



Gunnedah

Shire Council

2018/19 Annual Report



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A Year in Review

The Gunnedah Shire Council 2018/19 Annual Report provides a comprehensive account of Council's performance from 1 July 2018 to 30 June 2019. This document is one of the key components of the Integrated Planning and Reporting Framework, legislated by the NSW Government. It is an integral part of Council being open and accountable in reporting to our community.

Reading this Report

The 2018/19 Annual Report is presented in three volumes:

- Part 1 – A Year in Review, providing a community overview of the key achievements of the financial year.
- Part 2 – Statutory Information, legislated detail about Council's operations and expenses.
- Part 3 – Financial Statements

Our Annual Report gives the Gunnedah community a comprehensive and transparent statement of our performance in relation to the Community Strategic Plan. Through our reporting, we aim to demonstrate how we are working towards the goals of the Plan, and achieving objectives and strategies of our Delivery Program and the actions set out in our Operational Plan.

By the end of November each year, we report on our achievement of the list of actions set out in our Operational plan. This report demonstrates the breadth of Council operations and the services provided to the community throughout the year.

The full document suite is available on Council's website.

Acknowledgement of Country

Council would like to acknowledge the Kamilaroi people as the traditional custodians of the Land on which we gather today. Council would also like to pay respect to Elders both past and present and extend that respect to other Australians present.

Adopted : 20 November 2019

Resolution : 3.11/19



Introduction from the Mayor and General Manager

We are pleased to present the 2018/19 Annual Report for Gunnedah Shire Council which outlines Council's numerous efforts to support the Community in what has been an extremely challenging year for many. We continue to hope and pray for rain.

Whilst having occurred since the end of the close of the 2018/19 year, Council has subsequently undertaken a number of initiatives to support the community during this drought, including but not limited to:

- \$1.2 million Community Resilience Program;
- Participation in the Namoi Unlimited "Finding your Feet" program;
- Roll-out of the Federal Government's \$1 million Drought Communities Extension Program through successful projects within our community;
- Surveying of business to assess impact of drought.

Those in the community who are facing hardship and having difficulty as a result in paying rates, we would also encourage you to contact Council to enquire about Council's rate relief options under its Debt Recovery Policy – Hardship provisions.

The considerable progress made against outcomes contained in the Community Strategic Plan (CSP) is outlined in this report, under each of the four themes: Engaging and Supporting the Community; Building Our Shire's Economy; Retaining our Quality of Life; and Enjoying our Beautiful Surrounds.

Council has maintained its dedication to realising those outcomes and the vision agreed with the Community. This has delivered significant achievements over the last year, and the foundation for many to come. A few highlights of those achievements detailed are included below under the following headings:

1. A high level summary of key matters determined by Council, with further details of decisions made included under in each CSP theme in the Annual Report;
2. Major projects under way or funded during the period;
3. Development activity;
4. Progress against identified unfunded priorities;
5. Grant funding achieved and applications pending; and
6. The Financial Performance of Gunnedah Shire Council.

Council has also approved recommended changes resulting from a major review of its management structure and workforce to ensure that the organisation remains well placed to deliver services, maintain the Community's assets and infrastructure, continue to be financially solid and be easy to do business with.

1. Extract of key matters determined by Council during the year

The following decisions made by Council during the last 12 months are just a selection of highlights. A more detailed account of decisions made at each of Council's meetings from 1 July 2018 to 30 June 2019 are included under each CSP theme in this Annual Report. Council's Minutes of its Ordinary and Extraordinary Meetings contain a full account of each and every decisions made by Council. Key matters determined include:

- Donation of \$35,193 to community groups through Council's Small Grants Program, with \$19,380 spread between 6 Community Organisations and \$15,813 between 6 sporting organisations;
- Contribution of \$15,600 to Gunnedah Jockey Club towards operational costs for 2017/18 out of Council's Reserve Trust Management Fund;
- Acquisition of 158 Conadilly Street;
- Allocation of \$17,800 to 19 businesses in total (\$7,750 to 7 business, \$4,800 to 5 businesses, \$5,250 to 7 businesses) under the 3 rounds of Council's Business Partner Program during 2018/19;
- Allocation of \$17,000 for the community celebration of the opening of the Upgrade of the Gunnedah Memorial Swimming Pool;
- Sponsorship of the Gunnedah Chamber of Commerce and Industry's 2018 Spirit of Christmas Fair to the value of \$5,000, reimbursement of street trading fees and street closure costs up to \$2,480;
- Waiving of fees for the use of Kitchener Park to live stream the Hay Mate concert on Saturday 27 October 2018;



- Approved an application to the Federal Government under the \$1 million Drought Communities Extension Program, including calls to the community for expressions of interest for projects. This included earmarking \$200,000 for installation of water standpipes, and a further \$200,000 for projects which directly benefited villages and remote localities;
- Adopted the Positioning, Branding and Marketing Strategy;
- Approved an Agreement for Sharing of the NSW Container Deposit Scheme Refunds with Gunnedah Workshop Enterprises;
- Endorsed a Mayoral Minute identifying a new hospital for Gunnedah as its highest advocacy priority in the lead up to the State and Federal elections, along with advocacy for the following as further priorities:
 - TAFE redevelopment and reinstatement of apprentice courses to Gunnedah;
 - Establishment of a processing precinct and achievement of related funding;
 - Increased police numbers and accommodating in Gunnedah;
 - New phone towers to eliminate black spots; and
 - Road funding in line with the Namoi Unlimited Road Strategy.
- Authorised the sale of 55-57 Borthistle Road, setting of reserve for public auction and authorisation of the General Manager to receive acceptable offers within 3 months of the auction date;
- Allocated \$110,000 from Saleyards Restricted Asset for the development of a strategy for the Saleyards and a Saleyards Precinct Masterplan;
- Allocation of \$95,000 to undertake works related to the replacement of Gunnedah Water Bore Number 5;
- Called tenders for architectural services associated with the development of the Cultural Precinct Masterplan and Cultural Precinct Redevelopment Concept Plan, and classification of 158 Conadilly Street as Operational Land
- Received advice of the successful application for up to \$70,498 on a 50% Council co-contribution basis towards the Wandobah Road Cycleway project under the RMS Active Transport Program;
- Noted that Gunnedah Shire Council Library was the recipient of the NSW Public Libraries Association – Innovation in Outreach Services Award;
- Sponsorship of the Gunnedah and District Chamber of Commerce and Industry 2019 Spirit of Christmas Fair up to the value of \$6,000;
- Determined that the March 2019 Ordinary Meeting of Council be held at the Emerald Hill Hall and the June 2019 Ordinary Meeting be held at the Kelvin Hall;
- Note that no tenders were received for the Design and Construct Rainbow Serpent Water Feature and authorise the General Manager to enter negotiations with suitably qualified contractors to obtain quotations;
- Receive and note Construction of Gunnedah Memorial Pool Complex Upgrade – Residual Budget Report and determine that \$153,535 be allocated to funding additional items identified post construction with any remaining budget to be retained for potential works to overcome visual impact of the new fence on the Mackellar Memorial Monument;
- Bring separate proceedings in the Land and Environment Court against owners referred to in the report to remedy and restrain respective breaches of the Local Government Act 1993 in relation to hoarding and squalor, and allocate \$51,000 to cover associated legal costs, and seek an order from the Court for payment of any costs incurred in the proceedings;
- Determined to prepare a draft proposal for amendment to the Gunnedah Local Environmental Plan 2012 and Flood Planning Map to remove the flood planning area from the properties on the eastern side of the Blackjack Creek Riparian Corridor and Channel Reconstruction project, and forward the proposal to the Department of Planning and Environment for determination;
- In relation to the report “Development Servicing Plans for Water Supply and Sewerage”, endorse the amendment to the development servicing plan in Tambar Springs and approve the proposed headworks charges;
- Delegate authority to the General Manager to award and execute the contract for Cultural Precinct Masterplan and Concept Plan, allocate a budget of \$100,000 for the project and call expressions of interest from those in the community who would like to be part of the project advisory group;
- Endorse the allocation of \$13,616 under the 2018/19 Arts and Culture Grants Fund, carry forward unexpended budget to the 2019/20 fund and amend the Policy;
- Allocate \$95,073 to drill a test bore and complete the final design to replace Mullaley Bore Number 2;
- Note the successful application to RMS for \$300,000 under the NSW Drought Relief Heavy Vehicle Access Program;
- Acknowledge the importance of the Financial Assistance Grants Program, express concern about the decline in value from 1% of Commonwealth Taxation Revenue in 1996 to 0.55% now, and call on all political parties contesting the 2019 Federal Election to restore the value to at least 1%;



- Receive and note the submission to the IPaRT issues paper in relation to Local Government Election Costs;
- Exhibition of the Draft 2017-2021 Delivery Program and 2019/20 Operational Plan for a period of 28 days;
- Delegate authority to the General Manager to award and execute the contract for the Construction of Livvi's Place Inclusive Playground to Daracon Group for \$1,066,710, that an additional \$118,134 be allocated to the budget and that the residual 2018/19 CCTV budget be reallocated to Livvi's Place for CCTV provision;
- Adopt the Code of Meeting Practice and Audio Recording Policy;
- Receive and note the information with regard to Councillor Induction and Adopt the Councillor Professional Development Policy;
- Adopt the Delivery Program 2017-2021 and Operational Plan 2019/20, make and levy all rates, fees and charges as detailed in the Statement of Revenue Policy and Operational Plan Fees and Charges, and conduct a workshop on developer contributions/headworks.

In addition to these items, Council on a monthly received reports on Council's Investment Performance and monitored progress against Council Resolutions. Further, Council on a quarterly basis and other frequency as relevant, reviewed Quarterly Budget Reviews, Quarterly Project Progress Reports, Audit Committee Reports, and Planning Environment and Development Committee Reports.

2. Major Projects underway and/or funded during the year

The following is an overview of the major projects which Council has been engaged in either the direct delivery of, or lobbying and advocating for, to secure funding and delivery by other levels of Government.

This includes major projects with values in excess of \$131 million delivered or to be delivered in our Shire. The existing investment in renewal of our local hospital and the announced commitment of \$53 million for a new hospital is not included in the list.

We wish to recognise the support of our local State and Federal members, Kevin Anderson and Mark Coulton in the realisation of a number of these projects, and the many other positive outcomes for our Community that don't necessarily involve infrastructure delivery.

Project	Program	Expenditure	Status
Donnelly Fields Lighting	Sporting Grounds	\$653,617	Completed July 2018
George Street Stormwater Drainage (View Street to Wandobah Road)	Stormwater Drainage	\$416,393	Completed June 2019
50m Swimming Pool Complex Renewal and Upgrade	Swimming Pool	\$12,914,125	Completed March 2019
Pool Upgrade Strategic Additions	Swimming Pool	\$228,024	In Progress
Apex Reservoir Construction	Gunnedah Water	\$2,627,641	Completed March 2019
Gunnedah to Curlewis Pipeline	Curlewis Water	\$5,920,000	In progress
Gunnedah Sewerage Treatment Plant Upgrade	Gunnedah Sewer	\$8,057,855	Completed Sept 2018
Livvi's Place Inclusive Playground	Parks & Gardens	\$1,662,084	In progress
Hoss Causeway	State Roads – RMS	\$4,843,548	In progress
Tommy Swamp	State Roads – RMS	\$721,730	In progress
Bloomfield Street Reconstruction	Regional Roads	4,000,000	In progress
Gunnedah Koala Park and Education Centre	Tourism	\$6,480,000	In progress
Gunnedah Second Road Over Rail Bridge (RMS Project)	Economic Development	\$62,000,000	In progress
Rainbow Serpent Water Feature	Arts and Culture	\$305,725	In progress
Candy Bar Counter, Register and POS	Civic	\$92,000	In progress
Document Management Upgrade and Integration	Information Technology	\$135,533	Completed March 2019
Computer Replacement Program	Information	\$101,412	Completed June 2019
Fleet Replacement Program	Fleet	\$184,823	Completed June 2019
Saleyards Masterplan	Saleyards	\$110,000	In progress



Showground Grandstand and Amenities Upgrade	Parks & Gardens	\$369,716	In progress
Gunnedah Showground Community Infrastructure	Parks & Gardens	\$999,663	In progress
Gunnedah Showground Equine Precinct	Parks & Gardens	\$783,705	In progress
Cultural Precinct Masterplan	Public Halls &	\$160,000	In progress
Depot Wash Down Bay	Depot	\$212,119	Completed May 2019
Wandobah Road Cycleway – Stage 2	Footpaths & Bike	158,180	Completed March 2019
Plant Replacement Program	Plant	\$2,234,545	Completed June 2019
Blackstump Way Reconstruction	Regional Roads	\$254,361	Completed Nov 2018
Grain Valley Road Upgrade	Regional Roads	\$8,200,000	In progress
Ghooli Road Reconstruction	Rural Sealed Roads	\$506,124	Completed Jan 2019
Clifton Road Reconstruction	Rural Sealed Roads	\$398,740	In progress
Reseal Old Bluevale Road	Rural Sealed Roads	\$281,759	Completed Jan 2019
Bluevale Road Reconstruction	Rural Sealed Roads	\$491,839	Completed March 2019
Quia Station Road Resheeting	Unsealed Rural	\$184,325	Completed April 2019
Pavement Renewal Little Barber Street	Urban Streets	\$317,496	In progress
Roundabout Cnr of Chandos and Barber	Urban Streets	\$283,460	Completed June 2019
Main Replacement – South Street	Gunnedah Water	\$169,515	Completed March 2019
Main Replacement – Goodwin Road	Gunnedah Water	\$132,297	Completed June 2019
Automated Water Meter Reader	Gunnedah Water	\$1,750,000	In progress
South Street Reservoir	Gunnedah Water	\$680,000	In progress
Main Replacement – Farrar Road	Gunnedah Water	\$129,363	Completed Aug 2018
No 9 Bore	Gunnedah Water	\$109,947	Completed Nov 2018
Water Standpipes – Drought Project	Gunnedah Water	\$379,155	Completed June 2019
Sewer Model Data Collection	Gunnedah Sewer	\$157,223	Completed June 2019
RipRap Stabilisation Sewer Treatment Ponds	Gunnedah Sewer	\$114,449	Completed Feb 2019
Sewer Mains Relining	Gunnedah Sewer	\$301,627	Completed June 2019
Mullaley Reservoir Works	Mullaley Water	\$178,644	Completed May 2019

3. Development activity

We would also like to draw your attention to the exciting endorsement of our Community and Shire as a desirable place to work, live and play, as evidenced by the development activity in the statistics below. It is also indicative that despite always needing to remain mindful of and maintain a commitment to continuous improvement and being easy to do business with, Council is enabling others to get the things done which matter to them.

It is also acknowledged that the figures for 2018/19 are down on those for the previous year, with the community facing challenges related to the prolonged drought and impact on many within our community.

Number of DAs and CDCs Approved (Applications, or App's)

Approved Type	2016/17		2017/18		2018/19	
	App's	\$	App's	\$	App's	\$
Dwellings	48	14,984,456	66	21,981,404	25	9,133,293
Commercial	10	2,890,806	10	1,989,798	8	803,655
Commercial Change of Use	5	200,000	4	15,000	1	40,000
Industrial	11	9,065,000	9	23,498,135	12	3,215,000
Community	6	1,810,563	6	370,804	6	3,499,280
Infrastructure	3	3,940,000	9	2,744,486	5	342,341
Tourist	1	5,900	-	-	-	-
Totals	84	32,896,725	104	50,599,627	57	17,033,569



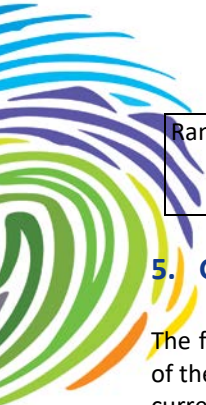
Number of DAs and CDCs Lodged (Applications, or App's)

Lodged Type	2016/17		2017/18		2018/19	
	App's	\$	App's	\$	App's	\$
Dwellings	52	16,326,566	58	20,513,314	26	9,400,823
Commercial	11	588,806	10	2,009,798	11	2,223,415
Commercial Change of Use	5	200,000	4	15,000	4	690,000
Industrial	11	6,521,000	11	23,866,135	11	2,917,000
Community	5	1,760,563	7	3,370,804	8	7,095,280
Infrastructure	4	3,771,000	7	2,173,486	5	342,341
Tourist	-	-	-	-	-	-
Totals	88	29,167,935	97	51,948,537	65	22,668,859

4. Progress against identified unfunded priorities

The following provides a summary of our Council's achievements against the list of unfunded priorities, as originally adopted in July 2017. This demonstrates that as a Council we are not only satisfied to achieve those things set down at each review our strategic documents, but in consultation with our Community, also strive to recognise and achieve greater outcomes wherever possible for the Community.

