Maintain the character of the Walcha Local Government Area through orderly development of the natural and built environment</b>					
<b>6.6.1.1</b>	<b>Apply Council's Local Environmental Plan and Planning controls.</b>	<b>DED</b>		100% compliance during construction inspections.		
		<b>DED</b>	6.6.1.1.1	Building Control - Ensure development complies with code, regulations and policies.		
		<b>DED</b>	6.6.1.1.2	Development Control - Ensure development complies with the Local Environmental Plan and other planning legislation.		
		<b>DED</b>	6.6.1.1.3	Investigate reports of illegal building works.		
<b>6.6.2</b>	<b>Ensure that sufficient land is available to meet the demand for appropriate land uses</b>					
<b>6.6.2.1</b>	<b>Undertake review of NENW Housing and Land Monitor Report to assess housing and employment land availability and demand</b>	<b>DED</b>	6.6.2.1.1	Provide housing and employment land data to the DOP&E to assist in preparation of the NENW Land Monitor Report	Service provision and infrastructure investment meet the needs of the LGA.	
<b>6.6.3</b>	<b>Prevent agricultural land from being developed in ways that reduce its productivity</b>					
<b>6.6.3.1</b>	<b>Apply Council's Local Environmental Plan and planning controls.</b>	<b>DED</b>	6.6.3.1.1	Ensure the Local Environmental Plan complements the LLS Strategic Land Use Plan.	Take LLS Strategic Land Use Plan into consideration when assessing Development Applications.	
<b>6.6.4</b>	<b>Enhance the Walcha Local Government Area so that it continues to be an attractive place to live, work and visit</b>					
<b>6.6.4.1</b>	<b>Maintain parks as per the Parks Asset Management Plan</b>	<b>DI</b>	6.6.4.1.1	Maintain parks and gardens as per the Parks Asset Management Plan	The condition of the parks meet the adopted targets.	
		<b>DI</b>	6.6.4.1.2	Review and update the Parks Asset Management Plan.		
		<b>DI</b>	6.6.4.1.3	Enhance the facilities at, and the use of, Council's Parks ensuring equipment is inclusive.	Improve parks facilities.	
<b>6.6.4.2</b>	<b>Maintain streetscapes and street trees as per the Management Plan</b>	<b>DI</b>	6.6.4.2.1	Maintain streetscapes and street trees as per the Management Plan	The condition of the streetscape meets the adopted targets.	
		<b>DI</b>	6.6.4.2.2	Prepare the Streetscape Management Plan	The Plan is created, updated and adopted.	
<b>6.6.4.3</b>	<b>Control activities that impact on residential amenity.</b>	<b>DED</b>	6.6.4.3.1	Investigate reports of activities that impact negatively on residential amenity.		

Action	Responsible Officer	Task	Measure	Achieved	In Progress	Deferred	Comments – as at 30 June 2020 if needed	2017/18	2018/19	2019/20	2020/21
<b>KEEPING PEOPLE SAFE</b>											
7.1 Police stations and staff numbers will be provided to effectively control and reduce crime and antisocial behaviour and to keep our community safe											
7.1.1 Lobby to ensure that the existing number of police stations is maintained and that they are staffed with fully active officers											
7.1.1.1 Maintain local police availability	GM	7.1.1.1.1 Monitor the availability of Police to meet the community needs.	Representation is made to the local member.	●			Ongoing	●	●	●	●
	GM	7.1.1.1.2 Encourage the community to report and record all incidents.	A media package is developed and delivered.				Benefit and details to be evaluated as part of developing the new CSP	●	●	●	●
7.1.2 Minimise crime and antisocial behaviour											
7.1.2.1 Implement and deliver programs and actions that support Police efforts to reduce crime and antisocial behaviour	GM	7.1.2.1.1 Encourage and support the work of the Community Consultative Committee and Police activity where requested and appropriate.	-	●				●	●	●	●
7.1.2.2 Utilise the Crime Prevention through Environmental Design (CPTED) Strategy to reduce preventable risk before development is approved	DED	7.1.2.2.1 Develop consultation protocol between Walcha Council and the NSW Police (Oxley Local Area Command) for development types for which a formal crime risk assessment should be undertaken.	A MOU is implemented.	●			The MOU has been signed	●			
	DED	7.1.2.2.2 Routinely assess development application proposals for crime risk	All developments are assessed against the CPTED Strategy and referred to NSW Police where applicable.	●			Where relevant as specified in the MOU	●	●	●	●
7.2 Emergency services will be provided to ensure the safety of our community and visitors											
7.2.1 Maintain viable and state-of-the-art emergency services in Walcha capable of adequately dealing with local needs											
7.2.1.1 Provide support for local emergency services and develop efficient and well equipped rural fire brigade	GM	7.2.1.1.1 Ensure that rural fire service brigade are adequately equipped.	A survey to determine brigade needs is completed.	●				●	●	●	●
	GM	7.2.1.1.2 Support the urban fire brigade.	-	●				●	●	●	●
	GM	7.2.1.1.3 Help to bring about the construction of a new fire station for the NSWFB in Walcha.			●						
	GM	7.2.1.1.4 Support State Emergency Services.	-	●				●	●	●	●
	GM	7.2.1.1.5 Carry out adequate fuel management operations.		●				●	●	●	●
	GM	7.2.1.1.6 Monitor the NE Zone Bush Fire Management Plan	The Service Agreement is reviewed biannually.					●	●	●	●

7.2.1.2	Help rural landholders identify their properties	DI	7.2.1.2.1	Support and promote the installation of rural addressing.	Installed within three months of application. Advertised annually.	Rural addressing continues to be popular amongst landholders. 2020-2021 budget provided discounted fee to install	•	•	•
7.2.1.3	Provide local emergency management	DI	7.2.1.3.1	Participate in the Local Emergency Management Committee.	Participation in the Local Emergency Committee and contributions to the relevant plans.	Participations occurs when appropriate and when time permits.	•	•	•
<b>7.2.3 Develop and promote responsible ownership of animals</b>									
7.2.3.1	Promote responsible pet ownership	DED	7.2.3.1.1	Administer the companion animal legislation.	Prompt response to complaints.		•	•	•
		DED	7.2.3.1.2	Promote the desexing of domestic animals not used for breeding purposes.	The number of animals desexed.		•	•	•
		DED	7.2.3.1.3	Review and update the Companion Animal Management Plan			•		
7.2.3.2	Keep stray animals and stock from public places	DED	7.2.3.2.1	Operate and maintain the Walcha Council Pound.	The number of animals impounded.		•	•	•

Emergency services will be provided to ensure the safety of our community and visitors





Action	Responsible Officer	Task	Measure	Achieved	In Progress	Deferred	Comments - as at 30 June 2020 if needed	2017/18	2018/19	2019/20	2020/21
<b>BETTER GOVERNMENT</b>											
8.1		Waicha Council will exemplify good leadership, mutual respect and trust by being inclusive, ensuring open information and communication and encouraging active participation at all levels									
8.1.1		Councillors will exhibit leadership on Council and regional committees as well as in community organisations									
8.1.1.1	GM	Provide the opportunity for the community to have input via Council committees.	Frequency of 355 Committee Meetings.	●				●	●	●	●
8.1.1.2	GM	Implement Council's Community Engagement Strategy.	Frequency of communications issued.	●			Review Community Engagement Strategy prior to development of new CSP	●	●	●	●
8.1.1.3	GM	Train, support and assist Councillors to make the best decisions.	The number of courses provided.	●			Aboriginal Advisory Committee and Waicha Motorcycle Rally Committee New Councillor development policy introduced and adopted Late 2019. Courses continue to be scheduled to meet councillor identified training needs	●	●	●	●
8.1.1.4	GM	Carry out community consultation to inform the level of service and associated asset management plans.		●			Review Community Engagement Strategy prior to development of new CSP				
8.1.1.5	GM	Ensure the community is well informed of Council's work.		●				●	●	●	●
	GM	8.1.1.5.1 Prepare, distribute and explain an informative and easily understood Annual Report.	-	●				●	●	●	●
	GM	8.1.1.5.2 Liaise regularly with the media and issue media releases.	Accurate and timely media releases issued.	●				●	●	●	●
	GM	8.1.1.5.3 Hold annual, well publicised regional meetings at times that best suit the community.	-	●				●	●	●	●
	GM	8.1.1.5.4 Issue regular newsletters.	Newsletters are issued.	●			Mayoral Column, community newsletters and inserts in advocate	●	●	●	●
	GM	8.1.1.5.5 Involve the community in the review of the Strategic Plan and all its supporting plans.	-	●				●	●	●	●
	GM	8.1.1.5.6 Ensure Council website is regularly updated		●				●	●	●	●
	GM	8.1.1.5.7 Ensure Council website is accessible to people with a disability	-	●				●	●	●	●



GM	8.2.1.2.4	Property Leases				•	•	•	•	•
GM	8.2.1.2.5	Truck Wash Bay	-			•	•	•	•	•
GM	8.2.1.2.6	Investigate the development of an investment portfolio.	Investigation complete.			•	•	•	•	Initial work commenced early 2020. Completion deferred to 2021
GM	8.2.1.3	Ensure Council's financial practises comply with statutory and industry standards.	The financial ratios are satisfactory.			•				
<b>8.2.2 Encourage and support entrepreneurial activities</b>										
GM	8.2.2.1	Seek contract work.	The value of private works.							Benefit and details to be evaluated as part of developing the new CSP
GM	8.2.2.2	Develop in-house training expertise to train Council staff.	Identify training that could be delivered in-house.			•				
GM	8.2.2.3	Coordinate regional training of staff for other local governments.	The number of opportunities identified.				•			Ongoing
<b>8.2.3 Identify surplus Council owned assets for development or possible sale to be invested in infrastructure reserve.</b>										
GM	8.2.3.1	Identify surplus Council owned assets for development or possible sale to be invested in infrastructure reserve.	The number of assets identified and sold.				•			Benefit and details to be evaluated as part of developing the new CSP
<b>8.2.4 Maintain and improve Council owned building and land assets.</b>										
DED	8.2.4.1	Maintain and improve Council owned building and land assets.	Update, review and adhere to the Building Assessment Management Plan			•				
<b>8.2.5 Involve the community in the identification of infrastructure projects.</b>										
GM	8.2.5.1	Involve the community in the identification of infrastructure projects.				•				Survey complete for Council Facilities Strategy (June 2020) identifying council facilities that require future work. Outcomes to support future grant applications and forward programs
<b>8.3 The boundaries of the Waicha Local Government Area will be modified to reflect existing and developing communities of interest</b>										
<b>8.3.1 Modify the boundaries of the Waicha Local Government Area to reflect existing and developing communities of interest.</b>										
GM	8.3.1.1	Modify the boundaries of the Waicha Local Government Area to reflect existing and developing communities of interest.				•				Woolbrook and Niangala areas programmed for completion prior to Sept 2021 election if possible

# APPENDIX B

## WALCHA COUNCIL ANNUAL REPORT 2019 – 2020

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020



# Walcha Council

## General Purpose Financial Statements

for the year ended 30 June 2020

### Public notice – Presentation of financial statements

as per Section 418 (3) of the Local Government Act.

In accordance with Section 418 (3) of the *Local Government Act 1993 (NSW)*, Walcha Council advises that the ordinary Council meeting to be held on 29 January 2021 will include the presentation of the audited Financial Statements and the Auditor's Reports for the year ending 30 June 2020.

A summary of the Financial Statements is provided below.

	2020 \$ '000	2019 \$ '000
<b>Income Statement</b>		
Total income from continuing operations	19,985	18,014
Total expenses from continuing operations	17,441	16,691
<b>Operating result from continuing operations</b>	<b>2,544</b>	<b>1,323</b>
<b>Net operating result for the year</b>	<b>2,544</b>	<b>1,323</b>
<b>Net operating result before grants and contributions provided for capital purposes</b>	<b>141</b>	<b>(1,133)</b>
<b>Statement of Financial Position</b>		
Total current assets	12,502	12,673
Total current liabilities	(5,265)	(4,101)
Total non-current assets	414,613	415,797
Total non-current liabilities	(2,842)	(2,680)
<b>Total equity</b>	<b>419,008</b>	<b>421,689</b>
<b>Other financial information</b>		
Unrestricted current ratio (times)	3.28	3.96
Operating performance ratio (%)	1.33%	(4.41)%
Debt service cover ratio (times)	19.01	17.97
Rates and annual charges outstanding ratio (%)	3.80%	3.54%
Infrastructure renewals ratio (%)	73.15%	132.98%
Own source operating revenue ratio (%)	53.04%	52.77%
Cash expense cover ratio (months)	6.00	7.25

In accordance with Section 420 of the Local Government Act, 1993, any person may make a submission in writing to Council with respect to the Council's Audited Financial Statements or the Auditor's Reports.

Copies of the Audited Financial Statements and the Auditor's Reports may be inspected at:

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

**Locations:** Walcha Council  
2W Hamilton Street  
Walcha

Submissions close one week after the above public meeting has been held.



# Walcha Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2020

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## General Purpose Financial Statements

for the year ended 30 June 2020

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### Overview

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

2W Hamilton Street  
Walcha NSW 2354

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.walcha.nsw.gov.au](http://www.walcha.nsw.gov.au).

## General Purpose Financial Statements

for the year ended 30 June 2020

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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



# WALCHA COUNCIL

## GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO SECTION 413 (2) (c) OF THE LOCAL GOVERNMENT ACT 1993 (as amended)

The attached Annual Financial Statements have been drawn up in accordance with:

- The Local Government Act 1993 (as amended) and the Regulations made there under
- The Local Government Code of Accounting Practice and Financial Reporting
- The Australian Accounting Standards and professional pronouncements

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

- Present fairly the Council's financial position and operating result for the year, and
- Accord with Council's accounting and other records

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

Signed in accordance with a resolution of Council made on 28 October 2020.

Clr Eric Noakes

**MAYOR**

Clr Jennifer Kealey

**DEPUTY MAYOR**

Anne Moderno

**GENERAL MANAGER**

Rosemary Strobel

**RESPONSIBLE ACCOUNTING OFFICER**

## Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
<b>Income from continuing operations</b>		
Access charges	322	319
Liquid trade waste charges	115	120
Fees	13	15
Interest	9	16
Grants and contributions provided for non-capital purposes	21	43
Other income	3	2
<b>Total income from continuing operations</b>	<u>483</u>	<u>515</u>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	172	188
Materials and contracts	153	160
Depreciation, amortisation and impairment	134	128
Other expenses	31	29
<b>Total expenses from continuing operations</b>	<u>490</u>	<u>505</u>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	(7)	10
Grants and contributions provided for capital purposes	55	218
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<u>48</u>	<u>228</u>
<b>Surplus (deficit) from all operations before tax</b>	<u>48</u>	<u>228</u>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(3)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<u>48</u>	<u>225</u>
<b>Plus accumulated surplus</b>	3,368	3,140
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	3
<b>Closing accumulated surplus</b>	<u>3,416</u>	<u>3,368</u>
<b>Return on capital %</b>	(0.1)%	0.1%
<b>Subsidy from Council</b>	96	122
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	48	225
Less: capital grants and contributions (excluding developer contributions)	(55)	(218)
<b>Surplus for dividend calculation purposes</b>	<u>–</u>	<u>7</u>
<b>Potential dividend calculated from surplus</b>	<u>–</u>	<u>4</u>



## Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
<b>Net operating result for the year (as per Income Statement)</b>		<b>2,544</b>	<b>1,323</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10(a)	<u>(4,701)</u>	<u>(30,459)</u>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<u>(4,701)</u>	<u>(30,459)</u>
<b>Total other comprehensive income for the year</b>		<u>(4,701)</u>	<u>(30,459)</u>
<b>Total comprehensive income for the year</b>		<u>(2,157)</u>	<u>(29,136)</u>
Total comprehensive income attributable to Council		(2,157)	(29,136)

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

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

## Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019 <sup>1</sup>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7(a)	5,225	3,170
Investments	7(b)	2,326	4,724
Receivables	8	1,241	4,028
Inventories	9	652	751
Contract assets	11a	3,058	–
<b>Total current assets</b>		<u>12,502</u>	<u>12,673</u>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	10(a)	414,533	415,797
Right of use assets	12a	80	–
<b>Total non-current assets</b>		<u>414,613</u>	<u>415,797</u>
<b>Total assets</b>		<u>427,115</u>	<u>428,470</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	13	1,637	1,875
Income received in advance	13	–	39
Contract liabilities	11b	1,209	–
Lease liabilities	12b	59	–
Borrowings	13	84	79
Provisions	14	2,276	2,108
<b>Total current liabilities</b>		<u>5,265</u>	<u>4,101</u>
<b>Non-current liabilities</b>			
Payables	13	59	63
Lease liabilities	12b	14	–
Borrowings	13	225	309
Provisions	14	2,544	2,308
<b>Total non-current liabilities</b>		<u>2,842</u>	<u>2,680</u>
<b>Total liabilities</b>		<u>8,107</u>	<u>6,781</u>
<b>Net assets</b>		<u>419,008</u>	<u>421,689</u>
<b>EQUITY</b>			
Accumulated surplus	15	160,860	158,840
Revaluation reserves	15	258,148	262,849
<b>Council equity interest</b>		<u>419,008</u>	<u>421,689</u>
<b>Total equity</b>		<u>419,008</u>	<u>421,689</u>

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

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

## Statement of Changes in Equity for the year ended 30 June 2020

	Notes	as at 30/06/20		as at 30/06/19		
		Accumulated surplus	IPP&E revaluation reserve	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		158,840	262,849	147,527	293,308	440,835
Correction of prior period errors		–	–	9,990	–	9,990
Changes due to AASB 1058 and AASB 15 adoption	15	(524)	–	–	–	–
Changes due to AASB 16 adoption		–	–	–	–	–
<b>Restated opening balance</b>		<b>158,316</b>	<b>262,849</b>	<b>157,517</b>	<b>293,308</b>	<b>450,825</b>
Net operating result for the year		2,544	–	1,323	–	1,323
<b>Restated net operating result for the period</b>		<b>2,544</b>	<b>–</b>	<b>1,323</b>	<b>–</b>	<b>1,323</b>
<b>Other comprehensive income</b>						
– Gain (loss) on revaluation of IPP&E	10(a)	–	(4,701)	–	(30,459)	(30,459)
<b>Other comprehensive income</b>		<b>–</b>	<b>(4,701)</b>	<b>–</b>	<b>(30,459)</b>	<b>(30,459)</b>
<b>Total comprehensive income</b>		<b>2,544</b>	<b>(4,701)</b>	<b>1,323</b>	<b>(30,459)</b>	<b>(29,136)</b>
<b>Equity – balance at end of the reporting period</b>		<b>160,860</b>	<b>258,148</b>	<b>158,840</b>	<b>262,849</b>	<b>421,689</b>

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

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

## Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
4,894	Rates and annual charges		4,902	4,648
3,525	User charges and fees		4,404	3,443
173	Investment revenue and interest		117	223
14,746	Grants and contributions		9,790	7,730
195	Other		2,393	1,523
<b>Payments:</b>				
(4,696)	Employee benefits and on-costs		(6,212)	(5,479)
(4,048)	Materials and contracts		(6,768)	(5,955)
(87)	Borrowing costs		(27)	(29)
(1,409)	Other		(1,947)	(1,529)
13,293	<b>Net cash provided (or used in) operating activities</b>	16b	6,652	4,575
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
402	Sale of investment securities		2,398	2,605
313	Sale of infrastructure, property, plant and equipment		288	195
<b>Payments:</b>				
(12,350)	Purchase of infrastructure, property, plant and equipment		(7,140)	(6,005)
(11,635)	<b>Net cash provided (or used in) investing activities</b>		(4,454)	(3,205)
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
(79)	Borrowings and advances		(79)	(74)
(63)	Lease liabilities (principal repayments)		(64)	-
(142)	<b>Net cash flow provided (used in) financing activities</b>		(143)	(74)
1,516	<b>Net increase/(decrease) in cash and cash equivalents</b>		2,055	1,296
3,170	Cash and cash equivalents – beginning of year	16a	3,170	1,874
4,686	<b>Cash and cash equivalents – end of the year</b>	16a	5,225	3,170
3,365	plus: Investments on hand – end of year	7(b)	2,326	4,724
8,051	<b>Total cash, cash equivalents and investments</b>		7,551	7,894

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 28 October 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these 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.

#### COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Potential impact of the pandemic on financial reporting for the year ended 30 June 2020 was performed through analysis of the following categories:

- Impairment of financial and non-financial assets
- Potential provisions for onerous contracts and future rehabilitation works
- Financial liabilities as a result of breach of existing contracts
- Fair value assessment of non-financial assets
- Income and revenue
- Contingent assets as a result of insurance recoveries
- COVID-19 stimulus packages
- Employee benefits
- Going concern

Analysis of the above categories was also performed considering after the balance sheet date developments of the pandemic effects in Australia and overseas.

Based on analysis performed, Council did not find any potential material adjustments required to be done as a result of the pandemic. Even though the pandemic had a widespread effect on slowing down economies around the world, as at 30 June 2020 it is hard to predict any significant future implications on Council's business. Council's operations remain on the same pattern. Council is not aware of any post balance sheet date events which would result in separate disclosures or adjustments to the 30 June 2020 financial results. Hence, 30 June 2020 financial statements were prepared on a going concern basis.

#### (a) Historical cost convention

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

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

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

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

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 10
- (ii) estimated tip remediation provisions – refer Note 14
- (iii) employee benefit provisions – refer Note 14.

#### 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 8.

#### Monies and other assets received by Council

##### (a) The Consolidated Fund

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

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

- General Purpose Operations
- Water Service
- Sewerage Service

##### (b) The Trust Fund

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

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

Council currently has no monies held in Trust.

#### Goods and Services Tax (GST)

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

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

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

#### Volunteer services

Council does not recognise services provided by volunteers in its income statement due to the immateriality and unjustifiable cost of trying to reliably capture and assign a value to the many services that volunteers in our community provide.

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

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

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2020 reporting period.

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

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 1059 Service Concession Arrangements: Grantors**

**AASB 2018–5 Amendments to Australian Accounting Standards - Deferral of AASB 1059**

**AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059**

This standard provides guidance for public sector entities (grantors) who have entered into service concession arrangements with private sector operators.

AASB 1059 requires grantors to recognise a service concession asset and, in most cases, a corresponding liability on the balance sheet.

A control approach is used to assess the service concession arrangements in place.

On initial recognition the asset is measured at current replacement cost based on AASB 13 Fair Value Measurement and existing assets of the grantors are reclassified at the date of transition.

After initial recognition, the grantor accounts for the assets under either AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets.

The nature of the consideration given to the operator will affect whether the grantor applies either the 'financial liability' or the 'grant of right' model for the recognition of the liability.

AASB 2019-2 makes amendments to the recognition and measurement of the asset and liability where the modified retrospective approach to transition is being used and provides a practical expedient due to the different effective dates of AASB 16 and AASB 1059.

**Council does not expect any material impact to future financial statements as we do not generally enter into service concession arrangements.**

### New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 1 July 2019.

Those newly adopted standards which had an impact on reported position, performance and/or disclosures have been discussed in Note 15 (c) - Changes in accounting policies due to adoption of new accounting standards,

## Walcha Council

## Notes to the Financial Statements

for the year ended 30 June 2020

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

	Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).									
	Income from continuing operations 2020	Income from continuing operations 2019	Expenses from continuing operations 2020	Expenses from continuing operations 2019	Operating result from continuing operations 2020	Operating result from continuing operations 2019	Grants included in income from continuing operations 2020	Grants included in income from continuing operations 2019	Carrying amount of assets 2020	Carrying amount of assets 2019
<b>\$ '000</b>										
<b>Functions or activities</b>										
Administration	131	120	977	855	(846)	(735)	1	15,851	15,891	
Public Order & Safety	85	44	330	306	(245)	(262)	81	344	355	
Health	–	1	16	50	(16)	(49)	–	–	–	
Environment	934	750	1,129	1,021	(195)	(271)	–	9,588	11,017	
Community Services & Education	1,011	1,463	1,087	1,592	(76)	(129)	848	2,072	837	
Housing & Community Amenities	69	215	315	480	(246)	(265)	–	1,441	1,190	
Recreation & Culture	902	1,872	1,454	2,192	(552)	(320)	838	6,668	6,630	
Mining, Manufacturing & Construction	10	57	361	64	(351)	(7)	–	969	82	
Transport & Communication	7,583	5,026	7,902	7,244	(319)	(2,218)	3,620	361,437	362,805	
Economic Affairs	1,676	875	2,320	1,321	(644)	(446)	308	88	486	
General Purpose Revenues	6,031	6,003	–	–	6,031	6,003	2,459	–	–	
Water Supplies	1,015	898	1,060	1,061	(45)	(163)	330	17,594	17,423	
Sewerage Services	538	690	490	505	48	185	76	10,807	10,625	
Other	–	–	–	–	–	–	–	–	1,129	
<b>Total functions and activities</b>	<b>19,985</b>	<b>18,014</b>	<b>17,441</b>	<b>16,691</b>	<b>2,544</b>	<b>1,323</b>	<b>8,561</b>	<b>427,115</b>	<b>428,470</b>	

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

#### Administration

Includes corporate support and other support services, engineering works and council policy compliance. Also incorporates Governance costs including election expenses, members fees and expenses, subscriptions to local authority associations, meetings of Council and policy making committees, public disclosure (GIPA) and legislative compliance

#### Public Order & Safety

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

#### Health

Includes food control, health services.

#### Environment

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

#### Community Services & Education

Includes administration and education; social protection (welfare); Aboriginal and other community services (excluding accommodation - as it is covered under 'housing and community amenities'; youth services; aged and disabled persons services; children's services, including preschool; and other family and children's services. Also includes Community Transport.

#### Housing & Community Amenities

Includes public cemeteries; public conveniences; town planning; streetscaping; council owned houses and other community amenities.

#### Recreation & Culture

Includes public libraries; open air art gallery; parks and reserves; sporting grounds and facilities; swimming pool and other sporting and recreational facilities.

#### Mining, Manufacturing & Construction

Includes building control, quarries and pits.

#### Transport & Communication

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, street lighting, road safety, works depot and aerodromes; RMS works and other.

#### Economic Affairs

Includes tourism and area promotion, industrial development promotion, private works, truck wash bay and other business undertakings.

#### General Purpose Revenues

Revenue from rates, untied grant funding, interest from investments.

#### Water Supplies

Water treatment services

#### Sewerage Services

Sewerage services



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
<b>(a) Rates and annual charges</b>			
<b>Ordinary rates</b>			
Residential	1058 (1)	466	454
Farmland	1058 (1)	2,903	2,835
Business	1058 (1)	116	114
Less: pensioner rebates (mandatory)	1058 (1)	(31)	(33)
<b>Rates levied to ratepayers</b>		<b>3,454</b>	<b>3,370</b>
Pensioner rate subsidies received	1058 (1)	17	19
<b>Total ordinary rates</b>		<b>3,471</b>	<b>3,389</b>
<b>Annual charges</b>			
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>			
Domestic waste management services	1058 (1)	485	406
Water supply services	1058 (1)	319	289
Sewerage services	1058 (1)	327	327
Waste management services (non-domestic)	1058 (1)	345	276
Less: pensioner rebates (mandatory)	1058 (1)	(60)	(59)
<b>Annual charges levied</b>		<b>1,416</b>	<b>1,239</b>
Pensioner subsidies received:			
– Water	1058 (1)	11	9
– Sewerage	1058 (1)	11	9
– Domestic waste management	1058 (1)	15	14
<b>Total annual charges</b>		<b>1,453</b>	<b>1,271</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>		<b>4,924</b>	<b>4,660</b>

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

- 15 (1)** indicates income recognised under AASB 15 “at a point in time”,
- 15 (2)** indicates income recognised under AASB 15 “over time”,
- 1058 (1)** indicates income recognised under AASB 1058 “at a point in time”, while
- 1058 (2)** indicates income recognised under AASB 1058 “over time”.

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 2020

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

\$ '000	AASB	2020	2019
<b>(b) User charges and fees</b>			
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Water supply services	15 (2)	350	406
Sewerage services	15 (2)	115	120
Waste management services (non-domestic)		40	11
<b>Total specific user charges</b>		<b>505</b>	<b>537</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Inspection services		–	1
Planning and building regulation		30	33
Private works – section 67	15 (1)	108	185
Section 10.7 certificates (EP&A Act)		16	14
Section 603 certificates		4	1
Animal control		4	3
<b>Total fees and charges – statutory/regulatory</b>		<b>162</b>	<b>237</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aerodrome		–	3
Aged care	15 (1)	63	79
Cemeteries		35	29
Child care	15 (1)	99	173
Fire and emergency services levy (FESL) implementation		–	2
Gravel pits		–	52
Lease rentals		–	13
RMS (formerly RTA) charges (state roads not controlled by Council)	15 (2)	3,183	2,575
Swimming centres		15	28
Other		–	5
<b>Total fees and charges – other</b>		<b>3,395</b>	<b>2,959</b>
<b>TOTAL USER CHARGES AND FEES</b>		<b>4,062</b>	<b>3,733</b>

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

**15 (1)** indicates income recognised under AASB 15 “at a point in time”,

**15 (2)** indicates income recognised under AASB 15 “over time”,

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

**1058 (2)** indicates income recognised under AASB 1058 “over time”.

**Accounting policy for user charges and fees**

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

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

**2019 accounting policy**

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	AASB	2020	2019
<b>(c) Other revenues</b>			
Rental income – other council properties (2019 only)	15 (1)	–	13
Commissions and agency fees	15 (1)	73	72
Diesel rebate	15 (1)	58	48
Recycling income (non-domestic)	15 (1)	72	57
Sales – general		11	14
Administration		–	28
Town planning		–	1
Other – staff FBT contribution		–	16
Other		54	89
Other - Natural Disaster Costs Reimbursement	15 (1)	1,169	551
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>1,437</u></b>	<b><u>889</u></b>

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

**15 (1)** indicates income recognised under AASB 15 “at a point in time”,

**15 (2)** indicates income recognised under AASB 15 “over time”,

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

**1058 (2)** indicates income recognised under AASB 1058 “over time”.

**Accounting policy for other revenue**

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

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

**2019 accounting policy:**

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
<b>(d) Grants</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance	1058 (1)	1,194	1,187	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance	1058 (1)	1,265	1,231	–	–
<b>Total general purpose</b>		<b>2,459</b>	<b>2,418</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>					
Water supplies	1058	148	77	161	–
Sewerage services	1058 (2)	–	–	55	218
Bushfire and emergency services	1058 (1)	77	47	–	–
Community care		2	3	–	–
Community centres	1058 (1)	84	70	–	–
Economic development	1058	50	30	257	59
Employment and training programs		41	86	–	–
Heritage and cultural		–	100	–	–
Library		–	–	23	–
Library – per capita	1058 (1)	68	25	–	–
LIRS subsidy		12	15	–	–
Recreation and culture	1058	245	1,000	419	642
Street lighting		–	11	–	–
Transport (roads to recovery)	1058 (1)	888	606	–	–
Transport (other roads and bridges funding)	1058 (2)	–	–	1,465	814
Animal control		4	(6)	–	–
Preschool	1058 (1)	515	437	15	457
Waste		–	1	–	–
WCCC (formerly HACC)	1058 (1)	317	312	–	–
Disaster Recovery	1058 (1)	1,255	–	–	–
Other		1	49	–	–
<b>Total specific purpose</b>		<b>3,707</b>	<b>2,863</b>	<b>2,395</b>	<b>2,190</b>
<b>Total grants</b>		<b>6,166</b>	<b>5,281</b>	<b>2,395</b>	<b>2,190</b>
<b>Grant revenue is attributable to:</b>					
– Commonwealth funding		4,866	4,235	755	353
– State funding		1,300	1,046	1,640	1,837
		<b>6,166</b>	<b>5,281</b>	<b>2,395</b>	<b>2,190</b>

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

**15 (1)** indicates income recognised under AASB 15 “at a point in time”,

**15 (2)** indicates income recognised under AASB 15 “over time”,

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

**1058 (2)** indicates income recognised under AASB 1058 “over time”.

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
<b>(e) Contributions</b>						
<b>Other contributions:</b>						
<b>Cash contributions</b>						
Recreation and culture			32	–	–	30
RMS contributions (regional roads, block grant)			771	759	–	225
Tourism	1058 (1)		12	12	–	–
<b>Total other contributions – cash</b>			<b>815</b>	<b>771</b>	<b>–</b>	<b>255</b>
<b>Non-cash contributions</b>						
Business development			–	–	8	–
Recreation and culture			–	–	–	11
<b>Total other contributions – non-cash</b>			<b>–</b>	<b>–</b>	<b>8</b>	<b>11</b>
<b>Total other contributions</b>			<b>815</b>	<b>771</b>	<b>8</b>	<b>266</b>
<b>Total contributions</b>			<b>815</b>	<b>771</b>	<b>8</b>	<b>266</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>			<b>6,981</b>	<b>6,052</b>	<b>2,403</b>	<b>2,456</b>

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

**15 (1)** indicates income recognised under AASB 15 “at a point in time”,

**15 (2)** indicates income recognised under AASB 15 “over time”,

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

**1058 (2)** indicates income recognised under AASB 1058 “over time”.

### Accounting policy for grants and contributions

#### Accounting policy from 1 July 2019

##### Grant income under AASB 15

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

The performance obligations are varied based on the agreement but include funding for events such as the Walcha Motorcycle Festival. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

##### Grant income

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



## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

#### Capital grants

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

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

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

#### Contributions

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

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

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

#### Accounting policy prior to 1 July 2019

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	2020	2019
<b>(f) Unspent grants and contributions – external restrictions</b>		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	419	298
<b>Add:</b> operating grants recognised as income in the current period but not yet spent (2019 only)	–	240
<b>Add:</b> operating grants received for the provision of goods and services in a future period	1,756	–
<b>Less:</b> operating grants recognised in a previous reporting period now spent (2019 only)	(204)	(119)
<b>Less:</b> operating grants received in a previous reporting period now spent and recognised as income	(66)	–
<b>Unexpended and held as externally restricted assets (operating grants)</b>	<b>1,905</b>	<b>419</b>
Unexpended Operating Grants (funding received but not spent at 30 June) include:		
<b>Stronger Country Communities Funding</b> for non Council Assets:		
- Community Youth Hall \$50,753		
- Walcha Men's Shed Relocation \$130,180; as well as		
<b>Drought Communities Funding</b> for Village Halls renovations \$134,129;		
<b>Bushfire Community Resilience &amp; Economic Recovery Funding</b> - Motorcycle Rally & Resilience Projects \$100,000;		
<b>Bushfire Recovery Funding</b> \$1,252,947		
Unspent <b>Preschool Funding</b> carried forward \$103,69;		
<b>ACWSP Funding</b> for Water & Sewer trainee \$64,749;		
Plus \$68,498 assorted unspent grants.		
<b>Capital grants</b>		
Unexpended at the close of the previous reporting period	562	519
<b>Add:</b> capital grants recognised as income in the current period but not yet spent (2019 only)	–	562
<b>Add:</b> capital grants received for the provision of goods and services in a future period	548	–
<b>Less:</b> capital grants recognised in a previous reporting period now spent (2019 only)	(104)	(520)
<b>Less:</b> capital grants received in a previous reporting period now spent and recognised as income	(233)	–
<b>Unexpended and held as externally restricted assets (capital grants)</b>	<b>773</b>	<b>561</b>
Capital Grants funding received but but spent at 30 June include:		
<b>Stronger Countries Community Funding</b> for following projects not completed:		
- Walcha Community Gym Upgrade, \$224,458		
- Levee Bank Lighting, \$107,435		
<b>Drought Communities Funding</b> for Council Amenities upgrades \$225,773 and Water Treatment Plant upgrade \$105,897		
Plus \$109,057 other unspent grants.		
<b>Contributions</b>		
Unexpended at the close of the previous reporting period	53	41
<b>Add:</b> contributions recognised as income in the current period but not yet spent	–	12
<b>Add:</b> contributions received for the provision of goods and services in a future period	–	–
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate (2019 only)	–	–
<b>Less:</b> contributions recognised in a previous reporting period now spent	(10)	–
<b>Unexpended and held as externally restricted assets (contributions)</b>	<b>43</b>	<b>53</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

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

Unspent Developer Contribution \$21,000  
Donations received for the Open Air Gallery \$21,750.