Project	Status	Comment
Koala/Wildlife Park	Achieved	Funding deed executed. Delivery in progress. Council to provide land.
Inclusive Playground Project	Achieved	Grant funding awarded under NSW Stronger Country Communities Fund. Funding deed executed. In progress. Co-funded by Council.
Dorothea Mackellar Society Poetry Precinct	Still to be funded	Supported Society in funding applied for under NSW Tourism Fund, unsuccessful. Remains unfunded.
Rainbow Serpent Fountain	Achieved	Partially funded by Council to the amount of \$150,000 (out of savings on Simpson's Bridge) to match grant funds. Funding deed executed. Delivery in progress.
Sports Field Lighting Upgrades	Achieved	Funded by Council
Showground Lighting Upgrades	Achieved	Funding achieved under NSW Stronger Country Communities Round 2. Co-contribution resolved by Council.
Showground Facilities Upgrades	Achieved	Funding achieved under Public Reserves Management Fund (\$289,000) with further Funding under NSW Stronger Country Communities Round 2. Co- contribution resolved by Council.
Equestrian Precinct	Achieved	Funding under NSW Regional Sporting Infrastructure Grants Program, with co-contribution resolved by Council.
Industrial Subdivision	Still to be funded	Funding applied for under NSW Growing Local Economies Fund, progressed to second round and submission of detailed business case. Council to supply land if successful.
Further Development of Airport Precinct	Still to be funded	Funding applied for under NSW Growing Local Economies Fund, unsuccessful. Remains unfunded.
Curlew Water Pipeline	Achieved	Funding achieved through Federal Building Better Regions Program and Council funded the balance.
Bloomfield Street Upgrade	Achieved	Funding achieved from Federal HVSP and NSW Fixing Country Roads, with balance to be funded by Council.
Grain Valley Road Upgrade	Achieved	Funding achieved from Federal HVSP and waiting advice of application under NSW Fixing Country Roads, with Council to make a co-contribution.
Clifton Road Upgrade	Still to be funded	Applications to be made against future rounds of Commonwealth and State Roads Programs. Road now included in regional roads strategy of Namoi Unlimited to support funding applications.
Bulunbulun Road	Still to be funded	Applications to be made against future rounds of Commonwealth and State Roads Programs. Road now included in regional roads strategy of Namoi Unlimited to support funding applications.



Rangari Road	Pending	Road now included in regional roads strategy of Namoi Unlimited to support funding applications. Announced by State Local Member that it has been funded.
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5. Grant funding achieved and applications pending

The following table provides a summary of those non-recurrent grant funds which our Council has secured on behalf of the Community over the last 12 months or for current projects, and those for which we hope are yet to come under current applications.

The list does not include recurrent funding such as Financial Assistance Grants, Roads to Recovery Funding, Council won State Road works programs, GoCo funding and other annual funds that our staff routinely secure and deliver work from. It is truly impressive to therefore realise that the total of just these non-recurrent amounts already secured amounts to some \$27.8 million.

Project	Grant Fund and Source	Amount Funded \$
Grants received or funding committed:		
Growing Local Economies	Department Premier and Cabinet	25,000
Street Art Project	Regional Arts NSW	3,000
Gunnedah Pool Defibrillator	Office of Sport	1,250
Roundabout Barber and Chandos	Roads & Maritime Services	282,000
Inclusive Playground	Department of Industry	850,000
Drought Communities Program	Federal Drought Relief Extension Program	1,000,000
Arts Revitalisation Grant	Department of Arts	16,020
Bloomfield Street Upgrade	NSW Fixing Country Roads	1,500,000
	Federal Heavy Vehicle Safety & Productivity	2,000,000
Curlewis Pipeline	Federal Building Better Regions Fund	2,600,000
Wandobah Road Shared Cycleway	NSW Active Transport Program	70,948
Walking Communities Pram Ramp	NSW Active Transport Program	37,121
Koala Park and Education Centre	Regional Social Benefit Infrastructure	6,480,000
Truck wash	Fixing Country Truck Washes	500,000
Grain Valley Road Upgrade	Federal Heavy Vehicle Safety & Productivity Program	3,850,000
Grain Valley Road	NSW Component	3,850,000
Gunnedah Showground Infrastructure	Stronger Country Communities Fund	801,000
Showground Equine Precinct	Stronger Country Communities Fund	708,595
Gunnedah PCYC	Stronger Country Communities Fund	92,710
Showground Upgrades	Public Reserves Management Fund	289,716
Rainbow Serpent Project	Regional Cultural Fund	152,725
Mystery Road Upgrade	NSW Drought Relief Fund	2,250,000
Drought Relief Roads Funding	NSW RMS	300,000
Gunnedah Plan of Management	NSW OLG	37,901
Crime Prevention Grant	NSW Department of Justice	16,603
Hay and Harvest Festival	Department Industry Innovation and Science	17,000
CBD CCTV Safety Enhancement	Department of Justice	32,910
	Sub-Total	27,764,499
Grant Applications Pending:		
Processing Precinct	NSW Growing Local Economies Fund	6,900,000
Rangari Road Upgrade	Announced by State Local Member	9,675,000
Reserves Improvement	Crown Reserves Improvement Fund	27,000
	Sub-Total	16,602,000
	Total Grants Awarded and Pending	44,366,499

6. Financial performance of Gunnedah Shire Council

Finally, we have continued to achieve impressive outcomes from a financial performance perspective. These results would be something any Council would be pleased to display.

As a summary, the following table provides the last two years' key performance measures as per the 2018/19 Financial Statements submitted for audit.

Financial Performance Indicator	2019	2018	2017	Benchmark
Operating Performance Ratio	18.91%	15.01%	19.95%	>0.00%
Own Source Operating Revenue ratio	67.54%	60.94%	65.11%	>60.00%
Unrestricted Current ratio	2.76x	5.15x	6.06x	>1.5x
Debt Service cover ratio	14.85	12.69x	18.66x	>2x
Rates, Annual Charges, Interest and Extra Charges	4.33%	3.84%	4.34%	<10%
Cash expense cover ratio	19.17 months	23.44 months	28.20 months	> 3 months

We would like to acknowledge the hard work and collaboration of Councillors, Staff and Volunteers in realising all of the achievements outlined in this report and look forward to continuing to achieve great things together as a team.



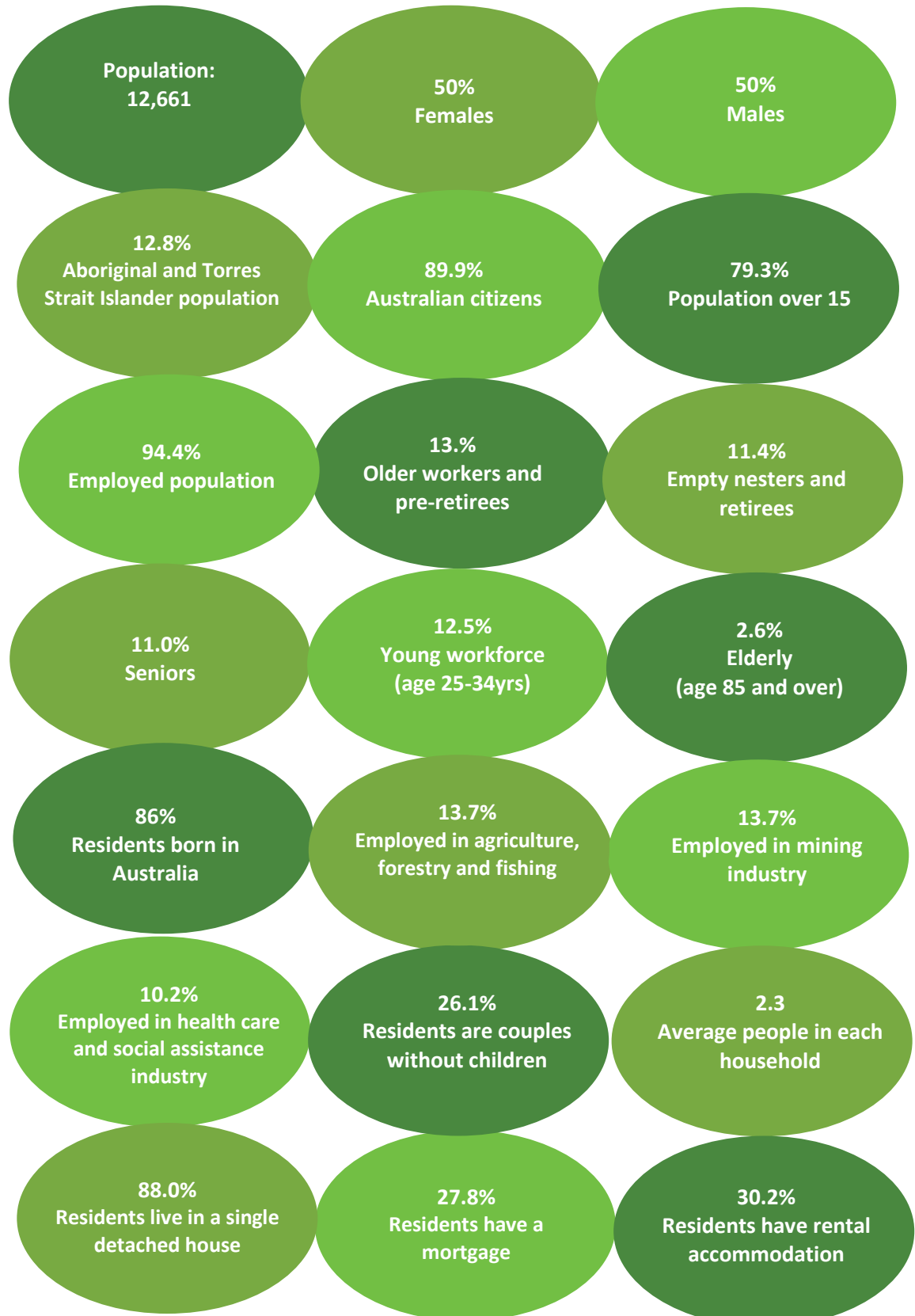
Councillor Jamie Chaffey
MAYOR



Eric Groth
GENERAL MANAGER

About Gunnedah

Gunnedah Shire is a local government area in the North West Slopes region of New South w/ales, Australia. The township of Gunnedah is 440 kilometres from Sydney and is located adjacent to the Liverpool Plains in the Namoi River valley and is traversed by the Oxley Highway and the Kamilaroi Highway. The Namoi Valley is considered to be one of Australia’s richest pockets of agricultural land and Gunnedah Shire is also located on one of Australia’s wealthiest mineral seams. Gunnedah is a major rural centre and boasts not only a wonderful country lifestyle but a full range of city conveniences. As at 2018, the Shire population was 12,661. The Shire includes the towns of Gunnedah, Breeza, Carroll, Curlewis, Emerald Hill, Kelvin, Mullaley and Tambar Springs.





Our Elected Members

The Mayor of Gunnedah Shire Council (GSC) is Councillor Jamie Chaffey, and the Deputy Mayor is Councillor Rob Hooke. GSC is composed of nine Councillors elected proportionally as a single ward. All Councillors are elected for a fixed four year term of office. The Mayor is elected by the Councillors at the first meeting of the Council. The most recent election was held on 21 September 2016.



*Back Row, left to right: Councillors Colleen Fuller, Dave Moses, Murray O'Keefe, Owen Hasler, John Campbell and Ann Luke.
Seated, left to right: Deputy Mayor Rob Hooke, Mayor Jamie Chaffey and Councillor Gae Swain.*

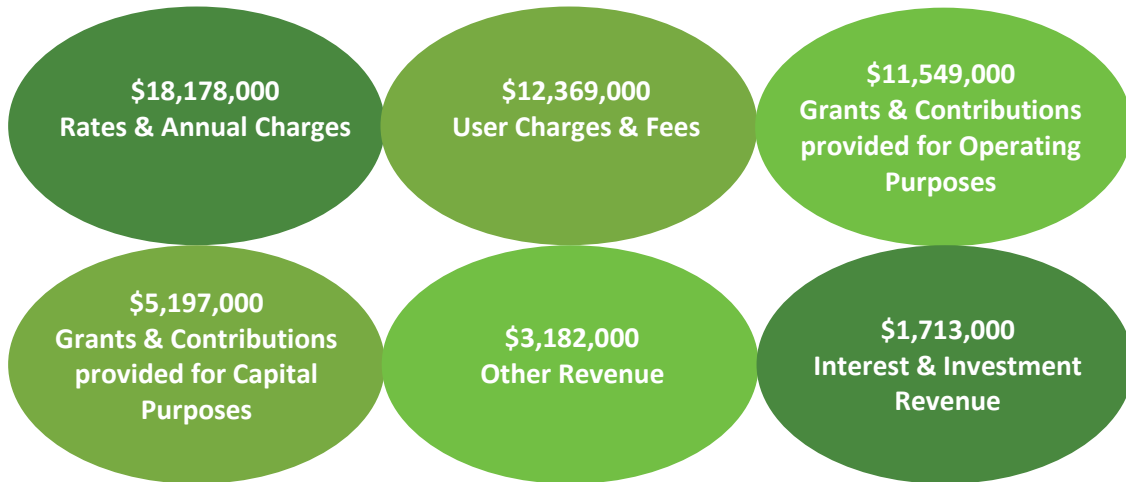
Our Executive Team



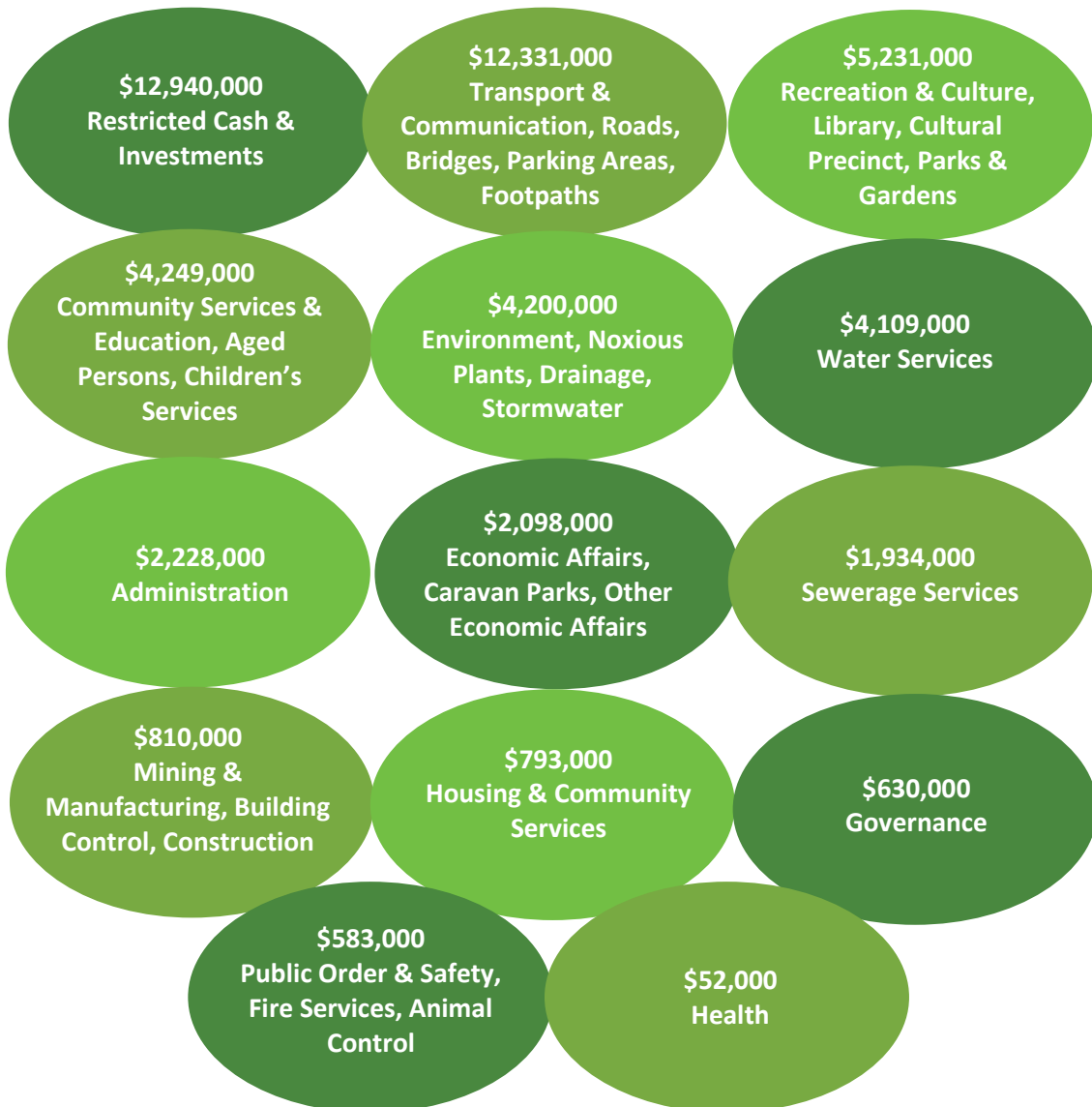
Back Row, left to right: Daniel Noble (Chief Engineer), Damien Connor (Chief Financial Officer) and Jeremy Bartlett (Director Infrastructure Services). Seated, left to right: Colin Formann (Director Corporate and Community Services), Eric Groth (General Manager) and Andrew Johns (Director Planning and Environmental Services).



Where does the money come from?



Where does the money go?





What you asked for (theme):



1. Engaging and Supporting Our Community

- Community leadership is strengthened and volunteers are engaged.
- Council is a sustainable, ethical and efficient organisation.
- Increased local investment from other sources including the State and Commonwealth Governments as well as developers.
- An engaged community that is involved in the decision making process.
- Strategically managed infrastructure.



2. Building Our Shire's Economy

- A growing population and diversified economy.
- Access to our goods, services and markets.
- Increased tourism and promotion of the Gunnedah Shire.
- The Gunnedah Shire is an attractive place to invest.
- Skilled workforce and quality local educational opportunities.



3. Retaining Our Quality of Life

- Quality lifestyles and support for our older residents.
- Improved housing affordability.
- Villages are vibrant and sustainable.
- Reduced crime and anti-social behaviour.
- Our younger people are attracted, retained and developed.
- A healthy and active community participating in a diverse range of recreational and cultural activities.
- Improved access to essential services.



4. Protecting and Enjoying Our Beautiful Surrounds

- Balance between development and environmental protection.
- Native fauna is secured, biodiversity protected and native vegetation thrives.
- A secure and high quality water supply.
- Our heritage is valued and protected.
- Managed exposure and reduced contribution to climate change.
- Our waste is sustainably managed and reduced.
- Enhanced streetscapes and open spaces in Gunnedah and villages.



What we achieved:

Engaging and Supporting the Community

- The publication of Gunnedah’s first Youth Zine, which provides an opportunity for young people to showcase their talents, values and perspectives in a creative format, was released. The publication includes poetry, artwork and ideas for the future of Gunnedah.
- In collaboration with the Gunnedah Youth Council, a Dessert Bar event was held to raise money for the Gunnedah Community Scholarship Fund.



Council’s Youth Development Officer, Sewa Emajong sets off on the Luminosity Trip to Port Macquarie with four young people from Gunnedah.

- Australia Day 2019 activities were held across the Shire with Council collaborating with local businesses, sporting and community groups with events held in Mullaley, Tambar Springs, Carroll as well as Gunnedah.
- Funding totalling \$15,857.00 for Council’s Sports Small Grants Program was also awarded to six local groups: Gunnedah Physical Culture Inc, Riding for the Disabled, Lake Keepit Sailing Club, Big Sky Trailblazer, Gunnedah Tennis Club, Namoi Horse Association, Gunnedah & District Pony Club.
- Funding totalling \$19,380.00 for Council’s Community Small Grants Program were awarded to six local groups: RSL Gunnedah Sub Branch, Ooranga FMRU Association, Gunnedah RSPCA Volunteer Branch, Presbyterian Church, Gunnedah Pottery Club, Gunnedah Early Childhood Intervention, Challenge Community Services, Gunnedah & District Historical Society Inc, and the Salvation Army – Gunnedah Branch.

187
People attended the 2019 Australia Day Awards Dinner

16
Section 356 funding applications received in 2018/19

\$19,380
in Section 356 funding was distributed to 6 community groups

\$15,857
in Section 356 funding was distributed to 6 sporting groups

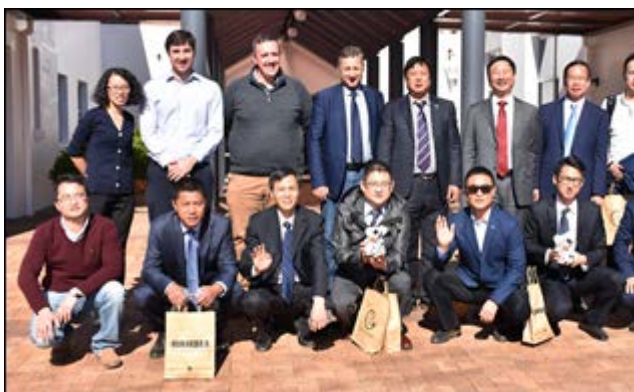


Happy recipients of the Section 356 Small Grants funding for Community and Sporting Groups.

- Council representatives attended several Village Progress Association meetings to provide support and assistance with identifying funding and grant opportunities to support the ongoing viability and sustainability of these vital community groups.
- A new enterprise content management system (electronic records management) was implemented which provides a modern, easy to use platform for staff to access electronic records.
- Training and refresher sessions are regularly provided to staff to ensure skills are current and accurate in relation to Council’s processes, policies and software programs.



- Several activities were conducted during 2018 Local Government Week including 'Mayor for a Day' and a breakfast in the Smithurst Theatre courtyard.
- A Planning Agreements Policy was developed and adopted. The Policy provides structure around how voluntary planning agreements are made and provides certainty to developers of the process that leads to a final Planning Agreement being made.
- The Elder's Group meets on a weekly which is facilitated by GoCo. The Elders participated in the Elders Olympics held in Port Macquarie and in Gunnedah NAIDOC Week activities supported by GoCo.
- A comprehensive review of Council's insurance portfolio commenced to ensure most efficient level of coverage is achieved and cost savings identified.
- Namoi Unlimited was host to a return delegation from Ningbo China. This reciprocal visit followed on from the Namoi Unlimited March 2018 trade and investment tour to China. The delegation was led by the Yinzhou Agricultural Bureau Director and consisted of four government officials and seven privately owned businesses. During the visit of the region they spent four days touring through the shires of Liverpool Plains, Walcha, Gwydir, Tamworth and Gunnedah looking at Trade and Investment opportunities.



Ningbo Chinese delegation in Gunnedah.

- Two trainees were engaged in 2018/19 to provide administrative support across the organisation to gain on-the-job skills whilst completing a Business Administration Certificate through Gunnedah TAFE.
- All financial statements completed, audited and lodged with the Office of Local Government and other reporting agencies, and along with all other statutory returns were lodged within timeframes without exception.

103

Staff participated in training on the new electronic content management system (ECM)

40,638

Documents were registered into ECM system

41

New employees participated in corporate inductions

2,572

Requests for assistance from the IT Team were lodged and processed

- Senior staff and Managers participated in the ASAM (Australian School of Applied Management) Leadership Colloquium. The Colloquium is a practical and highly effective development program focused on transforming leadership performance and effectiveness.
- An audit undertaken by Statecover, who provide a wide range of reporting services including claims performance and WHS analysis, was undertaken. The audit included a review of 14 areas covered by WHS, including policy, planning, hazard identification and control, consultation, training, emergency preparedness, purchasing, inspection and testing, health monitoring, incident investigation, document control, audits, records management and management review. Council scored Fair (50-75%) in 8 of the areas and Good (>75% in 6 areas).
- As a member of Namoi Unlimited, Council collaborated with member Councils to produce a 'Water for the Future Strategy', with the aim of identifying and prioritising the key constraints, opportunities and innovations to secure the supply of water for communities, business and local government in the Region.



- Minimisation of accounts outstanding through enforcement of Council's payment terms and undertaking recovery processes when required has been completed.
- Council's Investment Policy was reviewed, revised and adopted in 2018/19.

452

Boxes of documents destroyed in accordance with the State Records Act

577

Property records registered for

148

Shire properties

- Work on the Risk Management Action Plan (RMAP) progressed, with four areas scoring 90% in audits. RMAP's are the course of action which Council has agreed upon to help address potential risks, reduce the likelihood of these risks occurring and to lessen the impact of these risks if they do occur.
- A major RMAP was undertaken in relation to IT Security, with various areas identified and addressed, including reset user and administrator password process, backup and recovery system review, review of IT Security Action Plan and an internal audit undertaken of controls over the IT environment. These measures will ensure the security and integrity of Council's electronic data.
- The Project Management Steering Committee monitored the progress and delivery of 12 major projects including Livvi's Place Inclusive Playground, Apex Road Reservoir, Curlewis Pipeline and the implementation of the Automatic Water Metering System.
- Council applied for and was successful in a number of Federal and State Government funded grant opportunities including: Fixing Country Roads, Heavy Vehicle Safety Productivity Program and Building Better Communities. During 2018/19 grant applications to the value of \$7,789,411.00 were submitted, with six applications successful.

- Council's good working relationship with the Roads and Maritime Services resulted in additional ordered works under the Roads Maintenance Council Contract.
- Kerb and Gutter Works:
 - Renewal completed in Kamilaroi Road, Kitchener Park and Tempest Street;
 - 200mm kerb and gutter installed and replacement of existing subgrade in George Street and Bridge Street;
 - Maintenance of kerb and gutter as well as water drainage and line marking commenced in Bloomfield Street.



Bridge Street kerb and gutter construction works.

- Rural Sealed Roads:
 - 2km of reconstruction of Goolhi Road completed;
 - Gravel resheeting Watermark Road from Nea Siding for 3km complete;
 - Reconstruction of pavement including stabilisation and sealing 3km on Bluevale Road;
 - Lane widening completed in Little Barber Street;
 - 6km resheeting on Quia Station Road complete;
 - Reconstruction of 3km of pavement on Clifton Road completed; and
 - Widening and sealing of Old Bluevale Road completed.
- Urban Streets:
 - Resheeting undertaken on High Street (Tambar Springs), Nombi Street (Mullaley), Abbott Street;
 - Reseals undertaken on Davis Avenue, Baxter Street, Tempest Street, Hunter Street, Wilga Street, Railway Avenue, Little Barber Street, Merrigula Street (Tambar Springs);
 - Asphalt renewal completed in Conadilly Street, George Street, Wilga Street; and
 - New roundabout constructed on the Barber Street and Chandos Street intersection.



- New gates were installed at the airport.
- Ongoing preventative and reactive maintenance undertaken at the Saleyards, with the capital works program on schedule and within budget.
- Culverts installed, lifting of road for flood mitigation purposes and reseal completed at Tommy Swamp. Reinstatement of pavement and installation of levees in Gunnembene Lane completed in preparation for works on Hoss Causeway.
- A major water meter infrastructure upgrade was completed in Gunnedah Shire with the installation of automatic water meter devices at Gunnedah, Curlewis, Tambar Springs and Mullaley. Fully funded by Council, the project saw automatic water meter devices fitted at approximately 4,500 homes and businesses throughout the Shire. The automatic water meter devices will be a useful tool for both Council and residents to more accurately monitor water usage and identify issues, such as leaks, faster. Council and customers will be able to use a web-based management tool to constantly measure volumetric use and identify water leaks whilst more accurately monitoring pressure and flow throughout the network, ultimately reducing water bills and operational costs. The data collected from the devices, such as daily and target usage, as well as cost per day will be a great asset to allow Council to better monitor peak demand and plan for water upgrades, as well as be notified if the water meter devices are tampered with. The automatic water meter devices replace existing meter devices and need to be installed by hand on every property with access to town water. The data will also be used for billing purposes.

▪ Rural Unsealed Roads maintenance works completed on:

Babbinboon Road	Greenlane Road	Pullaming Road
Barker Road	Howes Hill Road	Rangari Road
Barwicks Road	Jeffries Road	Redbank Road
Beesons Road	Kelvin Road	Roberts Road
Braymont Road	Kilphysic Road	Round Hill Road
Bulunbulun Road	Longarm Road	Ruvigne Road
Campbell Road	Marys Mount Road	Trinke Forest Road
Clifton Road	Melrose Road	Tunningley Road
Courts Road	Milory Road,	Voca Road
Dip Road	Mystery Road	Wandobah Road
Francis Studdy Road	Mystery Road	Wightmans Road
Frend Road	Nonda Road	Willala Road
Gibsons Road	Norris Road	Windbri Road
Glencoe Road	Oakey Creek Road	Wirringulla Road
Goolhi Road	O'Brien Road	Worboys Road
Goran Lake Road	Orange Grove Road	
Grain Valley Road	Pine Cliff Road	

- Lighting replaced in the Depot Workshop to LED for improved vision and energy savings.
- The Gunnedah Sewage Treatment Works Upgrade Project is now 100% operational with the final duty pond completed as part of the plant upgrade.
- A replacement of the Gunnedah Town Water Supply Bore 5 located on Studdy Lane was completed following positive drilling results.
- The requirement for an additional storage reservoir for Gunnedah Water Supply was identified in a number of studies to provide emergency storage capacity during prolonged power and pump failures, and the construction of the Apex Road Reservoir was undertaken in 2018/19 to meet these requirements. The \$2.6 million project will significantly improve the water storage capacity with the new 4 megalitre Reservoir built off Apex Road adjacent to the existing reservoir in Bottlebrush Park and will cater for the predicted population growth of Gunnedah.



Ladder installed at the newly constructed Apex Reservoir.

- The construction of a wash bay facility at the Shire Depot was completed, with the new bay replacing the previous facility.
- Facilitated discussions with TAFE and local businesses to identify opportunities to improve training facilities and ongoing employment for residents of the Gunnedah district, supporting the announcement from the State Government for significant refurbishment project to commence at the Gunnedah TAFE Campus.
- A Gateway Determination submission was lodged with the Department of Planning and Environment in relation to the completion of Blackjack Creek Riparian Corridor and Channel Reconstruction project which aims to remove flood planning area from the properties within the area.



Council lodged an application under the Federal Governments Building Better Regions Funding for grant funding to assist in the construction of a 15.8km water supply pipeline from Gunnedah to Curlewis to improve the quality of the water supply for residents of Curlewis. Funding was announced in 2017 with the Federal Government funding 50% (\$2.6 million) of the project, with works commencing in July 2018. The project installation of the pipeline from Wandobah Road, via Blackjack Forest Road, Booloocooroo Road and Preston Road to Curlewis, the construction of 2 x 500 kilolitre concrete storage reservoirs and a disinfection dosing station to improve the water quality and storage capacity for Curlewis.



Councillor Gae Swain, TCM Civil Pty Ltd Director Colin Kiely, Councillor Rob Hooke, Mayor Jamie Chaffey, Councillor Colleen Fuller, Federal Member for Parkes Mark Coulton and Councillor Owen Hasler at the official sod turning of soil for the construction of the Curlewis Pipeline in July 2018.

- A submission was made to the Independent Pricing and Regulatory Tribunal in relation to the terms of reference on the conduct of local government elections, providing a concise outline of how and why NSW Local Government Authorities are capable of delivering elections cost effectively and efficiently.
- Council supported the Australian Local Government Association’s call to restore the national value of financial assistance grant funding to provide a fairer share of federal funding for the local community.
- In 2018/19, the Communications Team focussed on Council’s social media channels, which is proving to be a popular source of information for the community.
- Media liaison was busy throughout 2018/19 with several major projects reported on including: Gunnedah Memorial Pool Complex Upgrade, 2018 CMCA Rally, Curlewis Pipeline, Tambar Springs Remembrance Ceremony, Garage Sale Trail, Hay Mate Drought Relief Concert, Drought Communities Program Funding, Flickerfest, Business Partner Program, Weeks of Speed, Gunnedah Arts and Cultural Funding Program, School Holiday Program, Rebranding Strategy, ANZAC Day events, Automated Water Meters, Apex Road Reservoir and Small Business Friendly Councils.
- Council conducted 3 preferred supply panel tenders for pump repairs, gravel haulage and electrical services resulting in several local businesses benefiting being appointed to the Panels to provide services on an ongoing basis for the next 2 years.
- Works were completed on Regional Roads, including the completion of the Grain Valley Road resheeting program, widening shoulder and pavement overlay on Black Stump Way and the design plans completed for the Boundary Road Roundabout on the Oxley Highway at Boundary Road, Bloomfield Street and Conadilly Street.
- CCTV inspections and sewer relining undertaken in various residential areas.
- Sewer main installation and/or pavement restoration undertaken Farrar Road, Elgin Street, Abbott Street, Howes Road, Baxter Street, Chandos Street and Barber Street.

261
Council resolutions were adopted in 2018/19

11
Ordinary Council meetings held in 2018/19

4
Extraordinary Council meetings held in 2018/19

3,000
Participants in NAIDOC Week 2018 program



Council staff working on the sewer main replacement in Elgin Street.