### Note 4. Interest and investment income

\$ '000	2020	2019
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	14	12
– Cash and investments	104	212
<b>Total Interest and investment income</b>	<b>118</b>	<b>224</b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	9	12
General Council cash and investments	93	189
<b>Restricted investments/funds – external:</b>		
Water fund operations	6	9
Sewerage fund operations	10	14
<b>Total interest and investment revenue</b>	<b>118</b>	<b>224</b>

#### Accounting policy for interest and investment revenue

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 5. Expenses from continuing operations

\$ '000	2020	2019
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	4,875	4,402
Employee leave entitlements (ELE)	1,293	1,202
Superannuation – defined contribution plans	477	436
Superannuation – defined benefit plans	233	254
Workers' compensation insurance	73	134
Fringe benefit tax (FBT)	45	40
Other	–	9
<b>Total employee costs</b>	<b>6,996</b>	<b>6,477</b>
Less: capitalised costs	(751)	(889)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>6,245</b>	<b>5,588</b>
Number of 'full-time equivalent' employees (FTE) at year end <sup>1</sup>	75	80

#### 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 22 for more information.

(1) The Organisational Structure allows for \*\* FTE. A number of positions are vacant at 30 June 2020

\$ '000	Notes	2020	2019
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on leases		2	–
Interest on loans		25	29
<b>Total interest bearing liability costs</b>		<b>27</b>	<b>29</b>
<b>Total interest bearing liability costs expensed</b>		<b>27</b>	<b>29</b>
<b>(ii) Other borrowing costs</b>			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	14	42	40
<b>Total other borrowing costs</b>		<b>42</b>	<b>40</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>69</b>	<b>69</b>

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

**Note 5. Expenses from continuing operations (continued)**

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**Accounting policy for borrowing costs**

Borrowing costs are expensed as they are incurred.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
<b>(c) Materials and contracts</b>		
Raw materials and consumables	6,205	4,339
Contractor and consultancy costs	5,982	5,881
Auditors remuneration <sup>1</sup>	47	54
<b>Legal expenses:</b>		
– Legal expenses: other	3	11
Variable lease expense relating to usage (2020 only)	18	–
<b>Total materials and contracts</b>	<u>12,255</u>	<u>10,285</u>
Less: capitalised costs	(6,409)	(4,300)
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>	<u>5,846</u>	<u>5,985</u>

**Accounting policy for materials and contracts**

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

**Operating leases (2019 only)**

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

**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	47	54
<b>Remuneration for audit and other assurance services</b>	<u>47</u>	<u>54</u>
<b>Total Auditor-General remuneration</b>	<u>47</u>	<u>54</u>
<b>Non NSW Auditor-General audit firms</b>		
<b>Total Auditor remuneration</b>	<u>47</u>	<u>54</u>



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
<b>(d) Depreciation, amortisation and impairment of non-financial assets</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		483	412
Office equipment		5	1
Furniture and fittings		4	4
<b>Infrastructure:</b>	10(a)		
– Buildings – specialised		334	310
– Other structures		54	52
– Roads		1,386	1,502
– Bridges		675	185
– Footpaths		63	61
– Stormwater drainage		61	61
– Water supply network		315	316
– Sewerage network		129	124
<b>Right of use assets</b>	12	57	–
<b>Other assets:</b>			
– Heritage collections		2	1
– Other		94	92
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	14,10(a)	59	59
– Quarry assets	14,10(a)	7	7
<b>Total gross depreciation and amortisation costs</b>		<u>3,728</u>	<u>3,187</u>
<b>Total depreciation and amortisation costs</b>		<u>3,728</u>	<u>3,187</u>
<b><u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS</u></b>		<u>3,728</u>	<u>3,187</u>

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

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

Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
<b>(e) Other expenses</b>		
Training costs (other than salaries and wages)	95	112
Bad and doubtful debts	6	1
Bank charges	10	11
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	5	4
– NSW fire brigade levy	15	14
– NSW rural fire service levy	184	162
– Library	66	63
– Sundry	43	30
Councillor expenses – mayoral fee	26	26
Councillor expenses – councillors' fees	91	92
Councillors' expenses (incl. mayor) – other (excluding fees above)	83	87
Electricity and heating	181	131
Insurance	289	300
Noxious weeds	81	79
Postage	7	7
Printing and stationery	8	41
Rates and charges	169	144
Street lighting	33	42
Telephone and communications	53	51
Valuation fees	15	18
<b>Total other expenses</b>	<b>1,460</b>	<b>1,415</b>
<b>TOTAL OTHER EXPENSES</b>	<b>1,460</b>	<b>1,415</b>

**Accounting policy for other expenses**

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
<b>Property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		–	(460)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>(460)</b>
<b>Plant and equipment</b>			
	10(a)		
Proceeds from disposal – plant and equipment		288	195
Less: carrying amount of plant and equipment assets sold/written off		(304)	(182)
<b>Net gain/(loss) on disposal</b>		<b>(16)</b>	<b>13</b>
<b>Infrastructure</b>			
	10(a)		
Less: carrying amount of infrastructure assets sold/written off		(46)	–
<b>Net gain/(loss) on disposal</b>		<b>(46)</b>	<b>–</b>
<b>Other Land &amp; Property</b>			
Less: carrying amount of assets sold/written off		(19)	–
<b>Net gain/(loss) on disposal</b>		<b>(19)</b>	<b>–</b>
<b>Other Structures</b>			
Less: carrying amount of Other Structure assets sold/written off		(12)	–
<b>Net gain/(loss) on disposal</b>		<b>(12)</b>	<b>–</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(93)</b>	<b>(447)</b>

**Accounting policy for disposal of assets**

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

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

## Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	5,225	3,170
<b>Total cash and cash equivalents</b>	<b>5,225</b>	<b>3,170</b>

**Accounting policy for cash and cash equivalents**

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Investments</b>				
a. 'Financial assets at fair value through profit and loss'				
b. 'Financial assets at amortised cost'	2,326	–	4,724	–
<b>Total Investments</b>	<b>2,326</b>	<b>–</b>	<b>4,724</b>	<b>–</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>				
	7,551	–	7,894	–
<b>Financial assets at amortised cost</b>				
Term deposits	2,326	–	4,724	–
<b>Total</b>	<b>2,326</b>	<b>–</b>	<b>4,724</b>	<b>–</b>

**Accounting policy for investments**

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

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

**Financial assets**

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

**Classification**

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

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

Financial assets are not reclassified subsequent to their initial recognition.

**Amortised cost**

Assets measured at amortised cost are financial assets where:

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

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 7(c). Restricted cash, cash equivalents and investments

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	7,551	–	7,894	–
<b>attributable to:</b>				
External restrictions	3,228	–	1,958	–
Internal restrictions	4,115	–	4,677	–
Unrestricted	208	–	1,259	–
	7,551	–	7,894	–

\$ '000	2020	2019
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#### Details of restrictions

##### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)	1,091	–
Specific purpose unexpended grants – water fund (2020 only)	118	–

##### External restrictions – included in liabilities

	1,209	–
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##### External restrictions – other

Developer contributions – general	21	21
Specific purpose unexpended grants (recognised as revenue) – general fund	1,469	981
Water supplies	25	314
Sewerage services	482	609
Public Art Donations	22	22
Other	–	11

##### External restrictions – other

	2,019	1,958
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##### Total external restrictions

	3,228	1,958
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##### Internal restrictions

Plant and vehicle replacement	607	1,453
Infrastructure replacement	2,138	1,570
Employees leave entitlement	757	757
Housing Investment	–	251
Landfills upgrade (Woolbrook and Nowendoc)	–	11
Preschool	–	60
Quarries remediation	313	313
Tip site remediation	220	162
Project Development	80	100

##### Total internal restrictions

	4,115	4,677
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##### TOTAL RESTRICTIONS

	7,343	6,635
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## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Purpose</b>				
Rates and annual charges	182	–	160	–
Interest and extra charges	12	–	11	–
User charges and fees	23	–	23	–
Accrued revenues				
– Other income accruals	–	–	885	–
General debtors	624	–	2,879	–
Net GST receivable	359	–	–	–
Prepayments	51	–	74	–
<b>Total</b>	<b>1,251</b>	<b>–</b>	<b>4,032</b>	<b>–</b>
<b>Less: provision of impairment</b>				
Other debtors	(10)	–	(4)	–
<b>Total provision for impairment – receivables</b>	<b>(10)</b>	<b>–</b>	<b>(4)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>1,241</b>	<b>–</b>	<b>4,028</b>	<b>–</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	32	–	32	–
– Other	15	–	17	–
<b>Sewerage services</b>				
– Rates and availability charges	29	–	26	–
– Other	5	–	10	–
<b>Total external restrictions</b>	<b>81</b>	<b>–</b>	<b>85</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>1,160</b>	<b>–</b>	<b>3,943</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>1,241</b>	<b>–</b>	<b>4,028</b>	<b>–</b>

\$ '000	2020	2019
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	4	5
+ new provisions recognised during the year	6	–
– amounts already provided for and written off this year	–	(1)
<b>Balance at the end of the year</b>	<b>10</b>	<b>4</b>

#### Accounting policy for receivables

##### Recognition and measurement

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

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

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



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 8. Receivables (continued)

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#### Impairment

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

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

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 5 years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Inventories</b>				
<b>(i) Inventories at cost</b>				
Stores and materials	256	–	268	–
Trading stock	396	–	483	–
<b>Total inventories at cost</b>	<b>652</b>	<b>–</b>	<b>751</b>	<b>–</b>
<b><u>TOTAL INVENTORIES</u></b>	<b><u>652</u></b>	<b><u>–</u></b>	<b><u>751</u></b>	<b><u>–</u></b>

#### Accounting policy for inventories and other assets

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

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

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

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

	as at 30/06/19		Asset movements during the reporting period							as at 30/06/20				
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Increase / Decrease Rehabilitation Provision	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	2,523	-	2,523	-	1,964	-	-	(1,983)	-	-	-	2,504	-	2,504
Plant and equipment	6,477	(3,324)	3,153	1,464	253	(323)	(483)	2	-	-	-	7,348	(3,282)	4,066
Office equipment	136	(122)	14	-	19	-	(5)	-	-	-	-	155	(127)	28
Furniture and fittings	100	(82)	18	-	-	-	(4)	-	-	-	-	100	(86)	14
<b>Land:</b>														
- Operational land	2,428	-	2,428	34	47	-	-	11	-	-	-	2,520	-	2,520
- Community land	2,162	-	2,162	-	-	-	-	-	-	-	-	2,162	-	2,162
<b>Infrastructure:</b>														
- Buildings - specialised	9,609	(3,645)	5,964	219	559	-	(334)	1,134	-	-	-	11,521	(3,979)	7,542
- Other structures	2,603	(1,183)	1,420	-	-	(10)	(54)	-	-	-	-	2,576	(1,220)	1,356
- Roads	163,834	(71,202)	92,632	1,248	-	-	(1,386)	423	-	(3,761)	-	109,883	(20,727)	89,156
- Bridges	64,634	(28,963)	35,671	90	842	(46)	(675)	240	-	-	-	65,125	(29,003)	36,122
- Footpaths and other road assets	6,181	(1,807)	4,374	54	46	-	(63)	133	-	-	-	6,372	(1,828)	4,544
- Bulk earthworks (non-depreciable)	227,104	-	227,104	-	-	-	-	-	-	-	-	227,104	-	227,104
- Stormwater drainage	11,363	(2,138)	9,225	-	-	-	(61)	-	-	(1,183)	-	10,310	(2,329)	7,981
- Water supply network	22,083	(5,611)	16,472	71	40	-	(315)	1	-	153	-	22,404	(5,982)	16,422
- Sewerage network	12,191	(2,533)	9,658	36	20	-	(129)	-	-	90	-	12,363	(2,688)	9,675
<b>Other assets:</b>														
- Heritage collections	234	(54)	180	2	-	-	(2)	-	-	-	-	237	(57)	180
- Other	2,988	(1,315)	1,673	25	107	(2)	(94)	39	-	-	-	3,155	(1,407)	1,748
<b>Reinstatement, rehabilitation and restoration assets (refer Note 11):</b>														
- Tip assets	1,213	(169)	1,044	-	-	-	(59)	-	(121)	-	-	1,092	(228)	864
- Quarry assets	418	(336)	82	-	-	-	(7)	-	470	-	-	887	(342)	545
<b>Total Infrastructure, property, plant and equipment</b>	<b>538,281</b>	<b>(122,484)</b>	<b>415,797</b>	<b>3,243</b>	<b>3,897</b>	<b>(381)</b>	<b>(3,671)</b>	<b>-</b>	<b>349</b>	<b>(4,944)</b>	<b>243</b>	<b>487,818</b>	<b>(73,285)</b>	<b>414,533</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Asset movements during the reporting period										as at 30/06/19			
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	1,707	-	1,707	-	2,338	-	-	(1,522)	-	-	-	2,523	-	2,523
Plant and equipment	5,941	(3,237)	2,704	833	209	(182)	(412)	-	-	-	-	6,477	(3,324)	3,153
Office equipment	122	(121)	1	-	3	-	(1)	11	-	-	-	136	(122)	14
Furniture and fittings	100	(78)	22	-	-	-	(4)	-	-	-	-	100	(82)	18
<b>Land:</b>														
- Operational land	2,571	-	2,571	-	-	-	-	58	(201)	-	-	2,428	-	2,428
- Community land	1,368	-	1,368	-	-	-	-	-	201	-	594	2,162	-	2,162
<b>Infrastructure:</b>														
- Buildings - specialised	10,062	(3,407)	6,655	48	-	(460)	(310)	32	-	-	-	9,609	(3,645)	5,964
- Other structures	2,348	(1,131)	1,217	169	-	-	(52)	86	-	-	-	2,603	(1,183)	1,420
- Roads	163,563	(31,907)	131,656	1,478	-	-	(1,502)	208	-	(39,210)	-	163,834	(71,202)	92,632
- Bridges <sup>2</sup>	64,341	(19,849)	44,492	161	-	-	(185)	-	-	(8,797)	-	64,634	(28,963)	35,671
- Footpaths	5,820	(1,914)	3,906	140	-	-	(61)	12	-	-	378	6,181	(1,807)	4,374
- Bulk earthworks (non-depreciable)	210,916	-	210,916	-	-	-	-	-	-	16,188	-	227,104	-	227,104
- Stormwater drainage	11,363	(2,077)	9,286	-	-	-	(61)	-	-	-	-	11,363	(2,138)	9,225
- Water supply network	21,624	(5,207)	16,417	113	-	-	(316)	-	-	258	-	22,083	(5,611)	16,472
- Sewerage network	10,594	(2,369)	8,225	-	350	-	(124)	1,077	-	130	-	12,191	(2,533)	9,658
<b>Other assets:</b>														
- Heritage collections	140	(53)	87	-	90	-	(1)	4	-	-	-	234	(54)	180
- Other	2,882	(1,224)	1,658	-	72	-	(92)	34	-	-	-	2,988	(1,315)	1,673
<b>Reinstatement, rehabilitation and restoration assets (refer Note 17):</b>														
- Tip assets	1,213	(110)	1,103	-	-	-	(59)	-	-	-	-	1,213	(169)	1,044
- Quarry assets	418	(329)	89	-	-	-	(7)	-	-	-	-	418	(336)	82
<b>Total infrastructure, property, plant and equipment</b>	<b>517,093</b>	<b>(73,013)</b>	<b>444,080</b>	<b>2,942</b>	<b>3,062</b>	<b>(642)</b>	<b>(3,187)</b>	<b>-</b>	<b>(48,007)</b>	<b>17,548</b>	<b>-</b>	<b>538,281</b>	<b>(122,484)</b>	<b>415,797</b>

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

(2) Balances at 30/06/17 and 30/06/18 have been restated

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

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

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

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

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

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

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

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	10 to 20
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	3 to 5	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
		<b>Stormwater assets</b>	
<b>Water and sewer assets</b>		Drains	80 to 100
Dams and reservoirs	100	Culverts	50 to 80
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	75		
Pumps and telemetry	15 to 30		
Water Meters	10		
		<b>Other infrastructure assets</b>	
<b>Transportation assets</b>		Bulk earthworks	Infinite
Sealed roads: surface	15 to 70	Swimming pools	60
Sealed roads: structure	50 to 120		
Unsealed roads	20 to 50		
Bridge: concrete	100		
Bridge: other	60		
Road pavements	60		
Kerb, gutter and footpaths	100		

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included on the income statement.

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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#### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

#### Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer Note 12. 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".

Rural Fire Service assets comprising land and buildings are recognised as assets of the Council in these financial statements. Plant (red fleet) is not recognised on the ground of absence of control.



## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	as at 30/06/20			as at 30/06/19		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
WIP	168	–	168	1	–	1
Land						
– Operational land	394	–	394	394	–	394
Buildings	219	73	146	219	69	150
Infrastructure	22,405	5,982	16,423	22,083	5,611	16,472
<b>Total water supply</b>	<b>23,186</b>	<b>6,055</b>	<b>17,131</b>	<b>22,697</b>	<b>5,680</b>	<b>17,017</b>
<b>Sewerage services</b>						
WIP	119	–	119	12	–	12
Land						
– Operational land	259	–	259	259	–	259
Buildings	137	47	90	137	43	94
Infrastructure	12,363	2,688	9,675	12,191	2,533	9,658
<b>Total sewerage services</b>	<b>12,878</b>	<b>2,735</b>	<b>10,143</b>	<b>12,599</b>	<b>2,576</b>	<b>10,023</b>
<b>Domestic waste management</b>						
Land						
– Community land	148	–	148	148	–	148
Buildings	298	52	246	296	45	251
Other structures	241	74	167	241	62	179
Other assets	222	11	211	175	5	170
<b>Total DWM</b>	<b>909</b>	<b>137</b>	<b>772</b>	<b>860</b>	<b>112</b>	<b>748</b>
<b>Other restricted assets</b>						
Stormwater drainage	10,309	2,329	7,980	11,363	2,138	9,225
<b>Total other restrictions</b>	<b>10,309</b>	<b>2,329</b>	<b>7,980</b>	<b>11,363</b>	<b>2,138</b>	<b>9,225</b>
<b>TOTAL RESTRICTED IPP&amp;E</b>	<b>47,282</b>	<b>11,256</b>	<b>36,026</b>	<b>47,519</b>	<b>10,506</b>	<b>37,013</b>

### Note 11. Contract assets and liabilities

\$ '000	2020	
	Current	Non-current
<b>(a) Contract assets</b>		
Contract Assets under AASB 15	2,346	–
Grant Contract Assets under AASB 1058	326	–
Accrued Income under AASB 1058	386	–
<b>Total Contract assets</b>	<b>3,058</b>	<b>–</b>
<b>(i) Externally restricted assets</b>		
<b>Externally restricted assets</b>		
Water	274	–
Sewer	147	–
<b>Total externally restricted assets</b>	<b>421</b>	<b>–</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 11. Contract assets and liabilities (continued)

\$ '000	2020 Current	2020 Non-current
<b>Total restricted assets</b>	421	–
<b>Total unrestricted assets</b>	2,637	–
<b>Total contract assets</b>	<u>3,058</u>	<u>–</u>

\$ '000	Notes	2020 Current	2020 Non-current
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**(b) Contract liabilities****Grants and contributions received in advance:**

Unexpended capital grants (to construct Council controlled assets)	(i)	1,048	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	100	–
<b>Total grants received in advance</b>		<u>1,148</u>	<u>–</u>

**User fees and charges received in advance:**

Rates Payments Received in Advance		61	–
<b>Total user fees and charges received in advance</b>		<u>61</u>	<u>–</u>
<b>Total contract liabilities</b>		<u>1,209</u>	<u>–</u>

**Notes**

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

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

(iii) Upfront payment of rates do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the following rating year.

\$ '000	2020 Current	2020 Non-current
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**(i) Contract liabilities relating to restricted assets****Externally restricted assets**

Water	118	–
Unspent grants held as contract liabilities (excl. Water & Sewer)	1,091	–
<b>Contract liabilities relating to externally restricted assets</b>	<u>1,209</u>	<u>–</u>
<b>Total contract liabilities relating to restricted assets</b>	<u>1,209</u>	<u>–</u>
<b>Total contract liabilities</b>	<u>1,209</u>	<u>–</u>

\$ '000	2020
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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 11. Contract assets and liabilities (continued)

\$ '000	2020
<b>(ii) Revenue recognised (during the financial year) from opening contract liability balances</b>	
<b>Grants and contributions received in advance:</b>	
Capital grants (to construct Council controlled assets)	233
Operating grants (received prior to performance obligation being satisfied)	66
<b>Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period</b>	<b>299</b>

**Significant changes in contract assets and liabilities**

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

**Accounting policy for contract assets and liabilities**

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

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

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

## Note 12. Leases

Council has two office leases and one lease for IT equipment.

**(i) Council as a lessee****Terms and conditions of leases****Buildings**

Council leases buildings for Community Care and Visitor Information Centre; the leases are generally between 1 and 2 years and include a renewal option to allow Council to renew for up to 12 months.

The building leases contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

**Office and IT equipment**

Leases for IT equipment are generally for low value assets, except for significant items such as photocopiers. The current equipment lease is for a further one year with no renewal option, the payments are fixed, however the lease includes a variable payment based on usage.

**Extension options**

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 12. Leases (continued)

\$ '000	Plant & Equipment	Total
<b>(a) Right of use assets</b>		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	118	118
Additions to right-of-use assets	8	8
Adjustments to right-of-use assets due to re-measurement of lease liability	12	12
Depreciation charge	(57)	(57)
Other movement	(1)	(1)
<b><u>RIGHT OF USE ASSETS</u></b>	<b><u>80</u></b>	<b><u>80</u></b>

\$ '000	2020 Current	2020 Non-current
<b>(b) Lease liabilities</b>		
Lease liabilities	59	14
<b><u>TOTAL LEASE LIABILITIES</u></b>	<b><u>59</u></b>	<b><u>14</u></b>

**(i) The maturity analysis**

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
Cash flows	59	14	–	73	73

\$ '000	2020
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**(c) Income Statement**

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

Interest on lease liabilities	2
Variable lease payments based on usage not included in the measurement of lease liabilities	18
Depreciation of right of use assets	57
	<b><u>77</u></b>

**(d) Statement of Cash Flows**

Total cash outflow for leases	72
	<b><u>72</u></b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 12. Leases (continued)

#### Accounting policy

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

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

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

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

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

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

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

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

##### Exceptions to lease accounting

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

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

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

##### Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)

Refer to Note 5c and Note 14 (Provisions).

#### (ii) Council as a lessor

##### (e) Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

\$ '000	2020
<b>(i) Operating lease income</b>	
<b>Investment properties</b>	
<b>Other lease income</b>	
Room/Facility Hire	32
Leaseback fees - council vehicles	28
<b>Total income relating to operating leases</b>	<b>60</b>

##### (ii) Operating lease expenses

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 12. Leases (continued)

<b>\$ '000</b>	<b>2020</b>
Investment properties	
Other leased assets	
Other	201
<b>Total expenses relating to operating leases</b>	<b>201</b>



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 13. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	1,290	59	1,357	63
Accrued expenses:				
– Other expenditure accruals	347	–	430	–
ATO – net GST payable	–	–	88	–
<b>Total payables</b>	<b>1,637</b>	<b>59</b>	<b>1,875</b>	<b>63</b>
<b>Income received in advance (2019 only)</b>				
Payments received in advance	–	–	39	–
<b>Total income received in advance</b>	<b>–</b>	<b>–</b>	<b>39</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	84	225	79	309
<b>Total borrowings</b>	<b>84</b>	<b>225</b>	<b>79</b>	<b>309</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>1,721</u></b>	<b><u>284</u></b>	<b><u>1,993</u></b>	<b><u>372</u></b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 23.

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>(a) Payables and borrowings relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Water	9	66	12	75
Payables and borrowings relating to externally restricted assets	9	66	12	75
<b>Total payables and borrowings relating to restricted assets</b>	<b>9</b>	<b>66</b>	<b>12</b>	<b>75</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>1,712</b>	<b>218</b>	<b>1,981</b>	<b>297</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>1,721</u></b>	<b><u>284</u></b>	<b><u>1,993</u></b>	<b><u>372</u></b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 13. Payables and borrowings (continued)

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

\$ '000	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	388	(79)	–	–	–	–	309
Lease liabilities	–	73	–	–	–	–	73
<b>TOTAL</b>	<b>388</b>	<b>(6)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>382</b>

\$ '000	as at 30/06/18		Non-cash changes			as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	462	(74)	–	–	–	388
<b>TOTAL</b>	<b>462</b>	<b>(74)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>388</b>

\$ '000	2020	2019
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#### (c) Financing arrangements

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

Bank overdraft facilities <sup>1</sup>	200	200
Credit cards/purchase cards	48	48
<b>Total financing arrangements</b>	<b>248</b>	<b>248</b>

##### Undrawn facilities as at balance date:

– Bank overdraft facilities	200	200
– Credit cards/purchase cards	48	48
<b>Total undrawn financing arrangements</b>	<b>248</b>	<b>248</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 13. Payables and borrowings (continued)

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#### Accounting policy for payables and borrowings

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

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

#### Payables

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

#### Borrowings

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

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 14. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	694	–	578	–
Long service leave	1,330	74	1,442	92
Time in lieu	131	–	82	–
Rostered day off	11	–	6	–
<b>Sub-total – aggregate employee benefits</b>	<b>2,166</b>	<b>74</b>	<b>2,108</b>	<b>92</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	110	2,470	–	2,216
<b>Sub-total – asset remediation/restoration</b>	<b>110</b>	<b>2,470</b>	<b>–</b>	<b>2,216</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>2,276</u></b>	<b><u>2,544</u></b>	<b><u>2,108</u></b>	<b><u>2,308</u></b>

#### (a) Provisions relating to restricted assets

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

\$ '000	2020	2019
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#### (b) Current provisions not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	1,371	1,406
	<u>1,371</u>	<u>1,406</u>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 14. Provisions (continued)

#### (c) Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	Other employee benefits	
<b>2020</b>				
At beginning of year	578	1,534	88	2,200
Additional provisions	585	44	72	701
Amounts used (payments)	(469)	(174)	(18)	(661)
Total ELE provisions at end of year	694	1,404	142	2,240
<b>2019</b>				
At beginning of year	521	1,365	80	1,966
Additional provisions	360	157	17	534
Amounts used (payments)	(318)	(94)	(9)	(421)
Remeasurement effects	15	102	–	117
Other	–	4	–	4
Total ELE provisions at end of year	578	1,534	88	2,200

\$ '000	Other provisions	
	Asset remediation	Total
<b>2020</b>		
At beginning of year	2,216	2,216
Unwinding of discount	42	42
Other	322	322
Total other provisions at end of year	2,580	2,580
<b>2019</b>		
At beginning of year	2,176	2,176
Unwinding of discount	40	40
Total other provisions at end of year	2,216	2,216

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 14. Provisions (continued)

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#### Nature and purpose of non-employee benefit provisions

##### Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip and quarry as a result of past operations.

##### Accounting policy for provisions

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

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

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

#### Employee benefits

##### Short-term obligations

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

##### Other long-term employee benefit obligations

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

##### On-costs

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.



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 14. Provisions (continued)

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#### Rehabilitation

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

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

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

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

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

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

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

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

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

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

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

#### (ii) AASB 15 and AASB 1058

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

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

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

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

#### **Prepaid rates**

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

#### **Grants – operating**

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

#### **Grants – capital**

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

#### **Changes in presentation**

In addition to the above changes in accounting policies, the Council has also amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058:

- Additional line items of contract assets, contract cost assets and contract liabilities have been created.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Balance at 1 July 2019
<b>Opening contract balances at 1 July 2019</b>	
<b>Contract assets</b>	
– Under AASB 15	569
– Under AASB 1058	316
<b>Total Contract assets</b>	<b>885</b>
<b>Contract liabilities <sup>1</sup></b>	
– Under AASB 15	66
– Under AASB 1058	458
<b>Total Contract liabilities</b>	<b>524</b>

(1) Contract liability as at 1 July 2019 was recognised through accumulated surplus as adjustment on transition to new income standards.

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

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

#### Statement of Financial Position

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur-e ment	Carrying amount under previous revenue standards	Notes
<b>Current assets</b>					
Cash and cash equivalents	5,225	–	–	5,225	
Investments	2,326	–	–	2,326	
Receivables <sup>1</sup>	1,241	3,058	–	4,299	
Inventories	652	–	–	652	
Contract assets <sup>1</sup>	3,058	(3,058)	–	–	
<b>Total current assets</b>	<b>12,502</b>	<b>–</b>	<b>–</b>	<b>12,502</b>	
<b>Current liabilities</b>					
Payables <sup>2</sup>	1,637	–	61	1,698	
Contract liabilities <sup>2</sup>	1,209	–	(1,209)	–	
Lease liabilities	59	–	–	59	
Borrowings	84	–	–	84	
Provisions	2,276	–	–	2,276	
<b>Total current liabilities</b>	<b>5,265</b>	<b>–</b>	<b>(1,148)</b>	<b>4,117</b>	
<b>Non-current assets</b>					
Infrastructure, property, plant and equipment	414,533	–	–	414,533	
Right of use assets	80	–	–	80	
<b>Total non-current assets</b>	<b>414,613</b>	<b>–</b>	<b>–</b>	<b>414,613</b>	

## Notes to the Financial Statements

for the year ended 30 June 2020

**Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur-e ment	Carrying amount under previous revenue standards	Notes
<b>Non-current liabilities</b>					
Payables	59	–	–	59	
Lease liabilities	14	–	–	14	
Borrowings	225	–	–	225	
Provisions	2,544	–	–	2,544	
<b>Total Non-current liabilities</b>	<b>2,842</b>	<b>–</b>	<b>–</b>	<b>2,842</b>	
<b>Net assets</b>	<b>419,008</b>	<b>–</b>	<b>1,148</b>	<b>420,156</b>	
<b>Equity</b>					
Accumulated surplus <sup>2</sup>	160,860	–	1,148	162,008	
Revaluation reserves	258,148	–	–	258,148	
<b>Council equity interest</b>	<b>419,008</b>	<b>–</b>	<b>1,148</b>	<b>420,156</b>	
<b>Total equity</b>	<b>419,008</b>	<b>–</b>	<b>1,148</b>	<b>420,156</b>	

(1) Under previous framework council would have presented accrued income in the receivables note. Now it is presented as contract assets.

(2) Under previous framework council would have recognised income in full when received. Under the new framework, specific and enforceable grants with unsatisfied performance obligations are recognised as contract liability.

**Income Statement**

\$ '000	Income Statement and comprehen- sive income under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Income Statement and comprehen- sive income under previous revenue standards	Notes
<u>Income from continuing operations</u>					
Rates and annual charges	4,924	–	–	4,924	
User charges and fees	4,062	–	–	4,062	
Other revenues	1,437	–	–	1,437	
Grants and contributions provided for operating purposes <sup>1</sup>	6,981	–	34	7,015	
Grants and contributions provided for capital purposes <sup>1</sup>	2,403	–	590	2,993	
Interest and investment income	118	–	–	118	
Rental income	60	–	–	60	
<b>Total Income from continuing operations</b>	<b>19,985</b>	<b>–</b>	<b>624</b>	<b>20,609</b>	

## Notes to the Financial Statements

for the year ended 30 June 2020

**Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**Expenses from continuing operations

Employee benefits and on-costs	6,245	–	–	6,245
Borrowing costs	69	–	–	69
Materials and contracts	5,846	–	–	5,846
Depreciation and amortisation	3,728	–	–	3,728
Other expenses	1,460	–	–	1,460
Net losses from the disposal of assets	93	–	–	93
<b>Total Expenses from continuing operations</b>	<b>17,441</b>	<b>–</b>	<b>–</b>	<b>17,441</b>
<b>Total Operating result from continuing operations</b>	<b>2,544</b>	<b>–</b>	<b>624</b>	<b>3,168</b>
Net operating result for the year	2,544	–	624	3,168
<b>Total comprehensive income</b>	<b>(2,157)</b>	<b>–</b>	<b>624</b>	<b>(1,533)</b>

(1) Under previous framework council would have recognised income in full at receipt. Under new income standards, specific and enforceable grants with unsatisfied performance obligations at the end of reporting period are recognised as contract liability.

**Adjustments to the current year figures for the year ended 30 June 2020****Statement of Financial Position**

<b>\$ '000</b>	<b>Original Balance 1 July, 2019</b>	<b>Impact Increase/ (decrease)</b>	<b>Restated Balance 1 July, 2019</b>
Contract assets	–	885	885
Receivables - accrued income	885	(885)	–
<b>Total assets</b>	<b>428,470</b>	<b>–</b>	<b>428,470</b>
Contract liabilities	–	524	524
<b>Total liabilities</b>	<b>6,781</b>	<b>524</b>	<b>7,305</b>
Accumulated surplus	158,840	(524)	158,316
<b>Total equity</b>	<b>421,689</b>	<b>(524)</b>	<b>421,165</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 16. Statement of cash flow information

\$ '000	Notes	2020	2019
<b>(a) Reconciliation of cash and cash equivalents</b>			
Total cash and cash equivalents per Statement of Financial Position	7(a)	5,225	3,170
<b>Balance as per the Statement of Cash Flows</b>		<b>5,225</b>	<b>3,170</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		2,544	1,323
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		3,728	3,187
Net losses/(gains) on disposal of assets		93	447
Adoption of AASB 15/1058		(524)	–
Unwinding of discount rates on reinstatement provisions		42	40
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		2,781	(1,622)
Increase/(decrease) in provision for impairment of receivables		6	(1)
Decrease/(increase) in inventories		99	(61)
Decrease/(increase) in contract assets		(3,058)	–
Increase/(decrease) in payables		(71)	1,041
Increase/(decrease) in other accrued expenses payable		(83)	(93)
Increase/(decrease) in other liabilities		(127)	80
Increase/(decrease) in contract liabilities		1,209	–
Increase/(decrease) in provision for employee benefits		40	234
Increase/(decrease) in other provisions		(27)	–
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>6,652</b>	<b>4,575</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 17. Interests in other entities

#### Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

NAME OF ENTITY/OPERATION	PRINCIPAL ACTIVITY /TYPE OF ENTITY
<b>New England Weeds Authority (NEWA)</b>	Control of noxious weeds throughout the New England Region
<b>Reason for non-recognition</b> Walcha Council contributed \$81,476 to NEWA's operation in 2019-2020, along with Uralla Shire Council. Armidale Regional Council contributed \$201,603 and Glen Innes Severn 94,760. NEWA is an autonomous organisation with its board of directors made up of councillors from each constituent council. Walcha Council exercises no direct control over the Authority.	
<b>Central Northern Regional Libraries (CNRL)</b>	Provides library services to Tamworth, Narrabri, Liverpool Plains, Uralla and Walcha Councils
<b>Reason for non-recognition</b> Walcha Council contributed \$65,789 to CNRL in 2020. CNRL is managed by Tamworth Regional Council and Walcha Council has no control over the organisation.	
<b>Statewide Limited</b>	Provides insurance cover to Local Government
<b>Reason for non-recognition</b> Walcha Council is a member but has no control over the organisation.	
<b>StateCover Limited</b>	Provides Workers Compensation to Local Government
<b>Reason for non-recognition</b> Walcha Council is a member of StateCover and has no control over the organisation.	
<b>Namoi Joint Organisation</b>	Resolve issues of regional importance through Council collaboration.
<b>Reason for non-recognition</b> Walcha Council paid a membership of \$30,540 in 2020 and is one of five member councils. Other members are Gunnedah, Gwydir, Liverpool Plains and Tamworth. Walcha has no control over the organisation and no financial investment.	



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 18. Commitments

\$ '000	2020	2019
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings and Other Structures	14	33
Plant and equipment	180	161
Other Structures	20	–
Roads	420	135
Other Assets	65	–
Water Services	999	71
Sewer Services	51	39
Other	97	–
<b>Total commitments</b>	<b>1,846</b>	<b>439</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	1,846	439
<b>Total payable</b>	<b>1,846</b>	<b>439</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	142	406
Future grants and contributions	1,201	–
Externally restricted reserves	323	33
Internally restricted reserves	180	–
<b>Total sources of funding</b>	<b>1,846</b>	<b>439</b>

#### Details of capital commitments

To fund plant purchases and capital works in progress as at 30 June 2020.

\$ '000	2020	2019
<b>(b) Non-cancellable operating lease commitments (2019 only)</b>		
<b>a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:</b>		
Within the next year	–	60
Later than one year and not later than 5 years	–	62
<b>Total non-cancellable operating lease commitments</b>	<b>–</b>	<b>122</b>

#### b. Non-cancellable operating leases include the following assets:

Council has an operating lease for a number of printer/photocopiers. The lease term ends in July 2021. Council leases office space at Walcha Hospital and shop space in the CBD. The current leases terms end in November 2021 and March 2021.

#### Conditions relating to finance and operating leases:

- All finance agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

Refer to Note 12 for information relating to leases for 2020.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 19. Contingencies

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

#### LIABILITIES NOT RECOGNISED

##### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

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

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

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

##### *Description of the funding arrangements.*

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

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

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

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2020, apportioned according to each employer's share of the accrued liabilities as at 30 June 2020. 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.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 19. Contingencies (continued)

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 2020 was \$233,131.14. The last valuation of the Scheme was performed by Mr Richard Boyfield FIAA and covers the period ended 30 June 2019.

The amount of additional contributions included in the total employer contribution advised above is \$86,700. Council's expected contribution to the plan for the next annual reporting period is \$168,249.96.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

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

The share of this deficit that is broadly attributed to Council is 0.22%.