- 500m of water main replacement complete in South Street from Marquis to View Streets.
- New corporate GIS system configured and tested for use within the organisation.

47,795

Hits to Council's corporate website
in 2018/19

21,803

Hits to The Civic website in
2018/19

22,255

Hits to the Visit Gunnedah website
in 2018/19



Mayor Jamie Chaffey, Colin Formann (Director Corporate and Community Services) and Councillor Owen Hasler accept an aerial image of the CMCA Rally held in the Showgrounds.

Council Resolutions – 01 Jul 2018 to 30 June 2019

Meeting Date	Matter resolved by Council	CSP Theme
18.7.2018	2018 LGNSW Water Management Conference – Councillor Campbell to attend	1
18.7.2018	Allocation of \$35,193 under 2018/19 s356 Small Grants - \$19,380 to 6 community orgs and \$15,813 to 6 sporting orgs	1
18.7.2018	Adoption of Asset Management Policy	1
18.7.2018	Adoption of amended Policy – Delegated Authority	1
1.8.2018	Award Tender for Design and Construction of Wash Bay Facility at Council’s Depot for \$196,950	1
1.8.2018	Donation of 285 round bales from airport to Aussie Helpers Ltd for local stock feed	1
15.8.2018	Donation of movie vouchers to total of \$750 to Rotary 2380 Drought relief Project	1
15.8.2018	Determined 12 submissions to LGNSW 2018 Annual Conference	1
15.8.2018	Adoption of Planning Agreement Policy	1
15.8.2018	Receipt and noting of Project Management Progress Report for the 2017/18 year	1
15.8.2018	Approved installation of a commemorative “Memorial Seat for Stillbirth Children” at Memorial Park Cemetery	1
15.8.2018	Waived Crown Licence fee of \$557.45 for Gunnedah & District Spinners and Weavers to occupy the showground.	1
15.8.2018	Appointed Preferred Supplier Panel for Supply of Plant/Equipment Hire Services	1
15.8.2018	Endorsed General Manager’s action in providing donated items to Gunnedah Junior Rugby League for 60 th Anniversary Carnival	1
15.8.2018	Endorsed General Manager’s action in providing donated items to the Drought Fundraiser	1
15.8.2018	Amended Draft Effluent Re-use Agreement	1
15.8.2018	Endorsed General Manager’s donation to Gunnedah High School for Annual School Presentations	1
5.9.2018	Received and noted advice about Federal Drought Communities Program, with further detail of the \$1 million funds to be forthcoming	1
19.9.2018	Awarded Tender for Supply and Delivery of Aggregates	1
19.9.2018	Reduced the water supply usage charge for an assessment by \$187 due to exceptional circumstances	1
19.9.2018	Approved budget variation of \$135,000 to enable repairs to Number 9 Bore on Orange Grove Road	1
19.9.2018	Determined Council Committees, Working Groups and Delegates	1
19.9.2018	Determined delegations to Mayor and Deputy Mayor	1
19.9.2018	Elected Mayor and Deputy Mayor	1
19.9.2018	Receipt and noting of Mayoral Mid-Term Review	1
19.9.2018	Set Council Ordinary meeting dates for next 12 months	1
19.9.2018	Endorsed General Manager’s provision of donated items to Mullaley Public School P&C fundraiser	1
19.9.2018	Received Delegate’s Report for 2018 Murray Darling Association Conference	1
19.9.2018	Endorsed General Manager’s provision of donated items to the Royal Far West fundraiser	1
19.9.2018	Endorsed General Manager’s provision of donation to St Mary’s College, Gunnedah for annual school presentations	1
17.10.2018	Approved agreement between Council and Mornington Estates PTY Ltd for design and construction of trunk water mains through Mornington Heights subdivision	1
17.10.2018	Approved MOU between Tongyu Heavy Industry Co. and Council	1
17.10.2018	Approved application for three projects under Resources for Regions Fund and allocation of co-contributions in the amounts of \$1,103,750 for Borthistle Reservoir, 2,512,500 for Rangari Road Upgrade and \$515,000 for Mystery Road Upgrade	1
17.10.2018	Supported request from LGNSW to provide legal assistance to appeal a Land and Environment Court decision	1
17.10.2018	Endorsed General Manager’s waiving of fees for the use of Kitchener Park to live stream the Hay Mate concert on Saturday 27 October 2018	1
17.10.2018	Approved application to Federal Government under \$1million Drought Communities Program, with \$200,000 being set aside for installation of water standpipes, a further \$200,000 being set aside for programs targeted to assist villages and remote localities, and the calling of expressions of interest from the Community for eligible projects	1

17.10.2018	Noted completion and lodgement of Disclosure of Interest Returns and resolved to advise the Office of Local Government	1
17.10.2018	Allocation of a further \$3,000 to the events budget for suitable Australia Day Celebrations in Shire Villages and Village Halls	1
19.12.2018	Receive advice of successful grant application for up to \$70,498 on a 50% Council co-contribution basis toward the Wandobah Road Cycleway project under the RMS Active Transport Programme, with any unexpended funds to be added to further footpath and cycleway projects	1
19.12.2018	Give approval to Gunnedah & District Historical Society running a reprint of the publication The Way We Were	1
19.12.2018	Reject Whitehaven's VPA offer in respect of the Vickery Extension Project and advise the Company of its position	1
20.2.2019	Request consideration of motions for and authorise attendance of the Mayor at the 2019 National General Assembly of Local Government	1
20.2.2019	Adopted the Model Code of Conduct (2018) and Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW (2018)	1
20.2.2019	Receive and note that delegates report of the Association of Mining and Energy Related Councils held 8 February 2019	1
20.2.2019	Receive and note information about Councillor Induction and resolve that all Councillors undertake the Local Government Capability Framework 'PD in a Box' to develop individual professional development programs	1
20.2.2019	Receive and note information on the conduct of September 2020 Local Government Elections	1
20.2.2019	Award contract for Fire Hydrant and Stop Valve Maintenance	1
20.2.2019	Receive and note the Member Value Report received from Namoi Unlimited for the period 1 July to 31 December 2018	1
20.2.2019	Receive and note the 2017-2021 Delivery Program Progress Report as at 31 December 2018	1
20.2.2019	Reduce the sewer usage charge on an assessment as a one-off adjustment for the billing period 16/8/18 to 23/11/18	1
21.11.2018	Acceptance of Financial Statements and Auditor's Report for year ended 30 June 2018	1
21.11.2018	Considered Whitehaven VPA offer for Vickery Extension Project and rejected it, seeking to negotiate an acceptable outcome	1
21.11.2018	Received and noted the ALGWA Local Executive Committee November 2018 Lithgow Meeting delegate's report	1
21.11.2018	Endorsed General Manager in provision of donation to Curlewis Public School for annual school presentation	1
21.11.2018	Endorsed Mayoral Minute identifying a new hospital for Gunnedah as its highest priority in the lead up to State and Federal elections, along with advocacy for the following as further priorities: <ul style="list-style-type: none"> ▪ TAFE redevelopment and reinstatement of apprentice courses to Gunnedah; ▪ Establishment of a processing precinct and achievement of related funding; ▪ Increased police numbers and accommodation in Gunnedah; ▪ New phone towers to eliminate black spots; and ▪ Road funding in line with Namoi Unlimited Road Strategy. 	1
21.11.2018	Receive and note delegate's report from Mining and Energy Related Council's Workshop in Crookwell, 8 November 2018	1
21.11.2018	Authorised the sale of 55-57 Borthistle Road, setting of reserve for public auction and authorisation of General Manager to receive acceptable offers within three months of auction date	1
21.11.2018	Received and noted the Annual Report for 2017-18	1
19.12.2018	Public Exhibition of Draft Development Servicing Plans for Water Supply and Sewerage	1
19.12.2018	Appoint a delegate, Councillor Fuller, to attend ALGWA NSW Annual Conference for 2019	1
19.12.2018	Allocation of \$95,000 from Water Fund to undertake works related to replacement for Bore Number 5	1
20.2.2019	Classify 2 Kamilaroi Highway and 72-88 Kamilaroi Highway as Operational Land	1
20.2.2019	Determine that the March 2019 Ordinary Meeting be held at the Emerald Hill Hall and the June 2019 Ordinary Meeting be held at the Kelvin Hall	1
20.2.2019	Due to exceptional circumstances provide water charge credit of \$1,181, reduce the sewer charge from \$13,816.78 to \$5,584 for Mackellar Care	1

20.2.2019	Decline a request for reduced water consumption charges for a water user	1
20.2.2019	Reduce the water supply charge for 2018/19 to the first tier rate due to exceptional circumstances	1
20.3.2019	Receive and note information report on the progress of the Drought Communities Program Funding	1
20.3.2019	Approve the extension of the donation of water to Aussie Helpers for the purpose of water carting to farmers within the Gunnedah Shire LGA for the period to 31 August 2019	1
20.3.2019	Provide sponsorship to the value of \$500 to the Prostate Cancer Foundation Australia for the Gunnedah Riders participating in "The Long Ride 2019"	1
20.3.2019	Determine the Preferred Supply Panel for Supply of Plant /Equipment Hire Services with evaluation of performance to occur in two years to determine whether a third year should be enacted	1
20.3.2019	Create an internally restricted asset "Disaster Recovery Fund" for the purpose of making Council's required co-contribution toward restoring essential public assets eligible for NSW Disaster Assistance, transfer \$238,280 to the fund and replenish the fund annually	1
20.3.2019	Endorse the General Manager in providing donated items to the Gunnedah Combined Catholic Schools P&F Fundraiser	1
17.4.2019	Determine to advise Gunnedah Quarry Products that Council is not supportive of the draft amendments to the Voluntary Planning Agreement	1
17.4.2019	Reduce the water supply usage charge on an assessment as a one-off undertaking for the billing period 13/11/18 to 13/2/19 due to exceptional circumstances	1
17.4.2019	Reduce the water supply usage charge on an assessment as a one-off undertaking for the billing period between 12/11/18 and 12/2/19 due to exceptional circumstances	1
17.4.2019	Reduce the water supply usage charge on an assessment as a one-off undertaking for the billing period between 5/11/18 and 5/2/19 due to exceptional circumstances	1
17.4.2019	Endorse the Code of Meeting Practice for public exhibition and determine that the amended Audio Recording Policy be adopted and come into force at the same time as the Code of Meeting Practice	1
17.4.2019	In relation to the report 'Development Servicing Plans for Water Supply and Sewerage', endorse the amendment to the development servicing plan in the village of Tambar Springs and approve the proposed changes to headworks charges	1
17.4.2019	Not accede to the request by the Gunnedah & District Pony Club to change the use of \$3,625 of section 356 grant funds allocated in 2018/19, advise the club that they are unsuccessful in 2018/19 but eligible to re-apply in 2019/20	1
15.5.2019	Decline the request to reduce water consumption charges on a property	1
15.5.2019	Receives and notes the Delegate's Report for the ALGWA 2019 Annual Conference	1
15.5.2019	Allocate \$95,073 from Water Fund to drill a test hole and complete final design to replace Mullaley Bore Number 2	1
15.5.2019	Note the successful application to RMS for \$300,000 funding under the Drought Relief Heavy Vehicle Access Program	1
15.5.2019	Acknowledge the importance of the Financial Assistance Grants Program, express concern about the decline in value from 1% of Commonwealth Taxation Revenue in 1996 to 0.55% now, and call on all political parties contesting the 2019 Federal Election to restore the value to at least 1%	1
15.5.2019	Set the annual Mayoral allowance to \$26,530, and the annual Councillor fees to \$12,160 for the 12 months commencing 1 July 2019	1
15.5.2019	Receive and note the submission to the IPaRT issues paper in relation to Local Government Election costs	1
15.5.2019	Exhibit the Draft 2017-2021 Delivery Program and 2019/20 Operational Plan for a period of 28 days	1
15.5.2019	Defer the following asset renewal projects until 2019/20 Operational Plan: Boundary Road Pavement, \$40,000; Boundary Road Kerb, \$44,000; and Bloomfield Street Kerb from Stanley Street to Boundary Road, \$124,000	1
15.5.2019	Transfer the funds for the Local Environment Plan (LEP) and Land Use Strategies, \$40,000, to the 2019/20 Operational Plan	1
5.6.2019	Endorse the nomination of Councillor J Campbell for the position of Region 11 Chair of the Murray Darling Association and Councillor O Hasler as the alternate delegate	1
5.6.2019	Award contracts for preferred suppliers for Gravel Haulage Service, commencing 1 July 2019 for a period of 24 months and approve provision of a 12 month extension based on satisfactory supplier performance	1

19.6.2019	Endorse the amendments to the Voluntary Planning Agreement for Gunnedah Quarry Products	1
19.6.2019	Adopt the Code of Meeting Practice and Audio Recording Policy	1
19.6.2019	Receive and note the information with regard to the Councillor Induction and Adopt the Councillor Professional Development Policy	1
19.6.2019	Endorse the disposal of the Curlewis Water Supply Pump Station and Reservoirs	1
19.6.2019	Endorse the General Manager provision of a donation to Gunnedah High School for their annual school presentations	1
19.6.2019	Receive and note the Delegate's Report of the Mining and Energy Related Councils Ordinary Meeting	1
19.6.2019	Adopt the Delivery Program 2017-2021 and Operational Plan 2019/20, make and levy all rates, fees and charges as detailed in the Statement of Revenue Policy and Operational Plan Fees and Charges, and conduct a workshop on developer contributions/headworks	1
19.6.2019	Endorse the rollover of 2018/19 Public Facilities Capital Works budget of \$37,901 for Plans of Management to the 2019/20 Operational Plan	1
19.6.2019	Receive and note the Delegate's Report from the NSW Local Roads Congress 2019	1
19.6.2019	Endorses the General Manager's donating of items to the Gunnedah South School P&C Trivia Night fundraising event	1
Monthly	Monitored Progress against resolutions of Council and Investment Performance Approval of Development Applications	1
Quarterly or other	Received and noted Audit Committee Reports	1
	Receive and note Approve Quarterly Budget Reviews	1
	Received and noted Quarterly Project Progress Report	1
	Receive and note Planning Environmental and Development Committee Meeting Reports	



Building our Shire's Economy

- Gunnedah Shire hosted the 2018 Campervan and Motorhome Club of Australia Rally in October, with over 800 campervans and motorhomes arriving from around Australia to participate in the Rally held over 8 days. The event was 12 months in the planning and organisers worked with Council to create a packed program full of events for visitors to experience Gunnedah. The injection into the local economy was estimated at \$2 million.

800

Vans and motorhomes participated
in the 2018 CMCA Rally

\$2 million

Injected into the local economy
during the 2018 CMCA Rally

9,438

Visitors attended the Visitor
Information Centre

17.1%

Increase in visitors to the Visitor
Information Centre

- The Economic Development Working Group has prioritised the actions within the Economic Development Strategy, with various projects and initiatives carried out by Council to boost our economy and attempt to diversify and grow the Gunnedah Shire economy.
- The Hay and Harvest Working Group was convened to coordinate the Hay and Harvest Festival. The Festival is as a result of funding received via the Building Better Regions Fund by Council and the Gunnedah Jockey Club.
- Council sponsored the Chamber of Commerce and Industry 2018 Gunnedah Business and Service Awards.

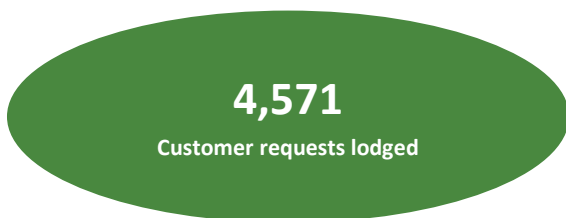
- Council was awarded \$6.48 million towards the establishment of a Koala Park and Education Centre with an Expression of Interest accepted from CaPTA Group. CaPTA Group has extensive experience in the tourism industry and has developed a number of international attractions. They have also been involved in the operation of a wildlife hospital coupled with a tourist attraction. The Park will include an animal rescue and rehabilitation centre, volunteer dorm accommodation, where possible the animals will roam freely throughout the park, walking paths, koala and salt water crocodile exhibits, mini golf course, caravan and camping accommodation, and a ropes course.
- Council rolled out the new 'thumb print' logo and 'Open New Horizons' positioning line across Council assets. High profile projects include: billboards, Shire boundary signage, pull-up banners, updated Council website, rates and water notices.
- Promotion of 39 local events and activities for local organisations on the LED 'What's On' sign included Weeds of Speed events, Jockey Club meetings, ANZAC Day, Gunnedah Show, Dog Shows, Gunnedah Conservatorium, 'A Day with the Devils', Ag-quip field days, horse events, art exhibitions and workshops and movie fundraisers.
- The Tambar Springs Remembrance Day Commemoration Service was a huge success with the unveiling of the upgraded Memorial Park including a plaque, signage and booklet.
- Council provided support to the Christmas Lights Competition, Haymate Concert, Zombie Walk, Make Music Day, Gunnedah Country Music Muster, Water Tower Museum and ANZAC Day events and activities.
- Council has been working as a part of a collective through Namoi Unlimited to lobby both State and Federal Governments to enhance access to and delivery of telecommunications, power services across the Shire and freight connectivity for business.
- Gold Sponsorship was provided by Council for the Spirit of Christmas Fair which was conducted by the Gunnedah Chamber of Commerce and Industry. The successful Fair was a family focused community event aimed at encouraging local shopping over the Christmas period.