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

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

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

\* Plus promotional increases

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

#### (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.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 19. Contingencies (continued)

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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.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 20. 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 2020	Carrying value 2019	Fair value 2020	Fair value 2019
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	5,225	3,170	5,225	3,170
Receivables	1,241	4,028	1,241	4,028
Investments				
– 'Financial assets at amortised cost'	2,326	4,724	2,326	4,724
<b>Total financial assets</b>	<b>8,792</b>	<b>11,922</b>	<b>8,792</b>	<b>11,922</b>
<b>Financial liabilities</b>				
Payables	1,696	1,938	1,696	1,938
Loans/advances	309	388	309	388
Lease liabilities	73	–	73	–
<b>Total financial liabilities</b>	<b>2,078</b>	<b>2,326</b>	<b>2,078</b>	<b>2,326</b>

Fair value is determined as follows:

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

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

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether 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 2020

## Note 20. 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.

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

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2020</b>				
Possible impact of a 1% movement in interest rates	43	43	(43)	(43)
<b>2019</b>				
Possible impact of a 1% movement in interest rates	47	47	(47)	(47)

## (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. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

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

## Credit risk profile

## Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2020</b>						
Gross carrying amount	–	163	8	11	–	182
<b>2019</b>						
Gross carrying amount	–	110	25	25	–	160

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 20. 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 2020 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2020</b>						
Gross carrying amount	484	261	195	2	127	1,069
Expected loss rate (%)	0.00%	0.60%	0.00%	4.00%	6.00%	0.87%
<b>ECL provision</b>	–	2	–	–	8	10
<b>2019</b>						
Gross carrying amount	2,810	1,009	2	–	51	3,872
Expected loss rate (%)	0.00%	0.40%	0.00%	0.00%	0.00%	0.10%
<b>ECL provision</b>	–	4	–	–	–	4

**(c) Liquidity risk**

Payables, lease liabilities and borrowings are 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 for non-lease liabilities and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2020</b>							
Trade/other payables	0.00%	–	1,637	59	–	1,696	1,696
Borrowings	0.00%	–	100	245	–	345	309
<b>Total financial liabilities</b>		–	1,737	304	–	2,041	2,005
<b>2019</b>							
Trade/other payables	0.00%	–	1,875	63	–	1,938	1,938
Borrowings	5.70%	–	100	345	–	445	388
<b>Total financial liabilities</b>		–	1,975	408	–	2,383	2,326



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 21. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 26/06/2019 and is unaudited.

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

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

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

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

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	<b>4,894</b>	<b>4,924</b>	<b>30</b>	<b>1% F</b>
<b>User charges and fees</b>	<b>3,525</b>	<b>4,062</b>	<b>537</b>	<b>15% F</b>
<ul style="list-style-type: none"> <li>• Actual revenue from State Roads maintenance was \$957,533 higher than budgeted due to additional ordered works.</li> <li>• Private works revenue was \$173,807 lower than budget due to Council staff being tied up with bushfire related works and very large capital works program.</li> <li>• Budgeted gate fees at Walcha Landfill were not realised, actual amount was \$62,917 below budget. The budget was revised downward in the quarterly review.</li> <li>• Preschool enrolments are slightly down resulting in fees being \$31,110 below budget.</li> <li>• Walcha residents were granted free admission to the town pool due to impacts of drought and bushfires, admission fees were \$14,191 below budget.</li> <li>• There were no revenues from quarry operations due to all quarries being closed after the licenced operator resigned from Council, budget of \$40,000 was not realised.</li> <li>• Drought and water restrictions impacted usage charges - Water charges were \$64,198 below budget and Sewer charges were \$6837 below.</li> </ul>				
<b>Other revenues</b>	<b>195</b>	<b>1,437</b>	<b>1,242</b>	<b>637% F</b>
<ul style="list-style-type: none"> <li>• Other revenues includes reimbursement of costs relating to bushfires and 2018 storm damage from Natural Disaster Recovery Funding and from RMS; the total amount for the year is \$1,168,572. The budget was amended by \$835k to reflect the increase in the quarterly review.</li> <li>• Staff FBT Contributions were \$9856 higher than budget.</li> <li>• Rural Women's Gathering registrations and other payments resulted in Tourism revenue being \$31,564 higher than budget. This was carried over from the prior year and adjusted in the quarterly review.</li> <li>• Recycling income was \$37,754 higher than budget due to sales of iron and batteries.</li> </ul>				
<b>Operating grants and contributions</b>	<b>4,655</b>	<b>6,981</b>	<b>2,326</b>	<b>50% F</b>
<ul style="list-style-type: none"> <li>- Additional FAGs amount was \$135,598, this was adjusted in the quarterly budget review.</li> <li>- \$200,000 received from My Community Projects for Walcha Bowling Club Green Replacement (Council was sponsor), included in the quarterly budget review.</li> <li>- R2R funding received was \$893,837 against budget of \$573,898 - an increase of \$319,939, included in the quarterly review.</li> <li>- \$1.2m received from Bushfires Recovery, allocated for Unsealed Roads (projects to be determined), included in quarterly review and unspent at June 2020.</li> <li>- Additional Library funding of \$42,804, of which \$17,556 related to Local Priority Grant Projects.</li> <li>- Swimming Pool funding included \$10,000 Drought Stimulus Funding plus \$9720 Community Donations</li> <li>- Drought Communities Funding \$27,227 for Community Projects, included in quarterly budget review.</li> <li>- Preschool DET funding was \$59,712 higher than budgeted, TARP grant of \$25,000 was received to fund bus hire and \$55,543 was received relating to Drought/Bushfire/COVID.</li> <li>- Tourism received \$38,380 to fund local events, included in budget review.</li> <li>- RFS funding received was \$20,064 higher than budget.</li> </ul>				

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 21. Material budget variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
- Water Fund received \$112,339 to fund water carting plan and emergency works from Short Term Emergency Drought Funding, included in quarterly budget review.				
<b>Capital grants and contributions</b>	<b>8,795</b>	<b>2,403</b>	<b>(6,392)</b>	<b>(73)% U</b>
<b>Funding budgeted but not recieved:</b>				
Stronger Country Community (SCCF) carry over works & funding -\$397,070:				
- Community Storage Facility \$35,909				
- Swimming Pool \$127,889				
- Community Gym project is behind the original schedule, budgeted funding of \$580,392 was not received				
Thunderbolts Way Corridor Strategy is behind schedule resulting in \$6,539,513 of budgeted funding not received				
\$80,396 funding for Niangala Road Bridge - project was completed under budget				
\$173,051 Fixing Country Roads - Brackendale Road project deferred to 2021, removed from budget in quarterly review.				
<b>Funding recieved that was not in original budget:</b>				
\$446,750 was received for Wollun Road bridge, carried over from 2019				
\$264,987 for Truck Wash Bay construction, carried over from 2019				
\$161,404 Water Fund - Short term emergency works milestone payment, added in quarterly budget review				
\$55,218 Sewer Fund - treatment plant upgrade, carried over from 2019				
<b>Interest and investment revenue</b>	<b>173</b>	<b>118</b>	<b>(55)</b>	<b>(32)% U</b>
Historically low interest rates on investments has resulted in investment earnings being much lower than budgeted				
<b>Rental income</b>	<b>-</b>	<b>60</b>	<b>60</b>	<b>∞ F</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 21. Material budget variations

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	<b>4,696</b>	<b>6,245</b>	<b>(1,549)</b>	<b>(33)% U</b>
<p>Leave costs were \$355,585 over budget due to extended sick leave, maternity leave and increasing leave provision. Superannuation &amp; FBT were \$60,191 higher than budgeted however workers compensation insurance was \$84,333 under budget.</p> <p>Corporate wages are \$193k over budget.</p> <p>Additional state roads maintenance added \$252,485 to wages costs, not budgeted (RMS contract works). Sealed &amp; unsealed roads maintenance was \$224,996 over budget, due in part to roads maintenance works incorrectly identified as capital in the budget (R2R funded work).</p> <p>Bushfires clean up has pushed wages costs up by \$550,063 over the original private works budget, this was adjusted in the quarterly review.</p>				
<b>Borrowing costs</b>	<b>87</b>	<b>69</b>	<b>18</b>	<b>21% F</b>
<p>Tips remediation costs were \$3724 below budget and Quarries remediation was \$13,443 less than forecast.</p>				
<b>Materials and contracts</b>	<b>4,048</b>	<b>5,846</b>	<b>(1,798)</b>	<b>(44)% U</b>
<p><b>Admin</b> costs were \$158,093 over budget due to using HR contractor, GM Recruitment costs, unbudgeted WHS costs and works depot maintenance, adjustment was made in the quarterly review.</p> <p><b>Community Service</b> costs – Preschool and WCCC - were \$99,329 over budget offset by increased grant funding.</p> <p><b>Economic Affairs</b> - Bushfire Clean up costs were \$605,726 in total which is fully recoverable, tourism costs were \$93,784 resulting from a number of events held in Walcha during they year, partially covered by fees &amp; funding. Adjustments were made in the quarterly budget review.</p> <p><b>Quarries</b> - A disputed invoice for gravel processing in 2017-18 for \$260,853 was paid in the 2020 financial year; there had been no provision made for this.</p> <p><b>Recreation &amp; Culture</b> - Bowling Green replacement cost was \$200,000 which was fully funded. Other funded costs include \$31,440 for MPC upgrade and \$40,947 Drought Funded community projects. Additional swimming pool costs of \$25,526 were mostly offset by funding and donations. Adjustments were made in the quarterly budget review.</p> <p><b>Transport</b> – Roads &amp; bridges maintenance costs were \$148,423 higher than budget due mainly to sealed and unsealed roads maintenance incorrectly classified as capital works (R2R project) and therefore not included in the operating budget.</p> <p><b>Water fund</b> costs were 94,045 higher than budget due to funded feasibility study and short term emergency drought projects, included in the quarterly budget review.</p>				
<b>Depreciation and amortisation</b>	<b>3,361</b>	<b>3,728</b>	<b>(367)</b>	<b>(11)% U</b>
<p>Assets revaluation has increased roads &amp; bridges annual depreciation to \$2.2m which is \$292,998 higher than budget. Internal Plant depreciation is \$85,727 over budget due to the budget being too low.</p>				
<b>Other expenses</b>	<b>1,409</b>	<b>1,460</b>	<b>(51)</b>	<b>(4)% U</b>
<b>Net losses from disposal of assets</b>	<b>(8)</b>	<b>93</b>	<b>(101)</b>	<b>1,263% U</b>
<p>Budgeted profit on sale of plant and equipment was not realised. Loss of \$15,882 resulted in a budget variance of \$24,166. Assets written off included a timber bridge that was replaced with a concrete bridge, \$46,116, and the truck wash bay, \$30,972. A new facility is currently under construction.</p>				

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 21. Material budget variations

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
<b>STATEMENT OF CASH FLOWS</b>				
<b>Cash flows from operating activities</b>	13,293	6,652	(6,641)	(50)% <b>U</b>
Capital works program was not achieved in 2020, as a result funding milestone payments were not received.				
<b>Cash flows from investing activities</b>	(11,635)	(4,454)	7,181	(62)% <b>F</b>
\$1,996k for purchase of investment securities was not included in the budget. Capital works projects not completed in 2002 \$5,210				
<b>Cash flows from financing activities</b>	(142)	(143)	(1)	1% <b>U</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 22. Fair Value Measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

2020	Fair value measurement hierarchy				Total
	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
\$ '000					
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant & equipment		–	–	4,066	4,066
Office equipment		–	–	28	28
Furniture & fittings		–	–	14	14
Operational land	30/06/18	–	2,520	–	2,520
Community land	30/06/19	–	–	2,162	2,162
Buildings specialised	30/06/18	–	–	7,542	7,542
Other structures	30/06/16	–	–	1,356	1,356
Roads	30/06/20	–	–	89,156	89,156
Bridges	30/06/19	–	–	36,122	36,122
Footpaths & other road assets	30/06/19	–	–	4,544	4,544
Bulk earth works	30/06/19	–	–	227,104	227,104
Stormwater	30/06/20	–	–	7,981	7,981
Water	30/06/17	–	–	16,422	16,422
Sewer	30/06/17	–	–	9,675	9,675
Heritage	30/06/16	–	–	180	180
Other assets	30/06/17	–	–	1,748	1,748
Tip	30/06/20	–	–	864	864
Quarry	30/06/16	–	–	545	545
Work in progress		–	–	2,504	2,504
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>2,520</b>	<b>412,013</b>	<b>414,533</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 22. Fair Value Measurement (continued)

2019	Fair value measurement hierarchy				Total
	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
\$ '000					
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant & equipment		–	–	3,153	3,153
Office equipment		–	–	14	14
Furniture & fittings		–	–	18	18
Operational land	30/06/18	–	2,428	–	2,428
Community land	30/06/19	–	–	2,162	2,162
Buildings specialised	30/06/18	–	–	5,964	5,964
Other structures	30/06/16	–	–	1,420	1,420
Roads	30/06/19	–	–	92,632	92,632
Bridges	30/06/19	–	–	35,671	35,671
Footpaths & other road assets	30/06/19	–	–	4,374	4,374
Bulk earth works	30/06/19	–	–	227,104	227,104
Stormwater	30/06/15	–	–	9,225	9,225
Water	30/06/17	–	–	16,472	16,472
Sewer	30/06/17	–	–	9,658	9,658
Heritage	30/06/16	–	–	180	180
Other assets	30/06/17	–	–	1,673	1,673
Tip	30/06/18	–	–	1,044	1,044
Quarry	30/06/16	–	–	82	82
Work in progress		–	–	2,523	2,523
<b>Total infrastructure, property, plant and equipment</b>		–	2,428	413,369	415,797

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:

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

##### Plant & Equipment, Office Equipment & Furniture & Fittings

These assets are valued at cost, but are disclosed at fair value in the notes; the carrying amount of these assets is assumed to be approximate Fair Value due to the nature of the assets. Examples of assets within these classes are as follows:

- Plant & equipment: Graders, Trucks, Rollers, Tractors and Motor Vehicles.
- Office Equipment: Computers, Photocopiers etc.
- Furniture & Fittings: Chairs, Desks etc.

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

#### Community Land

Community Land is based on the land value provided by the Valuer General.

#### Operational Land

Operational Land assets were valued by professionally qualified Registered Valuers - Scott Fullarton Valuations. Level 2 inputs were used to value land held in freehold title and those with special use, which are restricted under the zoning objectives. Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and

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

### Note 22. Fair Value Measurement (continued)

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configuration. The most significant inputs into this valuation approach are price per square metre. There are also parks, reserves and other special use parcels where there was no observable market evidence. This land was valued utilising Level 2 inputs, with the valuer using professional judgement to adjust the rate per square metre from the sales evidence available.

#### **Buildings - Non Specialised**

Specialised assets were valued utilising the cost approach by professionally qualified Registered Valuers - Scott Fullarton Valuations. The approach estimated the replacement cost of each building/other structure and componentising of significant parts of specific buildings with different useful lives and taking into account a range of factors. Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other inputs (such as estimates of useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued utilising Level 3 inputs.

#### **Other Structures**

Other Structures are assets that do not fit the definition of buildings. They include swimming pools, fencing and playgrounds. Other Structures have been revalued internally by Council's Engineering Department either using unit rate calculations where the asset is easily componentised, or by applying an index rate to the valuation provided by Scott Fullarton Valuations in December 2012. As these values were not considered to contain observable market evidence they have been classified as Level 3 and have been valued using the gross replacement cost method. Replacement cost has been formulated based upon the substantial analysis of construction costs from over 120 councils throughout NSW and based on the age of the assets as Council believes it is not materially different to condition assessment.

#### **Roads**

Council engaged Australis Asset Advisory Group, professionally qualified registered valuers, to review road unit rates. All unit rates are assessed by way of the Cost Approach, being Level 3 on the Fair Value Hierarchy. To determine a fair value for an asset a number of inputs are required, including Componentisation, Gross Replacement Cost and Useful Life.

Condition assessment has been completed in two phases, through intentional physical inspection taking photographic evidence of a portion of the network for valuation. Thereby a representative sample was chosen based on the Engineering Department's experience and knowledge of the road network. Additionally limitations exist in the sporadic nature of unsealed roads condition as such council has condition assessed these roads using an aged based approach.

Useful lives has been set using Council's knowledge of how the road network behaves with consideration given to the quality of inputs used including gravel and bitumen and the specific weather and traffic conditions that impact upon the Council area.

#### **Bulk Earthworks**

Bulk Earthworks consist of cuttings, fill and levelling of earth and rocks. The valuation was completed internally and based replacement cost on Rawlinsons Reference Rates. As there had been no earthwork construction since the previous revaluation in 2014, the 2019 revaluation indexed the data already available by the IPWEA indices to come up with a replacement cost.

Council has determined that bulk earthworks have infinite useful lives.

#### **Footpaths & Other road Assets**

Footpaths and other road assets includes footpaths, kerb & guttering, roundabouts and other minor road furniture assets. They have been valued internally by Council's Engineering Department. Given the small size of the network, all footpaths, kerb & guttering and other road assets were physically inspected and photographic evidence was obtained. This formed the basis of the condition assessment. Useful lives were determined with consideration to the previous revaluation and based on Council's knowledge of the behaviour of other concrete assets.

#### **Bridges**

Bridges have been valued internally by Council's Engineering Department and have been componentised into girder, corbel, deck, headstock, pile, abutment, kerb log and hand rail.

To ensure completeness of data the Authority Asset Management software was utilised as a starting point for conducting the revaluation. Council staff physically inspected all bridges to ensure the accuracy of data that was input into the Asset Management System. Condition was determined based on these inspections. Each bridge was given a condition rating in accordance with the methodology in the IPWEA (NSW) Bridge Guide, 2009. Replacement costs were based upon recently



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 22. Fair Value Measurement (continued)

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completed bridge projects in the Council area. Council determined timber bridges replacement cost based upon the cost to replace with their modern equivalent, judgementally determined to be either a concrete bridge or concrete culvert.

Useful lives for timber bridges were based on research by Peter J Yttrup (1996) contained in the IPWEA Bridge Guide. Condition ratings for concrete bridges were set based upon Council's own knowledge and experience of the bridge network and in conjunction with the Local Government Assets Accounting Manual.

#### **Stormwater Drainage**

Drainage assets comprise pits, culverts, open channels, headwalls and various types of quality devices used to collect store and remove stormwater. The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. First principles estimating accompanied by actual Council costs were utilised in determining the current stormwater assets value. These values were deemed to be in line with the Rawlinson Reference Rates.

The Levee Bank represents a large portion of the total value of the asset class. This asset was revalued by Australis Asset Advisory Group, a professionally qualified valuer. The asset was assessed by way of the Cost Approach, being Level 3 on the Fair Value Hierarchy.

#### **Water Network**

Water assets (other than the Water Treatment Plant) were valued internally by Council's Engineering Department. Assets in this class include reservoirs, pumping stations and water pipelines. Condition assessment was undertaken in 2 distinct ways. For above ground assets a visual assessment in accordance with the Visual Assessment Manual published by New Zealand Water and Waste Association was conducted. For underground pipes, due to the inability to visually inspect them the assessment was based upon frequency of breakages and maintenance. This forms an inherent limitation on the data obtained. Replacement costs were calculated based on First Principles, previous costs and the Reference Rates Manual. Useful lives were set based on Reference Rates and comparison with other councils as detailed within the methodology documentation.