- Council conducted and co-hosted several activities and workshops during Small Business Month, including new business ideas workshops, Business SWOT workshops which provided an opportunity for local businesses to effectively critique their business, and 'Lunch with Lisa Messenger', who is a successful entrepreneur and best-selling author.
- Councillors and staff attended the Small Business Friendly Councils Inaugural Conference with the conference providing workshops with business experts, visitor economy master classes, retail activation, regional economies and building digital capabilities.



Recipients of the Business Partner Program funding, Round One 2018/19



- Council supported, financially and in kind, the inaugural eIMEx held in the Gunnedah Showgrounds. The Energy, Innovation and Mining Expo was coordinated by the Show Society and showcased Gunnedah and the Region at the forefront of coal mining development as well as renewable energy projects and provided a platform for these industries to demonstrate the contributions their businesses could provide to the region. The event consisted of exhibitors on indoor and outdoor trade sites, with seminars, workshops, demonstrations, a formal dinner, breakfast and guest speakers participation in the event.

Council Resolutions – 01 Jul 2018 to 30 June 2019

Meeting Date	Matter resolved by Council	CSP Theme
18.7.2018	Approval of \$1,500 Awards Partner sponsorship to Gunnedah District Chamber of Commerce & Industry for staging of the 2018 Gunnedah Business and Service Awards	2
1.8.2018	Acquisition of 158 Conadilly Street for \$375,000.	2
5.9.2018	Authorise General Manager to enter into negotiations for strategic acquisition of property	2
19.9.2018	Allocation of \$7,750 to seven businesses under Business Partner Program	2
17.10.2018	Council approved support of Gunnedah Chamber of Commerce and Industry's 2018 Spirit of Christmas Fair, providing \$5,000 gold sponsorship, reimbursement of street trading fees and up to \$2,480 in street closure costs	2
17.10.2018	Approved Council to become an Associate Partner of the Northern Inland Academy of Sport for 2019	2
17.10.2018	Considered sale of 55-57 Borthistle Road and required a further report back to Council	2
17.10.2018	Receipt of Delegates Report for the 2018 Bangamalanha Conference held in Dubbo, September 2018	2
19.12.2018	Awarding of \$4,800 under Round 2 of the 2018/19 Business Partner Program across several local businesses	2
19.12.2018	Receive and note the delegates' report for the 2018 Australian Regional Tourism Convention	2
19.12.2018	Execution of the Section 30 Deed of Release and Indemnity under the Seal of Council for the acquisition of land for the Second Road Over Rail Project	2
19.12.2018	Sponsorship of the Gunnedah and District Chamber of Commerce and Industry Spirit of Christmas Fair up to the value of \$6,000	2
19.12.2018	Awarded tenders for Blasting and Crushing of Council's Quarries for the period 1 January 2019 to 31 December 2022	2
20.2.2019	Appoint Councillors D Moses and J Campbell as delegates to the Small Business Friendly Councils Inaugural Conference 2019	2
21.11.2018	Adopted Positioning, Branding and Marketing Strategy	2
21.11.2018	Allocated \$60,000 from Saleyards Restricted Asset for development of strategy for Saleyards Facility and associated precinct masterplan	2
21.11.2018	Received report informing Council of events hosted by Council as part of NSW Small Business Month	2
21.11.2018	Endorsed revised Business Partner Program Guidelines and Application Form	2
20.2.2019	Appoint Mayor, Councillor J Chaffey, as delegate to the 2019 Local Government NSW Tourism Conference	2
20.3.2019	Allocate an additional amount of \$50,000 for development of the Saleyards Facility Masterplan, funded from the Saleyards Restricted Asset	2
20.3.2019	Allocate \$5,250 under Round 3 of the 2018/19 Business Partner Program across 7 local businesses	2
17.4.2019	Endorse the proposed road names Vera Close and Raymond Drive and exhibit the proposed names, and following exhibition adopt and publish the road names	2
17.4.2019	Receive and note the Delegate's Report of the Local Government Tourism Conference 2019	2
17.4.2019	Approve the overseas travel and attendance of the Mayor, Councillor J Chaffey, and as Chair of Namoi Unlimited, for the purpose of the Namoi Unlimited Study Tour in May 2019	2
15.5.2019	Increase the number of Community Members in the Business Partner Advisory Group from 3 to 4, and appoint Mr Michael Broekman, Ms Angela McCormack and Ms Lindsay Sheedy to the Group	2
15.5.2019	Defer the Smart Device App budget of \$50,000 to the 2019/20 Operational Plan	2
5.6.2019	Receive and note the Delegate's Report of the Namoi Unlimited 2019 China Study Tour	2
19.6.2019	Receive and note the Delegate's Report of the Small Business Friendly Councils Conference	2
19.6.2019	Reduce estimated Development Application income for 2018/19	2
19.6.2019	The budget for Online Ce2rtificates \$42,680 be transferred to the 2019/20 Operational Plan	2
19.6.2019	Provide \$375 as a "Local Sponsor" package to the Grassland Society of NSW for the Grassland Conference to held in Gunnedah on 3 and 4 July 2019	2



Retaining Our Quality of Life

- More than 3,000 people descended on the Gunnedah Memorial Pool Complex as it reopened to the public in December 2018. The Complex supports Council’s vision of creating liveable communities, by providing a modern, family friendly pool complex which encourages participation in recreational activities and promotes community wellbeing. The start-of-the-art facility is the largest single Council funded capital works project undertaken in the Shire. The project saw the construction of a brand new, eight-lane, 50 metre outdoor pool, kids wet play area, new pavilion, filtration system and plant room, as well as a refurbishment to the indoor 25 metre heated pool and improved disability access across the Complex.



Gunnedah swimmers waiting for the go ahead to dive into the new pool.

- Access for eligible residents of the community to GoCo community transport increased in 2018/19 with a new vehicle purchased to cope with demand. Indirect transport options were introduced to enable residents to utilise taxi services for transport to access community activities as well as medical trips.
- GoCo individual package numbers increased from the original 80 packages to 92 HCP packages in 2018/19.
- To support individualised packages, GoCo Aged Care Services in the past financial was realigned to the new Aged Care Quality Standards, the new Consumer Rights Framework and the HCP consistency in pricing legislative changes.
- Council’s community housing tenancy ongoing for the low-socio economic members of the community, with repairs and maintenance undertaken as required.
- Playground equipment installed in Hamilton Park, Carroll, including shade sail.
- All Village Halls fire safety equipment and entry/exit lighting checked and reviewed to ensure appropriate safety standards are met.

- Breeza Hall exterior and roof painting of Hall and amenities block and new doors installed.
- Three solar exhaust fans fitted to Emerald Hill Hall.
- Electrical switch upgrades completed at Ghooldaadi Hall.
- Curlewis Hall amenities upgrade including installation of new guttering.
- The actions and recommendations within the Crime Prevention Plan 2017-2021 are reviewed routinely and in the context of supporting the deliverables of the Crime Prevention Working Group, Gunnedah Liquor Accord, Gunnedah Community Action Team and Gunnedah Community Drug Action Team.
- Council received 100% funding under NSW Community Safety Fund to deliver two projects including the design and installation of domestic violence and bullying focussed street banners and new ‘skins’ for Council’s waste and water fleet.

21

Requests from Police for CCTV footage lodged

\$32,910

Grant funding secured to extend CCTV coverage of CBD

\$16,603

Grant funding secured to deliver domestic violence and bullying initiative

- All high and medium risk food premises have been inspected to ensure compliance with the Food Act and Standards and Council’s Food Surveillance Activity Report was submitted to the NSW Food Authority as required.
- The Young Ambassadors Program was launched and attracted 10 young people to apply for the program which includes development opportunities over the course of 9 months including public speaking, resume building, community service and participation in fundraising for the Community Scholarship Fund.



Council parks and gardens staff prepared the Gunnedah Showgrounds for the Australian Hunter Horse Association's National Horse Show, which was the first time the event had been held in a rural area, with positive feedback indicating the grounds were prepared to a very high standard for the event.



GoCo finalists at the Gunnedah Chamber of Commerce Business and Service Awards.

- 24 applications were received for funding under the Community Scholarship Fund, with:
 - 9 recipients undertaking studies in health and allied services qualifications including social work, paramedics, psychology and nursing;
 - 7 recipients completing qualifications in business/economics/law/management fields.
- Several art exhibitions were held in the Creative Arts Centre Gallery with each averaging 750 patrons.
- Purchased dinner settings for up to 300 patrons increasing the calibre of functions at the Cultural Precinct.
- New storage installed in the dressing rooms and staging areas of the Smithurst Theatre which has increased the functionality of the stage resulting in increased usage of this venue for live theatre and rehearsals.
- Hanging system installed in the Mooki Room which has enabled the space to be used for exhibitions of artwork, historical and social artefacts and displays from the Rural Museum and Pop-Up Library.
- Sound and lighting has been installed that can be used as a portable unit throughout the Precinct.
- New air conditioning units were installed at the Civic and the CCTV has been upgraded.
- As part of the Federal Government Drought Extension Funding, several major works were undertaken on water and Village Hall related projects to generate long term environmental, economic, social and cultural benefits for Gunnedah Shire. All projects employed local contractors and suppliers and will result in increased events and visitor numbers which will add value into the future, and included:
 - Major upgrade of the Mullaley Memorial Hall including air-conditioning and internal fit out;
 - New amenities block at Emerald Hill;
 - New rainwater tanks installed at Curlewis Hall;
 - New rainwater tanks and hot water system installed at Pialloway Hall and Reserve;
 - A drinking fountain installed in Gunnedah CBD;
 - Impactful Vietnam War themed artwork around the outside wall of the four-storey Water Tower Museum which depicts iconic elements including soldiers, helicopters and the Long Tan Cross, providing Gunnedah veterans and visitors with the only dedicated Vietnam War Memorial to commemorate the service and sacrifice;
 - Significant upgrade to the Lake Keepit Sailing Club clubhouse and surrounds, with a structural extension to provide an increase in boat storage, and provide the area with improved shower and toilet amenities, a new in-ground watering system on the lawn and rigging area to improve water use efficiency, upgrade to the guard rails demarcating the disability access road and parking area to ensure inclusive and safe amenities for drivers and people with mobility challenges;
 - A country music event supported by the Gunnedah Show Society which offered five days of music for visitors including caravanners which increased trade for local businesses and suppliers;
 - A Day with the Devils hosted by the Gunnedah Rugby Club which was a gated day/night festival with invited country music artists, boutique markets and food stalls to attract locals and visitors;
 - An automatic watering system installed at Gunnedah Jockey Club Riverside Racecourse to reduce the risk of weather affecting race days and support preparation of the course for the safety of horses and jockeys; and
 - Installation of automatic water dispensing units in the Villages where Council currently provides a water service in the Gunnedah township, with units installed in Gunnedah, Curlewis, Mullaley and Tambar Springs.
- Customer service has been a focus for staff at The Civic, including training, cleaning, bookings, rostering, integrated Eftpos, which have all streamlined the customer experience.
- The Library was the recipient of the NSW Public Libraries Association Innovation in Outreach Services Award for its Bookends initiative which encourages children to develop their literacy skills.



- The Library hosts regular adult and toddler activities and events including: brain training, Bookends and Library staff conduct outreach visits to the Lundie House and Alkira as well as Housebound and Shopbound loans.
- Along with the Embroiders Guild of NSW – Gunnedah Group, the new home for the 150 year Sesquicentenary art work panels at the Gunnedah Shire Library was celebrated, and now holds pride and place in the Library for the community and visitors.



Councillor Gae Swain, Olwyn Jones and Mayor Jamie Chaffey at the presentation of the 150 Year Gunnedah Embroidery at its new home in the Library.

- The Wandobah Road cycleway (from George Street to Memorial Park Cemetery) was completed.
- Council maintained subscription to Pop.ID via the website which connects the community to current statistical and ABS information on social, economic and community profiles relevant to the Gunnedah Shire.
- Council has provided advocacy and ongoing social research support to services seeking to lobby for policy change and assisted a number of organisations to prepare grant applications.



Council staff working on the Wandobah Road cycleway.

- Council staff regularly participate in Gunnedah Community Roundtable, Community Action Team and Community Drug Action Team.
- Council assisted in the development of the 'Everyone Can Play in NSW' Guidelines.

24

Applications received for
Gunnedah Scholarship Funding

\$27,250

Awarded to Scholarship recipients



Participants in one of the Library's many programs.

Council Resolutions – 01 Jul 2018 to 30 June 2019

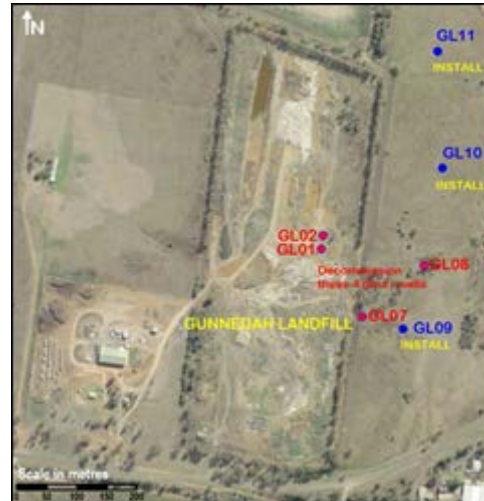
Meeting Date	Matter resolved by Council	CSP Theme
15.8.2018	Appointed members to Gunnedah Crime Prevention Working Group	3
17.10.2018	Approved donation of water to Aussie Helpers for the purpose of carting domestic use water to farmers in the Gunnedah Shire LGA as a drought relief measure	3
17.10.2018	Allocated a budget of up to \$17,000 for community celebration of the opening of the new Gunnedah Memorial Swimming Pool, with waiving of entry fees for the day and subsequent day	3
17.10.2018	Approved budget variation of \$130,000 for variations to Memorial Pool Complex Construction Contract	3
17.10.2018	Approved \$29,531.82 for fitout of the Pool kiosk, \$304,118.15 for additions to the Pool Complex, \$10,000 for legal contingency and endorsed lease of kiosk	3
19.12.2018	Call tenders for architectural services associated with the development of the Cultural Precinct Master Plan and Cultural Precinct Redevelopment Concept Plan; and classify 158 Conadilly Street as Operational Land	3
19.12.2018	Noted that Gunnedah Shire Council Library was the recipient of the NSW Public Libraries Association – Innovation in Outreach Services Award	3
19.12.2018	Endorsed application for the Everyone Can Play in NSW Local Government Grant and co-contribution of up to \$68,000	3
15.11.2018	Apply for \$290,000, and allocate \$145,000, under Building Better Regions Fund Round 3, for the Gunnedah Poetry Precinct Infrastructure Project	3
21.11.2018	Receive request from NSW Police Force and resolved to investigate provision of subsidised housing with further report to be provided	3
20.3.2019	Defer any further consideration of support for subsidised police housing until Council is aware of its financial position in the 2019/20 financial year	3
20.3.2019	Note that no tenders received for the Design and Construct Rainbow Serpent Water and authorise the General Manager to enter negotiations with suitably qualified contractors to obtain quotations	3
20.3.2019	Appoint Councillors O Hasler, A Luke and C Fuller to the Arts and Cultural Grants Assessment Panel	3
20.3.2019	Receive and note Construction of Gunnedah Memorial Pool Complex Upgrade – Residual Budget Report and that \$153,535 be allocated to funding additional items identified post construction with any budget remaining be retained for potential funding to overcome visual impact of the new fence on the Mackellar Memorial Monument	3
17.4.2019	Bring separate proceedings in the Land and Environment Court against owners referred to in the report to remedy and restrain respective breaches of the Local Government Act 1993, and allocate \$51,000 to cover associated legal costs, and see an order from the Court for payment of costs of any such proceedings	3
15.5.2019	Delegate authority to the General Manager to award and execute the Contract for Cultural Precinct Master Plan and Concept Plan, allocate a budget of \$100,000 for the project, and call for EOI from those interested in being part of an advisory group for the project	3
15.5.2019	Endorse the allocation of \$13,616 under the 2018/19 Arts and Culture Grants Fund, carry forward unexpended funds to the 2019/20 fund and amend the Policy	3
15.5.2019	Return the \$30,000 allocated for the Swimming Pool – Outdoor Pool Carpark Repair and Reseal to General Unrestricted funds	3
5.6.2019	Delegate authority to the General Manager to award and execute the contract for the Construction of Livvi's Place Inclusive Playground to Daracon Group for \$1,066,710, that an additional \$118,134 be allocated to the budget and that the residual 2018/19 CCTV budget be reallocated to Livvi's Place for CCTV provision	3
19.6.2019	Consider the Crime Prevention Committee Working Group request for Council to host a Crime Prevention and Community Safety Conference and that Staff bring back a report with a cost benefit analysis based on an allocation of \$10,000 seed funding	3
19.6.2019	Endorse the appointment of Councillors M O'Keefe, O Hasler, C Fuller and R Hooke and 8 community representatives to the Cultural Precinct Master Plan Advisory Group	3
19.6.2019	Endorse the rollover of the remaining 2018/19 budget for Livvi's Place Inclusive Playground Capital Works, being \$1,082,475, to the 2019/20 Operational Plan	3