The Water Treatment Plant was valued by JRA using Level 3 inputs because there is no market for these infrastructure assets. There are no residual values for these assets for the same reason.

#### **Sewer Network**

Sewer assets (other than the Sewer Treatment Plant) were valued internally by Council's Engineering Department. Assets in this class include treatment works, pumping stations and sewer mains. Condition assessment was undertaken in 2 distinct ways. For above ground assets a visual assessment in accordance with the Visual Assessment Manual published by New Zealand Water and Waste Association was conducted. For underground pipes a representative sample was inspected using CCTV and the condition rating was applied across the sewer network and detailed in the methodology documentation. Replacement costs were calculated based on First Principles, previous costs and the Reference Rates Manual. Useful lives were set based on Reference Rates and comparison with other councils as detailed within the methodology documentation.

The Sewer Treatment Plant was valued by JRA using Level 3 inputs because there is no market for these infrastructure assets. There are no residual values for these assets for the same reason.

#### **Other Structures and Other Assets**

The valuation process involved current replacement cost approach. Unobservable inputs such as replacement cost, asset condition and useful life required extensive professional judgement. The unobservable inputs place this class of asset at Level 3. Last valuation was undertaken on 30 June 2016 for Other Structures and on 30 June 2017 for Other Assets by utilising internal specialists. There has been no change to the valuation process during the reporting period.

#### **Remediation Assets for Tips and Quarries**

Restoration, cell capping, leachate collection and site closures have been recognised as significant costs for the remediation assets. In particular, the closing of a landfill site will include preparation, final cell capping, site re-vegetation and leachate management. The key unobservable inputs are discount rate, estimated costs, legislative requirements, and timing of remediation and indexation of labour costs.

Council engaged external firm (GHD) to perform valuation of the costs to remediate landfill site as at 30 June 2020.

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

**Note 22. Fair Value Measurement (continued)**

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Quarries remediation costs were last comprehensively valued in 2018. Council reviewed estimates for the year ended 30 June 2020 internally with no change to the approach compared to previous year.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 22. Fair Value Measurement (continued)

## (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	Plant and Equipment	Office equipment	Furniture and fittings	Operational Land	Community Land
<b>2019</b>					
<b>Opening balance</b>	2,704	1	22	2,571	1,368
Transfers from/(to) another asset class	–	–	–	(201)	201
Purchases (GBV)	1,043	14	–	58	–
Disposals (WDV)	(182)	–	–	–	–
Depreciation and impairment	(412)	(1)	(4)	–	–
Revaluation	–	–	–	–	593
<b>Closing balance</b>	<b>3,153</b>	<b>14</b>	<b>18</b>	<b>2,428</b>	<b>2,162</b>
<b>2020</b>					
<b>Opening balance</b>	3,153	14	18	2,428	2,162
Purchases (GBV)	1,719	19	–	92	–
Disposals (WDV)	(323)	–	–	–	–
Depreciation and impairment	(483)	(5)	(4)	–	–
<b>Closing balance</b>	<b>4,066</b>	<b>28</b>	<b>14</b>	<b>2,520</b>	<b>2,162</b>

\$ '000	Buildings specialised	Other structures	Roads	Bridges <sup>2</sup>	Footpaths and other
<b>2019</b>					
<b>Opening balance</b>	6,655	1,217	131,656	44,492	3,906
Purchases (GBV)	79	254	1,687	161	151
Disposals (WDV)	(460)	–	–	–	–
Depreciation and impairment	(310)	(51)	(1,501)	(185)	(61)
Revaluation	–	–	(39,210)	(8,797)	378
<b>Closing balance</b>	<b>5,964</b>	<b>1,420</b>	<b>92,632</b>	<b>35,671</b>	<b>4,374</b>
<b>2020</b>					
<b>Opening balance</b>	5,964	1,420	92,632	35,671	4,374
Purchases (GBV)	1,912	–	1,671	1,172	233
Disposals (WDV)	–	(10)	–	(46)	–
Depreciation and impairment	(334)	(54)	(1,386)	(675)	–
Revaluation	–	–	(3,761)	–	(63)
<b>Closing balance</b>	<b>7,542</b>	<b>1,356</b>	<b>89,156</b>	<b>36,122</b>	<b>4,544</b>

(2) 2018 opening and closing balances have been restated

\$ '000	Bulk earthworks	Stormwater	Water	Sewer	Heritage
<b>2019</b>					
<b>Opening balance</b>	210,916	9,286	16,417	8,225	87
Purchases (GBV)	–	–	113	1,427	94
Depreciation and impairment	–	(61)	(316)	(124)	(1)
Revaluation	16,188	–	258	130	–
<b>Closing balance</b>	<b>227,104</b>	<b>9,225</b>	<b>16,472</b>	<b>9,658</b>	<b>180</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 22. Fair Value Measurement (continued)

\$ '000	Bulk earthworks	Stormwater	Water	Sewer	Heritage
<b>2020</b>					
<b>Opening balance</b>	227,104	9,225	16,472	9,658	180
Purchases (GBV)	–	–	112	56	2
Depreciation and impairment	–	(61)	(315)	(129)	(2)
Revaluation	–	(1,183)	153	90	–
<b>Closing balance</b>	<b>227,104</b>	<b>7,981</b>	<b>16,422</b>	<b>9,675</b>	<b>180</b>
\$ '000	Other	WIP	Tip	Quarry	Total
<b>2019</b>					
<b>Opening balance</b>	1,658	1,707	1,103	89	<b>444,080</b>
Transfers from/(to) another asset class	–	(1,522)	–	–	<b>(1,522)</b>
Purchases (GBV)	107	2,338	–	–	<b>7,526</b>
Disposals (WDV)	–	–	–	–	<b>(642)</b>
Depreciation and impairment	(92)	–	(59)	(7)	<b>(3,185)</b>
Revaluation	–	–	–	–	<b>(30,460)</b>
<b>Closing balance</b>	<b>1,673</b>	<b>2,523</b>	<b>1,044</b>	<b>82</b>	<b>415,797</b>
<b>2020</b>					
<b>Opening balance</b>	1,673	2,523	1,044	82	<b>415,797</b>
Transfers from/(to) another asset class	–	(1,983)	–	–	<b>(1,983)</b>
Purchases (GBV)	171	1,964	–	–	<b>9,123</b>
Disposals (WDV)	(2)	–	–	–	<b>(381)</b>
Depreciation and impairment	(94)	–	(59)	(7)	<b>(3,608)</b>
Revaluation	–	–	(121)	470	<b>(4,415)</b>
<b>Closing balance</b>	<b>1,748</b>	<b>2,504</b>	<b>864</b>	<b>545</b>	<b>414,533</b>

#### 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.

\$ '000	Fair value (30/6/20)	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Plant and equipment	4,066	Cost approach	- Current replacement cost of modern equivalent asset - Remaining useful life - Residual value
Office equipment	28	Cost approach	- Current replacement cost of modern equivalent asset - Remaining useful life
Furniture and fittings	14	Cost approach	- Current replacement cost of modern equivalent asset - Remaining useful life
Operational Land	2,520	Market approach	- Similar local property prices - Alternative use
Community Land	2,162	Land values from NSW Valuer-General	- Unimproved capital value based on land value and land area

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 22. Fair Value Measurement (continued)

\$ '000	Fair value (30/6/20)	Valuation technique/s	Unobservable inputs
Buildings specialised	7,542	Cost approach - (depreciated replacement cost)	- Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Other structures	1,356	Cost approach - (depreciated replacement cost)	- Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Roads	89,156	Unit rates per square metre	- Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Bridges	36,122	Cost approach - (depreciated replacement cost)	- Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Footpaths & other road assets	4,544	Cost approach - (depreciated replacement cost)	- Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Bulk earthworks	227,104	Unit rates per square metre	- Current replacement cost of modern equivalent asset
Stormwater	7,981	Unit rates per square metre	- Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Water	16,422	Cost approach - (replacement cost)	- Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Sewer	9,675	Cost approach - (replacement cost)	- Current replacement cost of modern equivalent asset - Asset condition - Remaining useful life
Heritage	180	Cost approach	- Current replacement cost of modern equivalent asset - Remaining useful life
Other	1,748	Cost approach	- Current replacement cost of modern equivalent asset - Remaining useful life
Tips	864	Cost approach	Unit cost assumptions for rehab rates, discount rates, CPI and regulation changes
Quarry	545	Cost approach	Unit cost assumptions for rehab rates, discount rates, CPI and regulation changes

## (4) Highest and best use

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 23. Related party disclosures

## (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	2020	2019
<b>Compensation:</b>		
Short-term benefits	671	603
Post-employment benefits	94	76
Termination benefits	163	–
<b>Total</b>	<b>928</b>	<b>679</b>

## Walcha Council

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

#### Note 23. Related party disclosures (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
<b>\$ '000</b>						
<b>2020</b>						
Rent for office space	1	11	-	7 days	-	-
Landscaping works	2	29	-	7 days	-	-
Employee expenses relating to close family members	3	101	-	7 days	-	-
<b>2019</b>						
Rent for office space	1	12	-	7 days	-	-
Landscaping works	2	57	-	7 days	-	-
Employee expenses relating to close family members	3	235	-	7 days	-	-

1 Council pays rent to a local real estate agent for office space. The principal is a related party to a KMP. The office is owned by an interstate company.

2 Council contracts to a local company for treeclipping and other services. The company has a KMP as a director. All transactions are at arms length and major jobs are quoted on.

3 Close family members are employed by Council under the Local Government Award. All were employed on an arms length basis. There are two close family members currently employed by Council, one of which is included in Key Management Personnel.

#### Note 24. Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed. Effect of COVID-19 was disclosed in Basis of Preparation section in Note 1.



## Walcha Council

### Notes to the Financial Statements

for the year ended 30 June 2020

#### Note 25. Statement of developer contributions

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

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

#### Summary of contributions and levies

	as at 30/06/19		Contributions received during the year			Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	
	Opening Balance		Cash	Non-cash	Held as restricted asset				Cumulative internal borrowings due/(payable)	
\$ '000										
Roads	21								21	
<b>S7.11 contributions – under a plan</b>	<b>21</b>								<b>21</b>	
Total S7.11 and S7.12 revenue under plans	21								21	
Total contributions	21								21	
<b>S7.11 Contributions – under a plan</b>										
<b>CONTRIBUTION PLAN NUMBER 1</b>										
Roads	21								21	
Total	21								21	

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 26. Result by fund

\$ '000	General <sup>1</sup> 2020	Water 2020	Sewer 2020
<b>Income Statement by fund</b>			
<b>Income from continuing operations</b>			
Rates and annual charges	4,288	314	322
User charges and fees	3,570	364	128
Interest and investment revenue	103	6	9
Other revenues	1,433	1	3
Grants and contributions provided for operating purposes	6,792	168	21
Grants and contributions provided for capital purposes	2,187	161	55
Rental income	60	–	–
<b>Total income from continuing operations</b>	<b>18,433</b>	<b>1,014</b>	<b>538</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	5,810	263	172
Borrowing costs	65	4	–
Materials and contracts	5,357	336	153
Depreciation and amortisation	3,275	319	134
Other expenses	1,291	138	31
Net losses from the disposal of assets	93	–	–
<b>Total expenses from continuing operations</b>	<b>15,891</b>	<b>1,060</b>	<b>490</b>
<b>Operating result from continuing operations</b>	<b>2,542</b>	<b>(46)</b>	<b>48</b>
<b>Net operating result for the year</b>	<b>2,542</b>	<b>(46)</b>	<b>48</b>
<b>Net operating result attributable to each council fund</b>	<b>2,542</b>	<b>(46)</b>	<b>48</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>355</b>	<b>(207)</b>	<b>(7)</b>

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 26. Result by fund (continued)

\$ '000	General <sup>1</sup> 2020	Water 2020	Sewer 2020
<b>Statement of Financial Position by fund</b>			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,600	143	482
Investments	2,326	–	–
Receivables	1,160	47	34
Inventories	652	–	–
Contract assets	2,637	274	147
<b>Total current assets</b>	<b>11,375</b>	<b>464</b>	<b>663</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	387,259	17,130	10,144
Right of use assets	80	–	–
<b>Total non-current assets</b>	<b>387,339</b>	<b>17,130</b>	<b>10,144</b>
<b>TOTAL ASSETS</b>	<b>398,714</b>	<b>17,594</b>	<b>10,807</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	1,637	–	–
Contract liabilities	1,091	118	–
Lease liabilities	59	–	–
Borrowings	75	9	–
Provisions	2,276	–	–
<b>Total current liabilities</b>	<b>5,138</b>	<b>127</b>	<b>–</b>
<b>Non-current liabilities</b>			
Payables	59	–	–
Lease liabilities	14	–	–
Borrowings	159	66	–
Provisions	2,544	–	–
<b>Total non-current liabilities</b>	<b>2,776</b>	<b>66</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>7,914</b>	<b>193</b>	<b>–</b>
<b>Net assets</b>	<b>390,800</b>	<b>17,401</b>	<b>10,807</b>
<b>EQUITY</b>			
Accumulated surplus	151,409	6,035	3,416
Revaluation reserves	239,391	11,366	7,391
<b>Council equity interest</b>	<b>390,800</b>	<b>17,401</b>	<b>10,807</b>
<b>Total equity</b>	<b>390,800</b>	<b>17,401</b>	<b>10,807</b>

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 26. Result by fund (continued)

#### Details of individual internal loans for the year ended 30 June 2020

Details of individual internal loans	Internal Loan 1
Borrower (by purpose)	Water Fund
Lender (by purpose)	General Fund
Date Raised	1/10/2016
Term (years)	10
Date of maturity	30/06/2027
Rate of interest	5%
Amount originally raised	\$100,000
Total repaid during the year (principal and interest)	\$12,770
Principal outstanding at 30 June 2020	\$75,034

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 27(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	2019	Prior periods 2018	2017	Benchmark
<b>1. Operating performance ratio</b>						
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>234</b>	<b>1.33%</b>	(4.41)%	7.45%	16.66%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>17,582</b>					
<b>2. Own source operating revenue ratio</b>						
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>10,601</b>	<b>53.04%</b>	52.77%	59.12%	50.32%	>60.00%
Total continuing operating revenue	<b>19,985</b>					
<b>3. Unrestricted current ratio</b>						
Current assets less all external restrictions	<b>8,772</b>	<b>3.28x</b>	3.96x	6.48x	6.36x	>1.50x
Current liabilities less specific purpose liabilities	<b>2,676</b>					
<b>4. Debt service cover ratio</b>						
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>4,031</b>	<b>19.01x</b>	17.97x	24.74x	38.27x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>212</b>					
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>						
Rates, annual and extra charges outstanding	<b>194</b>	<b>3.80%</b>	3.54%	3.43%	3.35%	<10.00%
Rates, annual and extra charges collectible	<b>5,109</b>					
<b>6. Cash expense cover ratio</b>						
Current year's cash and cash equivalents plus all term deposits	<b>7,551</b>	<b>6.00 mths</b>	7.25 mths	9.65 mths	10.60 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	<b>1,258</b>					

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

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

## Walcha Council

### Notes to the Financial Statements

for the year ended 30 June 2020

#### Note 27(b). Statement of performance measures – by fund

	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2020	2019	2020	2019	2020	2019	
<b>\$ '000</b>							
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>2.76%</b>	(3.46)%	<b>(24.27)%</b>	(23.95)%	<b>(1.45)%</b>	1.94%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>51.29%</b>	50.52%	<b>67.55%</b>	85.98%	<b>85.87%</b>	64.39%	>60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>3.28x</b>	3.96x	<b>3.65x</b>	30.25x	∞	∞	>1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>18.21x</b>	16.64x	<b>29.00x</b>	29.75x	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>4.34%</b>	4.04%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	<10.00%
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>5.94</b>	7.00	<b>2.32</b>	5.09	<b>16.25</b>	19.38	>3.00
Payments from cash flow of operating and financing activities	<b>mths</b>	mths	<b>mths</b>	mths	<b>mths</b>	mths	mths

(1) - (2) Refer to Notes at Note 31a above.

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

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

Note 27(c). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



**Purpose of operating performance ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio 1.33%

Council has achieved the benchmark this year. Which is an improvement on the 2019 result.

Benchmark: — > 0.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



**Purpose of own source operating revenue ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio 53.04%

Council's own source revenue continues to be below the benchmark. This is a result of additional funding received from Bushfire Recovery Funding, Roads to Recovery, Stronger Country Communities, Thunderbolts Way Corridor Strategy and other capital and operating funding.

Benchmark: — > 60.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



**Purpose of unrestricted current ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio 3.28x

The ratio is well above the benchmark and indicates that Council has sufficient working funds to cover its delivery program.

Benchmark: — > 1.50x

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

Ratio achieves benchmark

Ratio is outside benchmark



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

Note 27(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2019/20 result

2019/20 ratio 19.01x

This ratio is above the benchmark, indicating that Council is well placed to take on new borrowings to fund infrastructure renewals if necessary.

Benchmark: — > 2.00x

Ratio achieves benchmark

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

Ratio is outside benchmark

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



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

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

Commentary on 2019/20 result

2019/20 ratio 3.80%

The result is well within the benchmark for rural councils and confirms that Council's debt collection processes are proving effective.

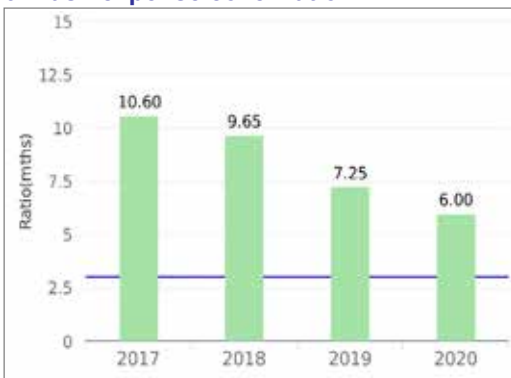
Benchmark: — < 10.00%

Ratio achieves benchmark

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

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2019/20 result

2019/20 ratio 6.00 mths

This ratio is showing a steady decline but is still well above the benchmark of 3 months.

Benchmark: — > 3.00mths

Ratio achieves benchmark

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

Ratio is outside benchmark

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 28. Council information and contact details

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**Principal place of business:**

2W Hamilton Street  
Walcha NSW 2354

**Contact details**

**Mailing Address:**

PO Box 2  
Walcha NSW 2354

**Telephone:** 02 6774 2500

**Facsimile:** 02 6777 1181

**Opening hours:**

8:30am - 5:00pm  
Monday to Friday

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

**Email:** [council@walcha.nsw.gov.au](mailto:council@walcha.nsw.gov.au)

**Officers**

**General Manager**

Anne Modderno

**Responsible Accounting Officer**

Rosemary Strobel

**Auditors**

Audit Office NSW  
Level 19, Darling Park Tower 2  
201 Sussex St  
Sydney NSW 2000

**Elected members**

**Mayor**

Clr Eric Noakes

**Councillors**

Clr Peter Blomfield  
Clr Kevin Ferrier  
Clr Bill Heazlett  
Clr Jennifer Kealey  
Clr Scott Kermode  
Clr Clint Lyon  
Clr Rachael Wellings

**Other information**

**ABN:** 24 780 320 847



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Walcha Council

To the Councillors of Walcha Council

### Opinion

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

In my opinion:

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

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

## **Basis for Opinion**

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Chris Harper  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 December 2020  
SYDNEY



Cr Eric Noakes  
 Mayor  
 Walcha Council  
 PO Box 2  
 WALCHA NSW 2354

Contact: Chris Harper  
 Phone no: 02 925 7374  
 Our ref: D2028370/1800

21 December 2020

Dear Mayor

**Report on the Conduct of the Audit  
 for the year ended 30 June 2020  
 Walcha Council**

I have audited the general purpose financial statements (GPFS) of Walcha Council (the Council) for the year ended 30 June 2020 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 2020 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**

	<b>2020</b>	<b>2019</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Rates and annual charges revenue	4.9	4.7	↑ 4.3
Grants and contributions revenue	9.4	8.5	↑ 10.6
Operating result from continuing operations	2.5	1.3	↑ 92.3
Net operating result before capital grants and contributions	0.1	(1.1)	↑ 109.1

The Council's operating result from continuing operations (\$2.5 million including depreciation and amortisation expense of \$3.7 million) was \$1.2 million higher than the 2018–19 result. This is primarily due to an increase of:

- \$933,000 in grants and contributions income due to Council conducting major transport works
- \$618,000 in other revenues arising from reimbursement of natural disaster rectification costs.

The net operating result before capital grants and contributions (\$0.1 million) was \$1.2 million higher than the 2018–19 result. This was predominately due to natural disaster bushfire recovery funding of \$1.3 million.

Rates and annual charges revenue (\$4.9 million) increased by \$264,000 (4.3 per cent) in 2019–20 due to normal rate peg allowance increases in the year and an increase in annual charges for waste services to cover increases in waste costs.

Grants and contributions revenue (\$9.4 million) increased by \$876,000 (10.6 per cent) in 2019–20 largely due to increases of:

- \$651,000 in transport funding (roads and bridges relating to Wollun Bridge and Thunderbolt highway)
- \$1.3 million in bushfire recovery funding.
- \$282,000 in roads to recovery funding
- \$218,000 in economic development grants used predominately for a new truck wash.

These were partially offset by decreases of:

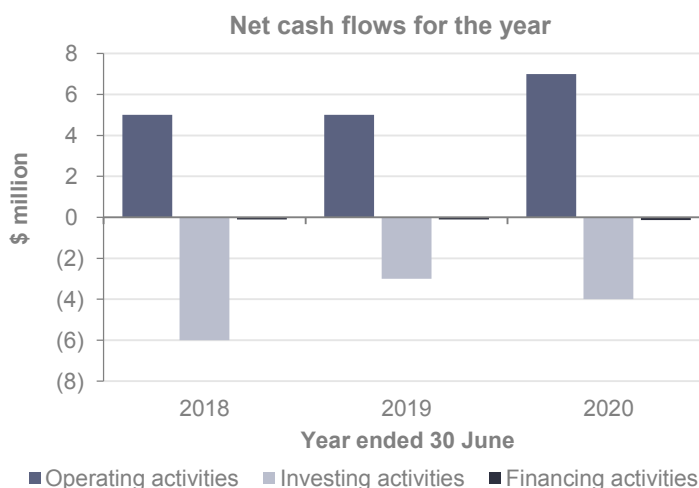
- \$364,000 in pre-school capital improvements funding
- \$978,000 in recreation and culture funding.

## STATEMENT OF CASH FLOWS

Cash inflows from operations increased by \$2.1 million mainly due to an increase in natural disaster (bushfire recovery funding) receipts of \$1.3 million during 2019-20.

Cash outflows from investing activities increased by \$1.2 million due to increased outlay on Infrastructure, Property, Plant and Equipment compared to 2018-19.

Cash outflows from financing activities increased by \$69,000 due to higher repayments.





## FINANCIAL POSITION

### Cash and investments

Cash and investments	2020	2019	Commentary
	\$m	\$m	
External restrictions	3.3	1.9	Major external restrictions include water, sewer, developer contributions and grants for specific purposes. A higher level of restrictions applied to grants received in 2019-20 compared to the previous year.
Internal restrictions	4.1	4.7	
Unrestricted	0.2	1.3	
<b>Cash and investments</b>	<b>7.6</b>	<b>7.9</b>	Major internal restrictions include the plant and vehicle replacement reserve, infrastructure replacements and employee entitlements. The decrease related to planned utilisation of reserves for plant, pre-school and housing projects.

## PERFORMANCE

### Performance measures

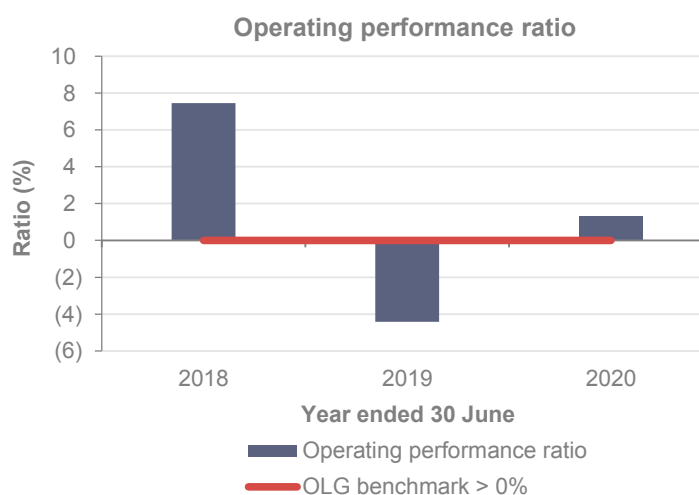
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

#### Operating performance ratio

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

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

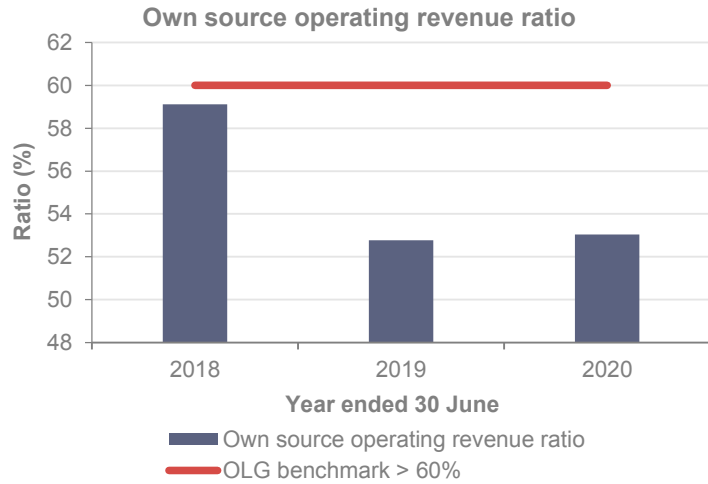
The increase in the 2019-20 operating performance ratio was mainly due to natural disaster cost reimbursements.



### Own source operating revenue ratio

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

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

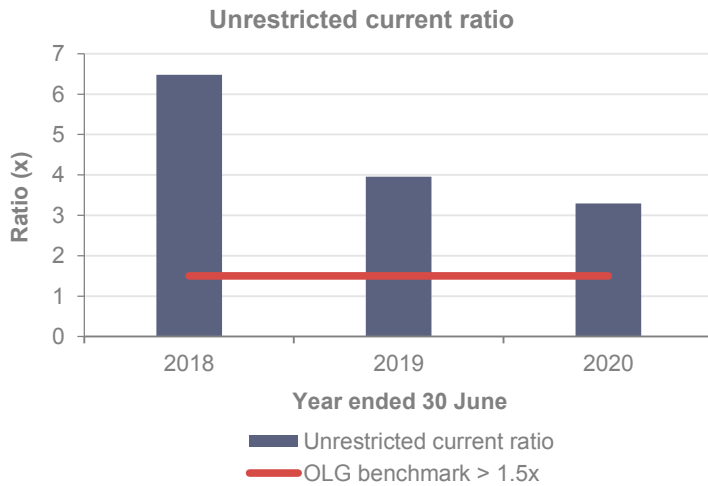


### Unrestricted current ratio

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

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

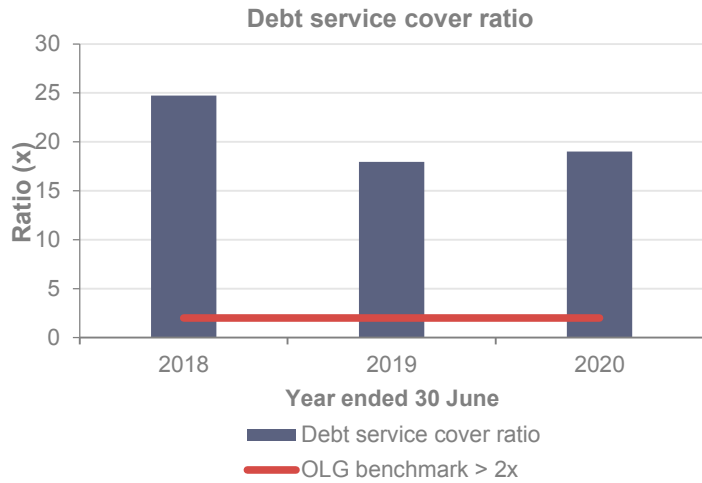
The unrestricted current ratio has decreased in 2019-20 due to increases in capital expenses.



### Debt service cover ratio

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

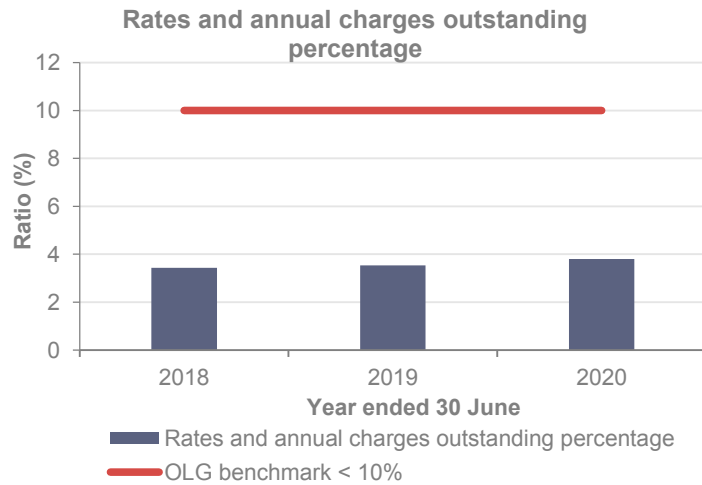
The Council exceeded the OLG benchmark for the current reporting period.



### Rates and annual charges outstanding percentage

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

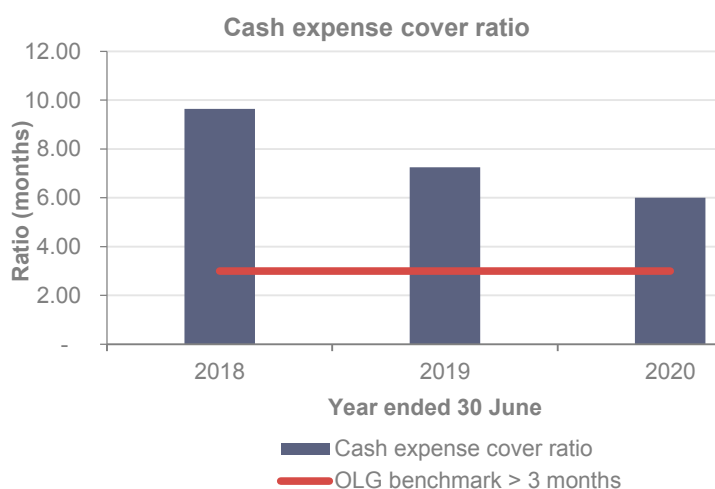
The Council met the OLG benchmark for the current reporting period.



## Cash expense cover ratio

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

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



## Infrastructure, Property, Plant and Equipment renewals

Infrastructure, Property, Plant and Equipment (IPPE) renewal expenditure was \$3.2 million, a \$301,000 increase compared to 2018-19. Renewal expenditure was \$428,000 lower than the 2019-20 depreciation expense.

## OTHER MATTERS

### Impact of new accounting standards

#### AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income for Not-for-Profit Entities'

The Council adopted the new accounting standards AASB 15 'Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' (collectively referred to as the Revenue Standards) for the first time in their 2019–20 financial statements.

AASB 15 introduces a new approach to recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 impacts the timing and amount of revenue recorded in a councils' financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

AASB 1058 prescribes how not-for-profit entities account for transactions conducted on non-commercial terms and the receipt of volunteer services. AASB 1058 significantly impacts the timing and amount of income recorded in a councils' financial statements, particularly for grant income and rates which are paid before the commencement of the rating period.

The Council recognised a \$524,000 adjustment to the opening accumulated surplus at 1 July 2019 on adoption of the new Revenue Standards. The Council disclosed the impact of adopting the new Revenue Standards in Note 15.

#### AASB 16 'Leases'

The Council adopted the new accounting standard AASB 16 'Leases' for the first time in their 2019–20 financial statements.

AASB 16 changes the way lessees treat operating leases for financial reporting. With a few exceptions, operating leases will now be recorded in the Statement of Financial Position as a right-of-use asset, with a corresponding lease liability.

AASB 16 results in lessees recording more assets and liabilities in the Statement of Financial Position and changes the timing and pattern of expenses recorded in the Income Statement.

The Council recognised right-of-use assets of \$118,000 and lease liabilities of \$73,000 at 1 July 2019 on adoption of AASB 16.

The Council disclosed the impact of adopting AASB 16 in Note 12.

### **Legislative compliance**

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

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



Chris Harper  
Director, Financial Audit  
Delegate of the Auditor-General for New South Wales

cc: Ms Anne Moddero, General Manager  
Mr Paul Cornall, Principal, Forsyths  
Mr Jim Betts, Secretary of Department of Planning, Industry and Environment

# Walcha Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2020

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## Special Purpose Financial Statements

for the year ended 30 June 2020

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<b>Statement by Councillors &amp; Management</b>	<b>3</b>
<b>Special Purpose Financial Statements</b>	
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Income Statement – Sewerage Business Activity	5
Statement of Financial Position – Water Supply Business Activity	6
Statement of Financial Position – Sewerage Business Activity	7
<b>Note 1 – Significant Accounting Policies</b>	<b>8</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>11</b>

### 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).





# WALCHA COUNCIL

## SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO THE LOCAL GOVERNMENT CODE OF ACCOUNTING PRACTICE AND FINANCIAL REPORTING

The attached special purpose Financial Statements have been drawn up in accordance with the Local Government Code of Accounting Practice and Financial Reporting and the:

- NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*.
- Department of Local Government guidelines *"Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"*.
- The Local Government *Code of Meeting Practice & Financial Reporting*; and
- The NSW Office of Water *"Best Practice Management of Water Supply and Sewerage"* guidelines.

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

- Present fairly the financial position and operating result for each of Council's declared Business Units for the year;
- Accord with Council's accounting and other records; and
- Present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 28 October 2020.

Clr Eric Noakes

**MAYOR**

Clr Jennifer Kealey

**DEPUTY MAYOR**

Anne Modderno

**GENERAL MANAGER**

Rosemary Strobel

**RESPONSIBLE ACCOUNTING OFFICER**

## Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
<b>Income from continuing operations</b>		
Access charges	314	282
User charges	350	406
Fees	14	34
Interest	6	12
Grants and contributions provided for non-capital purposes	168	120
Other income	1	2
<b>Total income from continuing operations</b>	<u>853</u>	<u>856</u>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	263	241
Borrowing costs	4	4
Materials and contracts	336	366
Depreciation, amortisation and impairment	319	320
Other expenses	138	130
<b>Total expenses from continuing operations</b>	<u>1,060</u>	<u>1,061</u>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	(207)	(205)
Grants and contributions provided for capital purposes	161	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<u>(46)</u>	<u>(205)</u>
<b>Surplus (deficit) from all operations before tax</b>	<u>(46)</u>	<u>(205)</u>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<u>(46)</u>	<u>(205)</u>
<b>Plus accumulated surplus</b>	6,081	6,286
<b>Closing accumulated surplus</b>	<u>6,035</u>	<u>6,081</u>
<b>Return on capital %</b>	(1.2)%	(1.2)%
<b>Subsidy from Council</b>	354	426
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(46)	(205)
Less: capital grants and contributions (excluding developer contributions)	(161)	–
<b>Surplus for dividend calculation purposes</b>	<u>–</u>	<u>–</u>
<b>Potential dividend calculated from surplus</b>	<u>–</u>	<u>–</u>

## Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
<b>Income from continuing operations</b>		
Access charges	322	319
Liquid trade waste charges	115	120
Fees	13	15
Interest	9	16
Grants and contributions provided for non-capital purposes	21	43
Other income	3	2
<b>Total income from continuing operations</b>	<u>483</u>	<u>515</u>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	172	188
Materials and contracts	153	160
Depreciation, amortisation and impairment	134	128
Other expenses	31	29
<b>Total expenses from continuing operations</b>	<u>490</u>	<u>505</u>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	(7)	10
Grants and contributions provided for capital purposes	55	218
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<u>48</u>	<u>228</u>
<b>Surplus (deficit) from all operations before tax</b>	<u>48</u>	<u>228</u>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(3)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<u>48</u>	<u>225</u>
<b>Plus accumulated surplus</b>	3,368	3,140
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	3
<b>Closing accumulated surplus</b>	<u>3,416</u>	<u>3,368</u>
<b>Return on capital %</b>	(0.1)%	0.1%
<b>Subsidy from Council</b>	96	122
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	48	225
Less: capital grants and contributions (excluding developer contributions)	(55)	(218)
<b>Surplus for dividend calculation purposes</b>	<u>–</u>	<u>7</u>
<b>Potential dividend calculated from surplus</b>	<u>–</u>	<u>4</u>

## Statement of Financial Position – Water Supply Business Activity

as at 30 June 2020

\$ '000	2020	2019
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets	274	–
Cash and cash equivalents	143	314
Receivables	47	49
<b>Total current assets</b>	<u>464</u>	<u>363</u>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	17,130	17,017
<b>Total non-current assets</b>	<u>17,130</u>	<u>17,017</u>
<b>TOTAL ASSETS</b>	<u>17,594</u>	<u>17,380</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	118	–
Income received in advance	–	3
Borrowings	9	9
<b>Total current liabilities</b>	<u>127</u>	<u>12</u>
<b>Non-current liabilities</b>		
Borrowings	66	75
<b>Total non-current liabilities</b>	<u>66</u>	<u>75</u>
<b>TOTAL LIABILITIES</b>	<u>193</u>	<u>87</u>
<b>NET ASSETS</b>	<u>17,401</u>	<u>17,293</u>
<b>EQUITY</b>		
Accumulated surplus	6,035	6,081
Revaluation reserves	11,366	11,212
<b>TOTAL EQUITY</b>	<u>17,401</u>	<u>17,293</u>

## Statement of Financial Position – Sewerage Business Activity

as at 30 June 2020

\$ '000	2020	2019
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets	147	–
Cash and cash equivalents	482	609
Receivables	34	36
<b>Total current assets</b>	<u>663</u>	<u>645</u>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	10,144	10,023
<b>Total non-current assets</b>	<u>10,144</u>	<u>10,023</u>
<b>TOTAL ASSETS</b>	<u>10,807</u>	<u>10,668</u>
<b><u>NET ASSETS</u></b>	<u>10,807</u>	<u>10,668</u>
<b>EQUITY</b>		
Accumulated surplus	3,416	3,368
Revaluation reserves	7,391	7,301
<b><u>TOTAL EQUITY</u></b>	<u>10,807</u>	<u>10,669</u>

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

### Note 1. Significant Accounting Policies

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

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

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 2093 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

#### National Competition Policy

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

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

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

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

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

#### Declared business activities

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

##### Category 1

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

Nil

##### Category 2

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

##### 1. Walcha Council Combined Water Supplies

Comprising the operations and net assets of the water supply systems servicing the town of Walcha.