Protecting and Enjoying our Beautiful Surrounds

- Council has invested in an unmanned vehicle to assist the Weeds Department in locating and identifying noxious weeds along river corridors whilst reducing manual handling and unstable surface issues.
- A Roadside Tiger/Tree Pear identification and eradication program was completed.
- Inspection of the Namoi River to identify Alligator Weed along the Namoi River was undertaken.
- In collaboration with North West Local Land Services, roadside Pear Program on Boori Road, Fulwood Road and Furphy Road was completed.
- An Intramaps system is being tested by the Weeds Department to ensure compliance with noxious weeds legislation and provide a test case to the organisation on the integration of geographic information system in the field and the usefulness of same.
- Council is an active member of the Water and Energy Group which aims to add new dimension to innovation and technology opportunities and assist member Councils to engage with their communities.
- Council introduced the Water Conservation and Demand Management Plan, water conservation measures have increased the capacity of water supply.
- The Development Servicing Plan for Water Supply and Sewerage were adopted by Council and will ensure a consistent approach when applying developer charges within Gunnedah.
- \$250 was contributed to the Koori Kids NAIDOC schools project.
- Council introduced an Acknowledgement of Country at its Council meetings and elected representatives routinely do so at key community events.
- Council supported the From the Ground Up initiative which is an Indigenous community driven, web based education platform for Kamilaroi (Gamilaraay protocols and culture).
- Solar panels have now been installed on all commercial properties, including: Administration Building, Depot, Cultural Precinct, Library and GoCo, resulting in reduced energy costs.
- The Waste Capital Works and Maintenance Programs have been reviewed with future review/remedial action required in relation to surface water management, infrastructure installed to manage windblown litter, sedimentation control measures reviewed and additional storage bunkers constructed.

- New wells have been installed at the Gunnedah Landfill and existing monitoring wells have been decommissioned.
- Ongoing review/remedial action required in relation to surface water management is the design enhancements and environmental controls and Environmental Management Plan of the resource recovery area is still ongoing, as is the final stage of works for the control of litter management.



Where the decommissioned and commissioned wells were placed at the Gunnedah Waste Management Facility.

- Strategies have been developed to increase recycling and reduce waste including education programs, diverting more waste from landfills, improving how problem wastes are managed, reducing waste generated by industry and container deposit scheme implementation.
- Recycling and waste reduction education programs targeting the Community Recycling Centre, contamination within the garden organics kerbside collection and sharps management are ongoing.
- Exploration in relation to x-ray recycling, mattress recycling and participation in the enviro race and project yellow have created new recycling streams for diverting waste from landfills, improving how problem wastes are managed, reducing waste generated.
- The Waste and Recycling Group held its inaugural meeting in December 2018 and the aim of the group is to assist staff in reviewing the existing kerbside waste collection arrangements, and develop strategies, practices and policies to reduce the amount of waste disposed of to landfill, increase re-use, recycling and assist in reducing illegal dumping of waste.



- A Pollution Incident Response Management Plan for the Gunnedah Waste Management Facility was implemented to comply with requirements introduced by the Protection of the Environment Legislation Amendment Act 2011. The purpose of the Plan is to assist employees and management of the facility to identify the potential risk of a pollution incident occurring and to introduce measures to mitigate that risk.
- LED lighting upgrades completed in Conadilly Street under the awnings, at the Curlewis intersection and Wandobah cycleway.
- The installation of the new lighting poles at Donnelly Sports field has been completed.
- The Crown Land Management Act 2016 came into effect on 01/07/18 with Councils given 12 months to enact the legislation. In accordance with the requirements of the legislation, Council appointed a Native Title Manager and has commenced identifying all Crown Land within the Shire in preparedness for plans of management for each to be drafted.

- The newly legislated Crown Land Management Act will have significant impact on the implementation of the Racecourse Master Plan and Showground Master Plan, with current practice being reviewed and aligned with the requirements under the new legislation.
- Council contributed \$15,600 to the Gunnedah Jockey Club to assist with operational costs.



Light poles at Donnelly Fields.

- Playground equipment installed at Donnelly Fields, following a community survey to determine what the community deemed appropriate for the areas.



Installation of playground equipment at Donnelly Fields.

- Cricket nets installed at Kitchener Park.
- Mulching on the median strips in Hunter Street and Hamilton Road completed.
- A new portable grandstand was installed at the Gunnedah Showground.
- Financial support provided to the Gunnedah and District Pony Club to ensure their ongoing viability and confirm the use of the Gunnedah Showground.

26

Total dwellings constructed in
2018/19

36

Development applications for
alterations or additions processed
in 2018/19

\$9,400,823

Total value for development
applications in 2018/19

19

Subdivision applications processed
in 2018/19

Council Resolutions – 01 Jul 2018 to 30 June 2019

Meeting Date	Matter resolved by Council	CSP Theme
18.7.2018	Contribution of \$15,600 to Gunnedah Jockey Club 2017/18 Operational Costs out of Reserve Trust Management Fund	4
19.9.2018	Approved budget variation of \$59,000 to enable purchase of additional plant to support Parks and Gardens function	4
17.10.2018	Approval of submission on the proposed Vickery Extension Project	4
19.12.2018	Require that should the State Government include all NSW Councils in the application of SEPP 70, related to affordable housing, that Council staff bring a report back to Council outlining benefits of the implementation of the Policy's application in Gunnedah	4
21.11.2018	Approved Agreement for Sharing of NSW Container Deposit Scheme Refunds with Gunnedah Workshop Enterprises	4
21.11.2018	Appointment of Native Title Manager and giving notice to Minister for Lands and Forestry of same	4
21.11.2018	Subsidised \$511 Crown Licence Fees for Riding for the Disabled Association to occupy Showground facilities	4
20.3.2019	Subsidise the \$573.46 Crown Licence Fee for Riding for the Disabled Association to occupy the Showground facilities	4
19.12.2018	Support in principle the concept of a Waste to Energy Feasibility Study and to continue to work with Tenterfield Shire Council in developing and energy from waste program	4
20.2.2019	Extend the Waste Collection Contract between JR & EG Richards Pty Ltd and Council for a period of 1 year	4
17.4.2019	Prepare a draft proposal for amendment to the Gunnedah Local Environmental Plan 2012 to amend the Flood Planning Map to remove the flood planning area from the properties on the eastern side of the Blackjack Creek Riparian Corridor and Channel Reconstruction project, forward the proposal to the Department of Planning and Environment for determination	4
15.5.2019	Council to operate the Breeza Waste Management Facility and convert the Transfer Station into a Mobile Collection Service	4
15.5.2019	Defer consideration of the Proposed Rezoning of Rangari, Kelvin, Keepit and Carroll areas until further workshops and consultation with the stakeholders is undertaken	4
19.6.2019	Endorse the rollover of remaining balances from the 2018/19 budget for Village Tree Avenue Carroll, Town Entrance Beautification and Playground Shade Sail Program to the 2019/20 Operational Program for those projects	4
19.6.2019	Nominate the Manager Public Facilities and Manager Governance and Legal as Council's Native Title Managers, and give notice to the Minister for Lands and Forestry of the appointments	4
19.6.2019	Receive and note information relating to changes to the Crown Land Management Act, endorse the resultant disbandment of the Reserve Trust, Showground Committee of Management and Racecourse Committee of Management as at 30 June 2019, and establish the following working groups with same membership of the disbanded committees: Showground Working Group and Racecourse Working Group	4
19.6.2019	Endorse the rollover of the remaining balance from the 2018/19 Public Facilities Capital Works budget to the 2019/20 Operational Plan for the Showground Community Infrastructure, \$999,663 and Equine Precinct, \$783,705	4



Statutory Requirements

The Annual Report in the year in which an ordinary election of Councillors is to be held must also report as to the Council's achievements in implementing the Community Strategic Plan over the previous four year – Section 428(2).

Rates and Charges Written Off [LG (Gen) Reg Cl132]

The following rates and charges were written off during 2018/19:

	GENERAL	POSTPONED	PENSIONER	TOTAL
Ordinary Rates	1,588.98	47,501.00	157,289.62	203,203.64
Water Charges	3,681.62	-	69,982.12	73,663.74
Sewer Charges	9,017.44	-	62,857.91	71,875.35
Waste Management	718.97	-	61,549.23	62,268.20
Stormwater	1.68	-	-	1.68
Legal Costs	-	-	-	-
Interest	181.11	17,015.68	-	17,196.79
TOTALS	12,011.84	64,516.68	351,680.88	428,209.40

Overseas Visits [LG (Gen) Reg Cl217(1)(a)]

In May 2019, the Mayor participated in a visit as the Chair of Namoi Unlimited to China for the purpose of promoting economic development, enhancing cultural development and sister city relationships. Gunnedah Shire Council paid expenses for the Mayor as part of this delegation. Total net cost to Council was \$563.88.

Councillor Expenses [LG (Gen) Reg Cl 217(1)(a1)]

The Council has adopted a policy that governs the expenses allowable for conferences and seminars, the types and monetary limits of expenses Councillors can claim reimbursement for and the facilities to be made available to the Mayor and Councillors. The policy can be read at Council's office or on the website www.gunnedah.nsw.gov.au.

The cost of Councillor expenses and provision of facilities to Councillors in accordance with Council's Policy for 2018/19 was as follows:

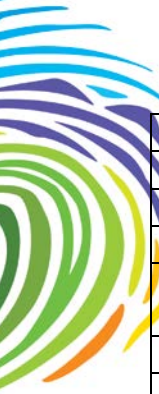
Expense/Facility	Net \$
Provision of dedicated office equipment allocated to Councillors	2,838.58
Telephone calls made by Councillors	6,011.27
Attendance of Councillors at conferences and seminars	16,510.12
Training of Councillors and provision of skill development	26,235.00
Interstate visits by Councillors, including transport, accommodation and other out-of-pocket travelling expenses	1,150.14
Overseas visits by Councillors, including transport, accommodation and other out-of-pocket travelling expenses	563.88
Expenses of any spouse, partner or other person who accompanied a Councillor in the performance of his or her civic functions, being expenses payable in accordance with the Guidelines for the payment of expenses	100.00
Uniform	144.51
Allowances	128,672.83
Vehicle	4,231.74
Bank Fees	32.00
Food and Catering Other	2,874.71
Air Travel Other	4,551.82

Accommodation Other and Travel Other and Parking and Meal Reimbursement and Taxi	6,169.22
Internal Recharge	3,649.60
Translation Services	50.00
Reimbursements made by Councillors	-5,255.82
TOTAL	198,529.60

Contracts [LG (Gen) Reg Cl 217(1)(a2)]

Council awarded the following contracts in excess of \$150,000 during 2018/19.

CONTRACTOR	NATURE OF GOODS AND SERVICES PROVIDED	DURATION OF CONTRACT	AMOUNT SPENT THIS FINANCIAL YEAR \$
Hines Constructions Pty Ltd	Civil Construction – Pool Upgrade	30/06/19	9,575,767.73
TCM Civil Pty Ltd	Civil Construction – Curlewis Pipeline	30/06/19	4,899,759.12
Hornick Constructions Pty Ltd	Civil Construction – Construct Reservoir	30/06/19	1,648,035.77
Boral Construction Materials	Roadwork and Emulsion Services	30/06/19	1,535,854.73
Hope's Fuel Supplies	Fuel and Oil Supplies	30/06/19	958,805.27
Taggle Systems Pty Ltd	Automatic Water Reading System	30/06/19	852,947.40
THE Mining Pty Ltd	Hire of Stabiliser and Roadwork Materials	30/06/19	770,155.78
ERM Power Retail Pty Ltd	Electricity	30/06/19	710,567.31
JT Fossey Sales Pty Ltd	Automotive Purchases	30/06/19	698,572.90
State Cover Mutual Limited	Insurance	30/06/19	644,505.26
JR & EG Richards (NSW) Pty Ltd	Waste Services	30/06/19	642,680.52
WesTrac	Plant and Parts Supply	30/06/19	582,409.16
Premium Aged Care Services	Aged Care Services	30/06/19	526,583.85
Statewide Mutual	Insurance	30/06/19	516,994.50
Watchout Traffic Control	Labour Hire	30/06/19	428,749.82
Jobs Australia Armidale	Labour Hire	30/06/19	405,498.40
Fulton Hogan Industries Pty Ltd	Roadwork Materials	30/06/19	397,854.61
Michel & White	Solicitor – Property Purchase	30/06/19	385,211.74
Roadwork Industries	Civil Construction and Plant Hire	30/06/19	332,954.90
Somerville Earthmoving Pty Ltd	Gravel Supply and Equipment Hire	30/06/19	326,986.14
Ausroad Systems Pty Ltd	Plant Supply	30/06/19	324,617.84
Rees Electrical Pty Ltd	Lighting Towers – Donnelly Fields	30/06/19	321,472.81
AGL Sales Pty Ltd	Electricity	30/06/19	295,981.97
Peel Valley Machinery	Plant and Parts Supply	30/06/19	291,796.58
Norwest Plant Hire	Plant Hire	30/06/19	287,324.25
Workforce Road Services Pty Ltd	Labour Hire	30/06/19	273,728.92
Nandebri Home Nursing Pty Ltd	Aged Care Services	30/06/19	271,488.96
Woodleys Motor Group Pty Ltd	Vehicle, Plant and Parts Supply	30/06/19	266,420.13
Grace Coring	Pavement Investigations	30/06/19	257,685.00
Interflow Pty Ltd	Civil Works – Sewer	30/06/19	249,265.15
Washbay Specialists	Civil Construction – Washbay	30/06/19	229,892.30
Thompson Electrical (GDH) Pty Ltd	Electrical Contractors	30/06/19	225,573.55
Kevin Smith Contracting	Gravel Carting	30/06/19	220,129.95
Rollers Australia Pty Ltd	Plant Hire	30/06/19	208,552.41
State Debt Recovery Office	Levies and Contributions	30/06/19	207,716.05
Felton Industries	Civil Construction – Grandstands	30/06/19	205,200.60
Precision Drill and Blast Pty Ltd	Drilling – Quarries	30/06/19	198,220.83
Gunnedah Workshop Enterprises Ltd	Waste Services	30/06/19	192,495.07



Quirang Holdings Pty Ltd	Contractor	30/06/19	171,758.47
Whiteline Road Services	Line Marking Services	30/06/19	169,340.24
Mackellar Excavations Pty Ltd	Road Materials	30/06/19	167,816.96
Australian Unity	Aged Care Services	30/06/19	167,551.21
Technology One Ltd	Maintenance Support/Professional Fees	30/06/19	161,122.40
Workforce Extensions	Labour Hire	30/06/19	155,443.92
Western Safety Barriers Group Pty Ltd	Safety Barrier Replace and Repair	30/06/19	154,334.95
BMR Quarries Pty Ltd	Supply Road Materials	30/06/19	151,658.10

Legal Proceedings [LG (Gen) Reg Cl217 (1)(a3)]

The following expenditure on legal proceedings was incurred by Council in 2018/19:

SUBJECT	PARTICULARS OF PROCEEDINGS	RESULT	COST TO COUNCIL \$
Debt Recovery **	Recovery of rates and charges	Ongoing	81,016.30
Works	EPA Investigation	Ongoing	17,144.10
Planning	Planning Matters	Ongoing	14,047.95
Human Resources	General Advice	Ongoing	8,330.50
Various	Lease/Tender Preparation	Ongoing	7,027.64
GoCo	Carers Agreements	One Off	2,484.00
Compliance	Infringement Processing	Ongoing	2,166.78
Assistance	Legal Financial Assistance – Other Councils	One Off	1,944.16
			134,161.43

** Note: Expenses recouped through the rate recovery process.

Subsidised Work on Private Property [LG (Gen) Reg Cl217(1)(a4)]

During 2018/19 no resolution was made under Section 67(3) of the Local Government Act 2003 concerning work carried out on private land that was fully or partly subsidised by the Council.