##### 2. Walcha Council Sewerage Service

Comprising the operations and net assets of the sewer reticulation and treatment system servicing the town of Walcha.

#### Monetary amounts

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

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

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

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#### (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%

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

#### Income tax

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

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

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

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

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

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

#### Local government rates and charges

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

#### Loan and debt guarantee fees

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

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

#### (ii) Subsidies

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



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

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

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 0.88% at 30/6/20.

#### (iv) Dividends

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

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 2020 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Walcha Council

To the Councillors of Walcha Council

### Opinion

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

The Declared Business Activities of the Council are:

- Water Supply
- 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 2020, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code).

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Chris Harper  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 December 2020  
SYDNEY

# Walcha Council

SPECIAL SCHEDULES  
for the year ended 30 June 2020

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**Special Schedules**

for the year ended 30 June 2020

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Permissible income for general rates	3
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## Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2019/20
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	3,485	3,400
Plus or minus adjustments <sup>2</sup>	b	—	3
<b>Notional general income</b>	c = a + b	<b>3,485</b>	<b>3,403</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	i = e x (c + g)	91	92
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>3,576</b>	<b>3,495</b>
Plus (or minus) last year's carry forward total	l	16	6
<b>Sub-total</b>	n = (l + m)	<b>16</b>	<b>6</b>
<b>Total permissible income</b>	o = k + n	<b>3,592</b>	<b>3,501</b>
Less notional general income yield	p	3,598	3,485
<b>Catch-up or (excess) result</b>	q = o - p	<b>(7)</b>	<b>16</b>
Less unused catch-up <sup>5</sup>	s	—	(7)
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>(7)</b>	<b>9</b>

**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.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's 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

#### Walcha Council

To the Councillors of Walcha Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Walcha Council (the Council) for the year ending 30 June 2021.

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 28 (LG Code), and is in accordance with the books and records of the Council.

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

### Basis for Opinion

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

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

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

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

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

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

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

## Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## Other Information

The Council's annual report for the year ended 30 June 2020 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 2020.

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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



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

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

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

Chris Harper  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 December 2020  
SYDNEY

## Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance <sup>a</sup> \$ '000	2019/20 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000					1	2	3	4	5	
<b>Buildings</b>	Other	-	-	16	-	506	630	86.0%	8.0%	6.0%	0.0%	0.0%	0.0%
	Council Offices / Administration Centres	-	-	64	83	954	2,008	0.0%	17.0%	83.0%	0.0%	0.0%	0.0%
	Council Works Depot	37	37	54	42	994	1,724	10.0%	84.0%	0.0%	6.0%	0.0%	0.0%
	Squash Courts	-	-	19	22	378	618	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Amenities	-	-	49	70	969	1,359	15.0%	85.0%	0.0%	0.0%	0.0%	0.0%
	Library	-	-	16	10	313	563	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Child care	-	-	72	91	1,898	2,184	57.0%	43.0%	0.0%	0.0%	0.0%	0.0%
	Specialised Buildings	8	8	8	-	236	356	18.0%	76.0%	6.0%	0.0%	0.0%	0.0%
	Swimming Pool	-	-	17	2	296	538	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Auto Electrician	-	-	15	11	167	473	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Council House	-	-	25	14	585	770	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Waste Management	-	-	8	-	246	298	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>45</b>	<b>45</b>	<b>363</b>	<b>345</b>	<b>7,542</b>	<b>11,521</b>	<b>21.9%</b>	<b>58.1%</b>	<b>19.1%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	20	20	16	-	426	582	44.0%	41.0%	6.0%	9.0%	9.0%	0.0%
	Other	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Swimming Pools	-	-	26	-	628	1,553	0.0%	14.0%	33.0%	13.0%	40.0%	40.0%
	Waste Management	-	-	8	-	170	241	50.0%	0.0%	50.0%	0.0%	0.0%	0.0%
	Council Works Depot	-	-	4	-	132	200	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>20</b>	<b>20</b>	<b>54</b>	<b>-</b>	<b>1,356</b>	<b>2,576</b>	<b>14.6%</b>	<b>17.7%</b>	<b>33.7%</b>	<b>9.9%</b>	<b>9.9%</b>	<b>24.1%</b>

## (a) Report on Infrastructure Assets - Values

## Report on Infrastructure Assets (continued)

as at 30 June 2020

Asset Class	Asset Category	Estimated cost			2019/20 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring the service set by Council \$ '000	Required maintenance <sup>a</sup> \$ '000				1	2	3	4	5	
<b>Roads</b>	Sealed roads – Surface	950	950	718	224	8,243	11,387	45.0%	42.0%	11.0%	2.0%	0.0%	0.0%
	Unsealed roads	1,939	1,939	1,734	1,134	11,433	14,135	15.0%	21.0%	25.0%	38.0%	1.0%	0.0%
	Sealed roads – Structure	6,920	6,920	525	546	69,341	84,063	28.0%	37.0%	12.0%	14.0%	9.0%	0.0%
	Bridges	509	509	293	9	16,461	25,710	33.0%	19.0%	43.0%	5.0%	0.0%	0.0%
	Culverts	5,505	5,505	394	–	19,661	39,415	1.2%	10.2%	60.2%	27.6%	0.8%	0.0%
	Footpaths	15	15	21	34	1,698	2,078	48.0%	40.0%	9.0%	2.0%	1.0%	0.0%
	Other road assets	–	–	4	130	139	231	27.0%	68.0%	5.0%	0.0%	0.0%	0.0%
	Kerb & Gutter	119	119	44	9	2,846	4,360	14.0%	60.0%	19.0%	7.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	227,104	227,104	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>15,957</b>	<b>15,957</b>	<b>3,733</b>	<b>2,086</b>	<b>356,926</b>	<b>408,483</b>	<b>65.7%</b>	<b>12.6%</b>	<b>12.4%</b>	<b>7.3%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Water supply network</b>	Mains	–	–	141	68	7,762	8,997	10.0%	88.0%	2.0%	0.0%	0.0%	0.0%
	Reservoirs	–	–	36	48	1,642	2,973	0.0%	47.0%	53.0%	0.0%	0.0%	0.0%
	Pumping Stations	–	–	21	100	314	432	29.0%	31.0%	40.0%	0.0%	0.0%	0.0%
	Treatment	810	810	144	281	5,913	8,946	38.0%	27.0%	32.0%	3.0%	0.0%	0.0%
	Meters	–	–	7	–	98	118	29.0%	71.0%	0.0%	0.0%	0.0%	0.0%
	Connections	–	–	12	–	693	939	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		<b>Sub-total</b>	<b>810</b>	<b>810</b>	<b>361</b>	<b>497</b>	<b>16,422</b>	<b>22,405</b>	<b>19.9%</b>	<b>57.5%</b>	<b>21.4%</b>	<b>1.2%</b>	<b>0.0%</b>
<b>Sewerage network</b>	Mains	78	78	95	23	6,715	7,958	3.0%	87.0%	8.0%	2.0%	0.0%	0.0%
	Pumping Stations	1	1	17	41	662	812	11.0%	83.0%	6.0%	0.0%	0.0%	0.0%
	Treatment	372	372	35	143	2,298	3,594	36.0%	36.0%	26.0%	2.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>451</b>	<b>451</b>	<b>147</b>	<b>207</b>	<b>9,675</b>	<b>12,364</b>	<b>13.1%</b>	<b>71.9%</b>	<b>13.1%</b>	<b>1.9%</b>	<b>0.0%</b>	<b>0.0%</b>

## Report on Infrastructure Assets (continued)

as at 30 June 2020

Asset Class	Asset Category	Estimated cost to bring assets agreed level of to satisfactory service set by Council maintenance <sup>a</sup>		2019/20 Actual maintenance \$ '000	2019/20 Actual \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost					
		\$ '000	\$ '000					1	2	3	4	5	
<b>Stormwater drainage</b>	Stormwater drainage	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Stormwater conduits	-	-	62	72	3,969	6,179	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Inlet & junction pits	-	-	3	-	164	257	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Head walls	-	-	1	-	35	55	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Outfall structures	-	-	-	-	9	15	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Levees	-	-	38	-	3,804	3,804	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	-	-	<b>104</b>	<b>72</b>	<b>7,981</b>	<b>10,310</b>	<b>36.9%</b>	<b>63.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
	<b>TOTAL - ALL ASSETS</b>	<b>17,283</b>	<b>17,283</b>	<b>4,762</b>	<b>3,207</b>	<b>399,902</b>	<b>467,659</b>	<b>60.2%</b>	<b>18.6%</b>	<b>12.9%</b>	<b>6.6%</b>	<b>1.9%</b>	<b>1.9%</b>

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

### Infrastructure asset condition assessment 'key'

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

## Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	Amounts 2020	Indicator 2020	2019	Prior periods 2018	2017	Benchmark
<b>Infrastructure asset performance indicators (consolidated) *</b>						
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>						
Asset renewals <sup>2</sup>	<b>2,207</b>					
Depreciation, amortisation and impairment	<b>3,017</b>	<b>73.15%</b>	132.98%	103.52%	309.16%	>=100.00%
<b>Infrastructure backlog ratio <sup>1</sup></b>						
Estimated cost to bring assets to a satisfactory standard	<b>17,283</b>	<b>4.32%</b>	4.67%	4.05%	7.29%	<2.00%
Net carrying amount of infrastructure assets	<b>399,902</b>					
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<b>3,207</b>					
Required asset maintenance	<b>4,762</b>	<b>67.35%</b>	104.45%	112.72%	105.48%	>100.00%
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to an agreed service level set by Council	<b>17,283</b>	<b>3.70%</b>	3.62%	2.80%	2.91%	
Gross replacement cost	<b>467,659</b>					

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

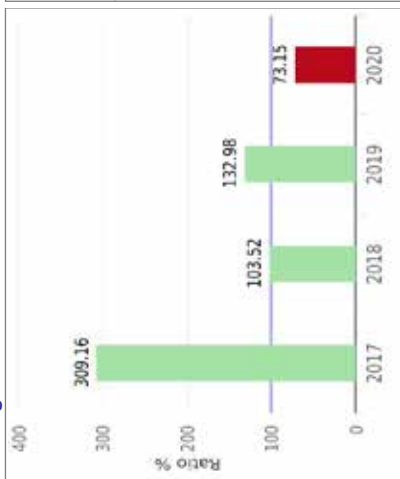
(1) Excludes Work In Progress (WIP)

(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.

# Walcha Council

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

### Buildings and infrastructure renewals ratio



Benchmark: — >= 100.00%

Ratio achieves benchmark

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

Ratio is outside benchmark

**Buildings and infrastructure renewals ratio**

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

**Commentary on result**

19/20 ratio 73.15%

This ratio has slipped below the benchmark in 2020. Contributing factors include a large amount of work in progress in addition to hold up resulting from bushfire and storm clean up as well as COVID-19.

### Asset maintenance ratio



Benchmark: — > 100.00%

Ratio achieves benchmark

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

Ratio is outside benchmark

**Asset maintenance ratio**

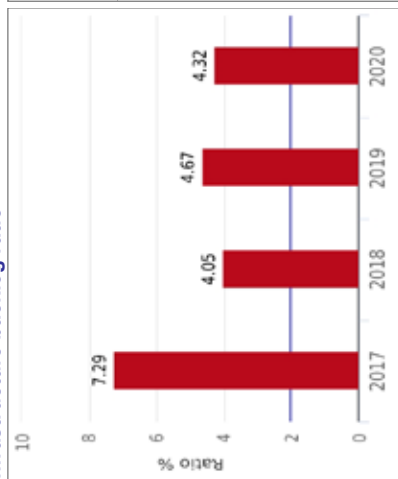
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

**Commentary on result**

19/20 ratio 67.35%

Asset maintenance ratio has slipped below the benchmark this year due to delays caused by bushfire and storm clean up and COVID-19.

### Infrastructure backlog ratio



Benchmark: — < 2.00%

Ratio achieves benchmark

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

Ratio is outside benchmark

**Infrastructure backlog ratio**

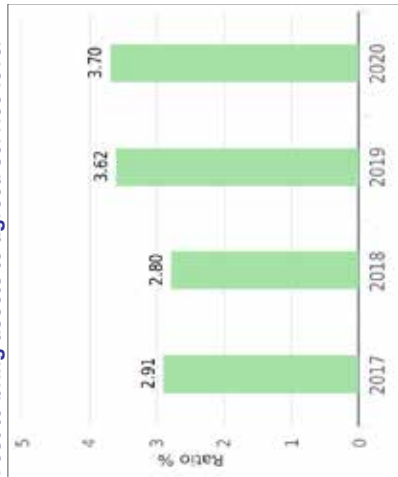
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**Commentary on result**

19/20 ratio 4.32%

The backlog ratio is holding steady.

### Cost to bring assets to agreed service level



This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

**Cost to bring assets to agreed service level**

**Commentary on result**

19/20 ratio 3.70%

This ratio indicates that 3.7% of Council's infrastructure assets have reached an 'intervention point' and require renewal works. This ratio is holding steady.

## Report on Infrastructure Assets (continued)

as at 30 June 2020

	General fund		Water fund		Sewer fund		Benchmark
	2020	2019	2020	2019	2020	2019	
<b>\$ '000</b>							
<b>Infrastructure asset performance indicators (by fund)</b>							
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>							
Asset renewals <sup>2</sup>	81.58%	105.11%	22.86%	35.76%	27.91%	868.55%	>=100.00%
Depreciation, amortisation and impairment							
<b>Infrastructure backlog ratio <sup>1</sup></b>							
Estimated cost to bring assets to a satisfactory standard	4.29%	4.83%	4.93%	1.25%	4.66%	4.11%	<2.00%
Net carrying amount of infrastructure assets							
<b>Asset maintenance ratio</b>							
Actual asset maintenance	58.84%	94.82%	137.67%	148.36%	140.82%	179.53%	>100.00%
Required asset maintenance							
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	3.70%	3.75%	3.62%	0.93%	3.65%	3.26%	
Gross replacement cost							

(1) Excludes Work In Progress (WIP)

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



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Walcha Council

To the Councillors of Walcha Council

### Opinion

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

In my opinion:

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

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



## **Basis for Opinion**

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Chris Harper  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 December 2020  
SYDNEY



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule - Permissible income for general rates

#### Walcha Council

To the Councillors of Walcha Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Walcha Council (the Council) for the year ending 30 June 2021.

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 28 (LG Code), and is in accordance with the books and records of the Council.

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

### Basis for Opinion

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

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

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

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

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

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

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

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

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## **Other Information**

The Council's annual report for the year ended 30 June 2020 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 2020.

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Schedule**

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

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

## **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

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

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

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

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

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

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

Chris Harper  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 December 2020  
SYDNEY



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Walcha Council

To the Councillors of Walcha Council

### Opinion

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

The Declared Business Activities of the Council are:

- Water Supply
- 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 2020, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code).

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Chris Harper  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 December 2020  
SYDNEY





# APPENDIX C

## WALCHA COUNCIL ANNUAL REPORT 2019 – 2020

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009  
ANNUAL REPORT 2019 – 2020



Section 125 of the Government Information (Public Access) Act 2009 requires the preparation of an Annual Report. This report has been prepared in accordance with 7 of the Government Information (Public Access) Regulation 2009.

Clause 7 (a) – A formal review of information held by Council has not been undertaken during the past 12 months. An expansion in role of the Right to Information Officer into other areas caused this review to be missed. However open access information continues to be made available and updated when and where necessary.

**Clause 7 (b)**

0 Access applications were received during 2018/19

**Clause 7 (c)**

0 Access application was refused during 2018/19

**Clause 7 (d)**

Please find attached tables A through to I.

**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
<b>Media</b>	0	0	0	0	0	0	0	0
<b>Members of Parliament</b>	0	0	0	0	0	0	0	0
<b>Private sector business</b>	0	1	0	0	0	0	0	0
<b>Not for profit organisations or community groups</b>	0	0	0	0	0	0	0	0
<b>Members of the public (application by legal representative)</b>	0	1	0	0	0	0	0	0
<b>Members of the public (other)</b>	0	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
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	2	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

\* 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).

PLEASE NOTE: The total number of decisions in Table B should be the same as Table A.

**TABLE C: Number of applications by type of application and outcome**

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	1

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

	<b>Number of times consideration used*</b>
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	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 the Act**

	<b>Number of occasions when application not successful</b>
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	1
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

**TABLE F: Timeliness**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	2
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
<b>TOTAL</b>	<b>2</b>

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

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

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

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

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

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

	Number of applications
Agency Initiated Transfers	0
Applicant Initiated Transfers	0



**Walcha Council**  
PO Box 2 Walcha NSW 2354  
Phone: 02 6774 2500  
Email: [council@walcha.nsw.gov.au](mailto:council@walcha.nsw.gov.au)

[www.walcha.nsw.gov.au](http://www.walcha.nsw.gov.au)