Community Grants [LG (Gen) Reg cl 217(1)(a5)]

During 2018/19 Council made grants under Section 356, Local Government Act 1993, totaling \$48,809.00 to local community groups.

Functions Delegated to Other Organisations [LG (Gen) Reg Cl217(1)(a6)]

Council delegated functions to the following external bodies during 2018/19..

- North West Weight of Loads

Companies Controlled by Council [LG (Gen) Reg Cl 217(1)(a7)]

Council did not hold a controlling interest in any company during 2018/19..

Partnerships with Other Organisations [LG (Gen) Reg Cl217(1)(a8)]



Council was not involved in any partnerships, co-operatives or joint ventures during 2018/19,, however Council is a member of the following organisations:

Statewide Mutual Insurance

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

Statecover Mutual Insurance

A self-insurance pool covering workers compensation enabling Council's to reduce premiums and tailor fit injury management.

Namoi Unlimited

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

Equal Employment Opportunity Management Plan [LG (Gen) Reg Cl217(1)(a9)]

Gunnedah Shire Council continues to ensure it provides a robust subscription in providing an environment that supports and facilitates inclusion, awareness, understanding and mutual respect within its workforce.

Council understands that such efforts also benefit everyone in an organisation by providing a wider range of jobs and training opportunities, better chance to use their skills and qualifications and the opportunity to gain greater career development and achieve job satisfaction.

Gunnedah Shire Council continues to explore and expand on the ways in which it engages with our current staff and our community in communicating and offering career opportunities and pathways. Council has commenced working with local high-school, TAFE and students from other registered training organisations and Universities to examine ways in which we can offer integrated vocational education and training places, work experience and practical placement programs, graduate opportunities and traineeships and an understanding of career opportunities that exist within Council, and in local government more broadly.

Council is further extending this by working with one of our local high schools that specialises in providing education and schooling to students with special needs to understand how we can break down barriers to meaningful employment for students with different abilities and needs. It is expected that this placement program will involve staff undertaking sensitivity and awareness training as well as mentoring and support to ensure a positive experience for both the student and the organisation.

Council has recently engaged with Veteran's Affairs networks to advertise vacant positions in accordance with the "Rank 2 Grade" Guide recently released by LG NSW that promotes employment opportunities for returned ex-service men and women.

Council has made a concerted effort at promoting career and leadership pathways and opportunities for women both internally and externally to the organisation. This has been done by enhancing professional development programs and participation in Leadership training through the Colloquium and has increased diversity on both the Executive and Leadership teams.

We continue the development of our mental health program by undertaking continual improvement initiatives and assessing and evaluating our performance and progress with embedding and reinforcing our organisational commitment to mental health and well-being in the workplace. This is done by measuring:

- numbers of staff self-reporting mental health issues and illnesses;
- numbers of invoices for consultation services from our chosen Employee Assistance Program provider;
- through generating a positive discourse around seeking assistance, and how to do that, not only at commencement and induction phase of employment, but also periodically;
- undertaking a process of policy review, development and implementation specific to outlining our organisational commitment to the mental health and well-being of staff; and



- breaking down the myths that seeking assistance is a barrier to employment or career progression.

Essential to the ongoing progress made in this area is continuing to collaborate with our Joint Consultative Committee in better understanding the wants and needs of our staff with respect to developing a program aimed at building upon and maintaining the mental health and wellbeing of our staff. Council recognises the benefits in promoting health and wellbeing both in the workplace and for when our staff goes home. It fosters inclusion, acceptance, wellness and a positive sense of self and place, reduces presenteeism, absenteeism, and staff turnover; positive outcomes are experience for the individual and Council.

Employment demographics have shifted slightly from the statistics reported in the 2017/2018 report; however leadership diversity has increased significantly, especially in areas typically dominated by male staff.

GENDER	NUMBER	PERCENTAGE
Female	71	37%
Male	120	63%
Other	0	0
TOTAL	191	100%

ABORIGINALITY	NUMBER	PERCENTAGE
Yes	14	7.33%
TOTAL	191	100%

LINGUISTIC DIVERSITY	NUMBER	PERCENTAGE
Yes	7	3.66%
TOTAL	191	100%

Merit Selection and Anti-discrimination

To ensure firm subscription of merit based selection in our recruitment and selection processes in undertaken in strict accordance with federal and state legislation pertaining to protecting individuals, especially those that are regularly subject to both direct and indirect discrimination in society. Not only are these practices governed by law, but all by the principles of good business. Selecting candidates based on their merit in the recruitment and interview process ensures Council secures an employee with the skills, experience, qualifications and capabilities that it requires in order to meet the needs and expectations of the community we serve.

Digital Literacy

Council aims to ensure that there is equitable opportunity for staff identified as requiring the need to gain, or improve upon, skills in the use of modern technology. Smart and Skilled funding has been sought previously and continues to be utilised for the purposes of up-skilling staff members. Council is developing a training needs analysis to assist in, firstly, identifying further knowledge and skills gaps with staff and, secondly, allocating sufficient resources to ensure the provision of training in key need areas.

EEO and Rehabilitation

Council continues to promote recover at work plans for any employees that have experienced a workplace injury or illness. There are several reasons for doing this, aside from a legal obligation to do so, including that research shows that employees engaged meaningfully in recover at work plans are rehabilitated faster because they are still a valued participant in their workplace. Council is proud of the way we work with injured or ill employees and their nominated treating physicians in getting them back to work in either their full pre-injury/illness capacity, or a suitable alternate role, as safely as possible.



Remuneration Package – General Manager [LG (Gen) Reg Cl217(1)(b)]

The General Manager's remuneration for 2018/19 consisted of:

Salary	\$254,506.10
Bonus Payments	-
Superannuation	\$24,178.08
Non Cash Benefits	-
Fringe Benefits Tax Payable	-
TOTAL REMUNERATION	\$278,684.18

Remuneration Package – Senior Staff [LG (Gen) Reg Cl217(1)(c)]

The General Manager is the only officer classified as senior staff. Accordingly, there is no requirement to provide remuneration details on any other staff.

Stormwater Management Services [LG (Gen) Reg Cl217(1)(e)]

Stormwater management services made available during 2018/19 together with the projected stormwater management services that were proposed to be made available are shown below:

Operational Expenditure	2018/19 Budget	Carryover	Adjust	Total Budget	2018/19 Actual	To Future Works
Stormwater Maintenance and Repair	44,390	-	-	44,390	22,730	-

Capital Expenditure	2018/19 Budget	Carryover	Adjust	Total Budget	2018/19 Actual	To Future Works
Wentworth Street (Conadilly to Wentworth)	52,000	-	-	52,000	60,030	-
George Street Stormwater (View to Wandobah)	-	246,334	-	246,334	198,048	-
Development Servicing Plan	-	20,574	-	20,574	1,500	19,074
Total Capital	52,000	266,908	-	318,908	259,579	19,074

Environmental Upgrade Agreements [LGA S54P]

Council did not enter Environmental Upgrade Agreements during 2018/19.

Special Rate Variation [LGA S508]

Under Section 508 A (1) of the Local Government Act 1993 Council made application to IPART and received a Special Rate Variation on 11 June 2013. The percentage by which Gunnedah Shire Council may increase its general income for the period from 2013/14 to 2016/17 is 39.72% consisting of the following annual increases:

	Year	Annual Increase in General Income (%)	Cumulative increase in General Income (%)
Y 1	2013/14	9.4	9.4
Y2	2014/15	8.5	18.7
Y3	2015/16	9.5	29.98
Y4	2016/17	7.5	39.72



The percentage increase set out above is subject to the following conditions:

The Council uses the Additional Income for the purposes of:

- Funding debt servicing associated with its capital works Program.
- Improving Financially Sustainability.

Capital Expenditure funded by the Special Rate Variation

Below is a listing of capital projects submitted with the Special Rate Variation and actual expenditure for the years 2013/14 to 2018/19 and comments as to the progress of each project.

Long Term Financial Plan – Budget v’s Actual 2018/19

Refer Variance table (see below). This details the SRV budget verses the actual result for 2018/19 with comments for the major variances.

GENERAL FUND	LTFP - SRV	Actual			
INCOME STATEMENT - CONSOLIDATED	2018/19	2018/19		%	
Income from Continuing Operations	\$'000	\$'000	Variance	Variance	Comments (Major Variances)
Revenue:					
Rates & Annual Charges	15,226	15,190	-	36	-0.24% Additional rateable properties with developments within the shire. This has been offset by a change in categorisation of a mining property reducing Rate income by \$400,000. Since the SRV increases were finalised the rate pegging was 1.5%, 2.3% & 2.7% as opposed to a 3.5% estimate.
User Charges & Fees	7,011	7,413	402	5.73%	Additional RMS Revenue for state roads projects. Received \$4.744 mil in 2018/19 which is well above the original estimate.
Interest & Interest Revenue	1,009	1,065	56	5.55%	Additional Investment portfolio earning interest. Portfolio at \$57.1 mil which is well above budget projections. However the Interest rate project was at 4.5% to 5% but the prevailing interest rates have remained at historical lows with average interest rates for Gunnedah Shire Council is at 2.74%.
Other Revenues	361	3,133	2,772	767.87%	Additional Revenue from Rates Legal costs recharged & Income from Rental properties. The sales of Scrap metal has improved during the year adding additional revenue. A major one off variance is as a result of the adjustment to the Landfill provisions. During the year the costs of remediation of Councils Landfills were reassessed from the EPA clay cap to a newer Phytocap (currently in trial stages at 5 Councils). This resulted in an adjustment of \$2.288million to councils provision and was treated as other revenue in the statements.
Grants & Contributions provided for Operating Purposes	12,632	11,450	-	1,182	-9.36% Lower amounts received from the Financial Assistance Grant as a result of lower than estimated increases and as a result of the Federal Government temporary freeze for 3 years.
Grants & Contributions provided for Capital Purposes	382	2,303	1,921	502.88%	During the 2018/19 year council received Capital Grant Funds for the Drought Funding Relief & Developer Contributions to the Road Network and funding for Showground improvements amounting to \$788k.
Other Income:					
Net gains from the disposal of assets	-	-	-	-	
Joint Ventures & Associated Entities	-	-	-	-	
Total Income from Continuing Operations	36,621	40,554	3,933		
Expenses from Continuing Operations					
Employee Benefits & On-Costs	13,873	13,996	123	0.89%	Award & internal salary incremented less than anticipated. Staffing requirements constantly under review. Council completed an Organisational review in which led to additional staff costs to Council.
Borrowing Costs	1,539	813	-	726	-47.17% Loans initially planned to be taken out have not been taken up due to the improved financial position of Council.
Materials & Contracts	8,310	7,813	-	497	-5.98% Additional Expenditures relating to RMS extra works and this has been offset by Cost reduction initiatives.
Depreciation & Amortisation	8,488	8,117	-	371	-4.37%
Impairment	-	30	30		Impairment Expense not budgeted in Special Rate Variation
Other Expenses	3,859	1,535	-	2,324	-60.22% Savings as a result of Cost savings initiatives being put into effect. In Particular Electricity & Telephone, Computer Software and other Project Savings.
Interest & Investment Losses	-	-	-	-	
Net Losses from the Disposal of Assets	141	179	38	26.95%	The Net losses in line with Special Rate Variation expectation.
Joint Ventures & Associated Entities	-	-	-	-	
Total Expenses from Continuing Operations	36,210	32,483	-	3,727	
Operating Result from Continuing Operations	411	8,071	7,660		
Discontinued Operations - Profit/(Loss)	-	-	-	-	
Net Profit/Loss from Discontinued Operations	-	-	-	-	
Net Operating Result for the Year	411	8,071	7,660		
Net Operating Result before Grants and Contributions provided for Capital Purposes	29	5,768			

SRV CAPITAL PROJECTS - SUMMARY

	SRV Budget 2013/14	SRV Budget 2014/15	SRV Budget 2015/16	SRV Budget 2016/17	Total SRV Capital Budget	Actual Expenditure 2013/14	Actual Expenditure 2014/15	Actual Expenditure 2015/16	Actual Expenditure 2016/17	Actual Expenditure 2017/18	Total Expenditure	Remain
Asset Renewal					-							
Urban, regional and rural roads ¹	5,261,224	4,709,501	4,945,436	5,029,299	19,945,460	3,782,316	4,087,101	3,207,475	4,403,112	1,454,957	16,934,961	3,010,499
Bridges, kerb & gutter ²	411,000	382,000	1,763,000	405,000	2,961,000	299,761	295,514	367,369	784,999	1,213,357	2,961,000	0
Plant	1,905,000	2,005,000	1,805,000	1,755,000	7,470,000	1,944,310	1,601,357	1,321,087	1,762,621	825,625	7,455,000	15,000
Swimming Pool ³	500,000	1,551,000	6,595,000	-	8,646,000	4,999	176,656	311,983	114,333	4,350,376	4,958,347	3,687,653
Other (Saleyards, IT, parks & reserves) ⁴	1,012,531	1,249,159	1,008,940	2,160,867	5,431,497	590,168	415,994	469,933	1,282,835	260,904	3,019,834	2,411,663
Total Asset Renewal	9,089,755	9,896,660	16,117,376	9,350,166	44,453,957	6,621,554	6,576,622	5,677,847	8,347,900	8,105,219	35,329,142	9,124,815
Asset Upgrades												
Public Buildings ⁵	650,000	40,000	-	-	690,000	20,039	25,583	-	-	-	45,622	644,378
Depot rehabilitation	202,500	21,000	21,000	21,000	265,500	93,500	54,390	29,411	9,043	999	186,344	79,156
Regional roads	206,000	-	-	-	206,000	182,658	23,342	-	-	-	206,000	-
Other upgrades (footpaths, cycleways) ⁶	216,900	1,700,500	1,895,500	145,000	3,957,900	146,820	155,342	124,935	230,166	2,645,157	657,263	3,300,637
Total Asset Upgrades	1,275,400	1,761,500	1,916,500	166,000	5,119,400	443,017	258,657	154,346	239,208	2,646,156	1,095,228	4,024,172
New Assets												
Saleyards ⁷	300,000	-	-	-	300,000	-	-	-	-	-	-	300,000
Domestic Waste ⁸	300,000	60,000	75,000	-	435,000	9,392	73,031	-	-	-	82,423	352,577
Stormwater ⁹	178,000	38,000	583,000	105,000	904,000	124,768	91,232	220,689	65,601	203,394	502,290	401,710
Other New Assets (parks & reserves, Commercial property) ¹⁰	543,700	787,500	502,000	126,500	1,959,700	188,142	305,034	415,230	198,558	-	1,106,964	852,736
Total New Assets	1,321,700	885,500	1,160,000	231,500	3,598,700	322,302	469,297	635,919	264,159	203,394	1,691,677	1,907,023
TOTAL ASSET CAPITAL EXPENDITURE	\$ 11,686,855	\$ 12,543,660	\$ 19,193,876	\$ 9,747,666	\$ 53,172,057	\$ 7,386,873	\$ 7,304,576	\$ 6,468,112	\$ 8,851,267	\$ 10,954,769	\$ 38,116,047	\$ 15,056,010

Notes:

1. Significant increases in State Roads projects awarded to Council have resulted in Council needing to reallocate resources to those works. The majority of deferred works are being undertaken in the first half of 2017-18.
2. Simsons Bridge was completed during 2017-18
3. The Swimming Pool renewal project has commenced following delays associated with ensuring the project met required outcomes within reasonable costs and is expected to be completed by December 2018.
4. (a) - Domestic Waste - Improvements in compaction rates at the Waste Management Facility has enabled the deferral of costs for a new cell, and along with the removal of the need for transfer stations, a saving over the 4 year period of \$650,000 has been achieved. It is also noted that costs related to Domestic Waste are funded from Waste Annual Charges and User Fees, and therefore not reliant upon or related to the SRV revenue.
4. (b) Depot Refuelling Facility - changes to operations have enabled a saving of \$544,000 over the 4 year period, with \$200,000 in capital costs being deferred until 2021-22.
5. Works to the value of \$644,000 have not proceeded which relate to the renewal of the Elgin Street office complex and second storey of the Town Hall. This has been held over pending master planning to be conducted in 2017-18.
6. (a) Information Technology - Savings of \$205,000 have been realised in Information Technology equipment and software costs over the 4 year period.
6. (b) Blackjack Creek - \$2.9 million of costs related to this project has been delayed with respect to land acquisition processes and now due for completion by the end of 2017-18.
6. (c) Amenities - \$114,000 for the extension of the Donnelly Fields Amenities Block will be finalised by the end of November 2017.
7. Holding Pens to the value of \$300,000 are currently no longer required. Saleyards costs are funded entirely from Saleyards operations and do not rely upon or relate to the SRV.
8. Due to a review of operational requirements at Council's Domestic Waste Management sites, the projects related to these costs are no longer required and savings have been realised. These costs are not funded from the SRV.
9. These costs, related primarily to the George Street Drainage Line, are scheduled for completion by March 2018.
10. \$400,000 related to the purchase of carpark land has been held in restricted asset until the further review of car parking requirements within the Shire.

General

All actual expenditure is only showing to the extent of the Original SRV Budget. Any additional expenditure expenditure is not reflected in this report.



Capital Works Report [LG Capital Expenditure Guidelines 2010]

Gunnedah Shire Council is required to report on Capital Projects as outlined in the Capital Expenditure Guidelines. These Guidelines require reporting on the following basis:

“Councils are required to undertake a capital expenditure review for projects that are not exempt and cost in excess of 10% of Council’s annual ordinary rates revenue or \$1 million (GST exclusive), whichever is greater. There are additional requirements for non-exempt capital projects where the project costs are expected to exceed \$10 million (GST exclusive).”

During the 2018/19 financial year Gunnedah Shire Council has one project in the greater than \$10 million cost (GST exclusive).

Swimming Pool Upgrade

- Budget \$8,796,000 (now increased to \$12,953,238 as per Council resolution)
- Actual expenditure to 30 June 2018 - \$12,905,469.95

Projects greater than \$1million but less than \$10million:

Koala Park and Education Centre

- Budget - \$6,480,000
- Actual expenditure to 30 June 2018 - \$Nil

Automatic Water Meter Reader

- Budget - \$1,750,000
- Actual expenditure to 30 June 2018 – \$1,308,081.32.

Apex Reservoir Construction

- Budget - \$2,660,000
- Actual expenditure to 30 June 2018 - \$2,625,886.25

Gunnedah Sewer Treatment Upgrade

- Budget - \$8,068,460 (now \$8,038,143)
- Actual expenditure to 30 June 2018 - \$8,057,855.

Gunnedah to Curlewis Pipeline

- Budget - \$5,920,000
- Actual expenditure to 30 June 2018 - \$5,137,901.71

Livvi’s Place Inclusive Playground

- Budget - \$1,396,472
- Actual expenditure to 30 June 2018 - \$65,280.

Bloomfield Street Reconstruction

- Budget - \$2,000,000
- Actual expenditure to 30 June 2018 - \$1,146,664.

Projects Exempt under the guidelines but still noted.



Below are details of major Gunnedah Shire council capital expenditure for 2018/19 in excess of \$150,000:

▪ Corporate and Cultural Services – Property Acquisition	\$376,983.08
▪ Plant – Water Tanker – UD Quon – P560	\$261,651.83
▪ Plant – Grader Caterpillar 12M – P505	\$362,600.04
▪ Plant – Grader Caterpillar 12M – P506	\$362,600.04
▪ Plant – Recycle Truck – Volvo – P572	\$340,273.48
▪ Plant – Isuzu Jetpatcher FV2 260-300	\$367,834.44
▪ Parks & Gardens – Showground Grandstand & Amenities	\$183,200.02
▪ Sporting Grounds – Donnelly Fields Lighting	\$219,840.30
▪ Swimming Pool – Strategic Additions	\$242,252.97
▪ Gunnedah Water – Main Replacement South St	\$164,290.15
▪ Mullaley Water – Reservoir Works	\$158,818.46
▪ Gunnedah Sewer – Mains Relining	\$204,525.13
▪ Depot – Wash Down Bay	\$211,119.77
▪ Footpaths/Bike Tracks – Wandobah Rd Cycleway	\$158,179.98
▪ Urban Roads – Chando/Barber St Roundabout	\$280,278.16
▪ Regional Roads – Blackstump Way Reconstruction	\$254,361.45
▪ Rural Sealed Roads – Ghooli Rd Reconstruction	\$506,124.12
▪ Rural Sealed Roads – Clifton Rd	\$332,824.49
▪ Rural Sealed Roads – Reseal Old Bluevale Rd	\$281,759.18
▪ Rural Sealed Road – Bluevale Rd Reconstruction	\$491,838.68
▪ Rural Unsealed Roads – Quia Station Rd Resheeting	\$184,324.63
▪ Stormwater – George Street	\$198,048.77

Companion Animal Management [LG (Gen) Reg Cl 217 (1)(f)]

Gunnedah Shire Council employs a dedicated Animal Control Officer to pro-actively patrol the Shire, and respond to customer service requests in relation to companion and other animals.

The Regulatory and Compliance Services team works closely with local veterinary clinics, the RSPCA and approved re-homing organisations to provide unclaimed impounded animals an opportunity to find a loving home. Impounded animals are registered prior to release to owners or re-homing organisations, and owners are educated on the benefits of desexing and responsible animal ownership.

An off-leash park is designated for companion animals and their owners to enjoy open spaces.

DESCRIPTION	ORIGINAL ESTIMATE 2017/18	ACTUALS TO 2018	ORIGINAL ESTIMATE 2018/19	ACTUALS TO 2019
Expenditure				
• Impound and control companion animals	\$155,912.00	\$149,197.00	\$156,327.00	\$151,368.76
• Dog and cat pound M&R	\$5,086.00	\$5,436.00	\$5,725.00	\$8,351.90
• Depreciation	\$1,613.00	\$1,613.00	\$1,613.00	\$49.84
• Overheads – corporate support	\$54,951.00	\$61,301.00	\$88,920.00	\$67,186.47
TOTAL EXPENDITURE	\$217,562.00	\$217,547.00	\$252,585.00	\$226,956.97
Revenues				
Companion animals – registration fees	\$23,000.00	\$26,147.00	\$15,000.00	\$23,772.80
Dogs – impounding fees	\$5,000.00	\$3,894.00	\$5,000.00	\$4,063.00
Dogs – fines and costs	\$17,000.00	\$17,037.00	\$20,000.00	\$16,136.48
Dogs – sales	-	-	-	-
Equipment hire	-	-	-	-
TOTAL REVENUES	\$45,000.00	\$47,078.00	\$40,000.00	\$43,972.28

SUMMARY OF POUND DATA	DOGS	CATS	TOTAL
Seized and transferred to Council's facility	233	48	281
Returned to Owner	-	-	-



Dumped	-	-	-
Surrendered by owners	17	-	17
Released to Owners	83	-	83
Euthanized	99	37	136
Sold	1	-	1
Released for rehoming	54	11	65
Died at Council facility	-	-	-
Stolen or escaped from Council facility	-	-	-
Holding pending Court Action	-	-	-

Planning Agreements [EPA S93G(5)]

Marys Mount Quarry – DA2012/184

On 30 May 2014, the Joint Regional Planning Panel granted consent to Development Application 2012/185 for the expansion of a blue metal gravel quarry at Lot 161 DP755508, 'Burleith', 334 Pownall Road, Mullaley and associated haulage road construction. The Development Consent included the developer entering into a Voluntary Planning Agreement (VPA) under section 93F of the *Environmental Planning and Assessment Act 1979*, for the contribution towards the upgrading and maintenance contribution, at the developer's cost, of public road infrastructure (being haulage roads servicing the quarry, comprising of Barker Road, Marys Mount Road, Goolhi Road, Quia Road and Kamilaroi Highway), resulting from the demand brought about by the proposed development.

The VPA ensures that public infrastructure (particularly public roads) are upgraded to a standard necessary to service the proposed development, and to ensure that contributions are paid toward the maintenance of public roads. It also provides for local development in a manner that ensures the costs associated with infrastructure delivery and maintenance (particularly public roads) are borne by those parties that benefit from or impact on additional loading/demand on same. The VPA also required the surrender of all previous development consents which relate to extractive industries on Lot 161 DP755503, 'Burleith', 344 Pownall Road.

The VPA involves the following works to be undertaken on a staged basis, by the proponent, over a three year period:

- Construct the upgrade works to Barker and Marys Mount Road;
- Construct the upgrade works to Ghooli Road at Emerald Hill;
- Upgrade the Ghooli/Marys Mount Road, Ghooli/Quia Road and Kamilaroi Highway/Ghooli Road intersections; and
- Pay a monetary contribution to Council of \$0.40/tonne material hauled from site, payable on a quarterly basis and adjusted on an annual basis in line with the Transport Group CPI, for the upgrade and maintenance of the public road network as a result of the proposed development.

The VPA involves the contribution of \$4,768,727.47 over a 22 year period for the upgrade and maintenance of public roads; however an offset for the construction of Marys Mount and Barker Road (by the proponent) has been made against the calculated contribution, being \$4,768,727.47 minus \$2,150,000 which equals \$2,618,727.47.

Marys Mount Quarry VPA – DA2012/185 – still exists. However, not all works have been completed as per the agreement, but Council is currently working with the developer to ensure compliance with the VPA.

Carroll Cotton Gin – DA2017/084

On 20 December 2017, Council granted consent to Development Application 2017/084 for the construction of a cotton gin facility, associated works and expansion of production to 100,000 tonnes per year of raw cotton product (over 3 stages) at Lot 1 DP 878018, 1875 Clifton Road, Carroll. The Development Consent included a condition that required the developer to enter into a Voluntary Planning Agreement (VPA) under Section 93F of the *Environmental Planning and Assessment Act, 1979* for the contribution towards the ongoing and maintenance of Clifton Road.



The VPA ensures that public infrastructure (particularly roads) are upgraded to a standard necessary to service the proposed development and to ensure that contributions are paid towards the maintenance of public roads. It also provides for local development in a manner that ensures that the costs associated with infrastructure delivery and maintenance (particularly public roads) are borne by those parties that benefit from or impact on, creating additional loading/demand on the same. The VPA involves the following works to be undertaken on a staged basis, by the proponent, over the life of the development:

- Initial contribution of \$10,000
- On-going contribution of \$0.83 per tonne of ginned cotton for the upgrade and maintenance of public roads.

Private Swimming Pools [Swimming Pools Act 1992 s22F(2)] [Swimming Pools Regulation 2008 (SP Reg)(cl 18BC)]

DETAILS OF INSPECTIONS	2018/19
Number of inspections of tourist and visitor accommodation	-
Number of inspections of premises with more than two dwellings	-
Number of inspections that resulted in issuance of a certificate of compliance under section 22D of the Act	25
Number of inspections that resulted in issuance of a certificate of non-compliance under clause 18BA of the Regulation	-

Carers Recognition [Carers Recognition Act 2010 S8(2)]

Council human resource and equal employment opportunity policies fully reflect the principles embedded in the Carers Recognition Act 2010.

Council has a carer's leave available for employees who are unable to attend work because of their caring role. If an employee has exhausted all sick leave when performing their caring role other leave may be used which enables the employee to continue in their caring role.

Under some circumstances, flexible working hours have been granted to staff which enables these employees to perform their caring role. These flexible working hours have not impacted on the operation of the business.

Disability Inclusion [Disability Inclusion Act 2014 S13(1)]

On 21 June 2017, Council endorsed the 2017-2021 Disability Inclusion Action Plan, articulating a clear set of priority actions aimed at enhancing access and participation for all over the next four years. The Plan has been developed in consultation with over 340 internal and external stakeholders, and provides Council with an opportunity to assist residents and visitors of all abilities to actively engage with, and contribute to, the diverse fabric of the Shire.

While community satisfaction with Council's services in relation to access and inclusion overall was strong, employment and infrastructure rates as the two key priority areas for enhancements. The consultation process highlighted the barriers that still remain for people with disability and their carers when accessing information and services, and when getting around our community, and based on the feedback and ideas received, the Plan sets out strategies to address those barriers. Council's Access Working Group will support the implementation of the Plan, and Council looks forward to continuing our conversations with the community, and in particular, people with disability and their carers, in order to maximize the potential that this Plan provides.

To accommodate a range of users, the Plan has been made available in both a full and easy read version as well as a text only version and is available in hard copy format and is downloadable from Council's webpage.



Conditions of Assets [LG Planning and Reporting Manual 2013]

Gunnedah Shire Council is responsible for assets with a current total replacement value of \$605 million and a Net Carrying Amount of \$437 million. These assets assist Council to deliver services to the community. Local Governments throughout Australia face issues surrounding the managing of ageing assets in need of renewal and replacement. Infrastructure assets including roads, drainage, bridges, water and sewerage present particular challenges. The condition and longevity can be difficult to determine.

The demand for services has always been greater than the funds to provide services and a constant process of evaluation is required. This is not just in the creation of new assets, but how we manage assets already providing a service to ensure this continues.

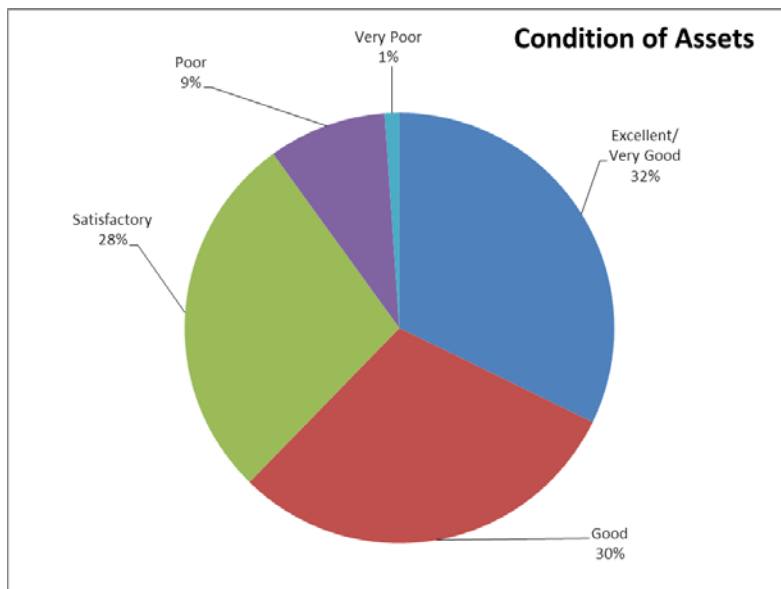
Council rates assets on a condition scale from 1 to 5 as follows:

GRADE	CONDITION	DESCRIPTION
1	Excellent/Very Good	New or as new condition. Only normal cyclic maintenance required. Negligible wear and/or undamaged or damaged repaired to original condition.
2	Good	Sound condition with some wear and tear. Minor maintenance required along with normal cyclic maintenance. Minor components may need replacement. Low risk to safety, environment or reputation due to asset condition.
3	Satisfactory	Significant deterioration evident. Maintenance other than normal cyclic maintenance required on a regular basis to sustain asset. Minor failures may be occurring. Condition is impacting performance of the asset. Risk to safety, environment or reputation due to asset condition within tolerable limits but requires high level of maintenance.
4	Poor	Failure likely in short term. Asset not performing required function or not performing function without significant additional maintenance activity on top of normal cyclic maintenance. Risk to safety, environment or reputation due to asset condition approaching tolerable limits. Significant renewal or replacement required.
5	Very Poor	Failure occurred or failure imminent. Risk to safety, environment or reputation due to asset condition beyond tolerable limits. Urgent need for renewal of major components, replacement or removal of asset.

The results below show that the majority of Council's assets (62%) are rated at condition 1 or 2, Good to Excellent. A further 28% are rated as Good condition requiring a higher level of maintenance. Of the remainder 9% are rated as Poor and 1% as Very Poor urgently requiring renewal or upgrade to the asset.

Asset condition as at 30 June 2019:

Council's capital works program is prepared following a review of asset renewal requirements, in conjunction with Council's vision. The report on Infrastructure Assets is prepared in conjunction with the Annual Financial Statements and details the current replacement cost for each asset category, funding required for maintenance at a satisfactory level, the estimated depreciation replacement cost of infrastructure and condition rating for each class of asset.



Gunnedah Shire Council

Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2018/19 Required maintenance ^a	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	42	42	277	213	33,003	52,094	11.2%	26.0%	54.6%	5.6%	2.6%
	Sub-total	42	42	277	213	33,003	52,094	11.2%	26.0%	54.6%	5.6%	2.6%
Other structures	Other structures	71	71	264	227	3,893	6,418	22.5%	28.5%	28.6%	20.4%	0.0%
	Sub-total	71	71	264	227	3,893	6,418	22.5%	28.5%	28.6%	20.4%	0.0%
Roads	Urban Roads	1,399	1,399	407	391	40,483	50,928	36.5%	25.6%	34.9%	2.9%	0.1%
	Rural Sealed Roads	2,157	2,157	801	1,430	65,274	75,970	31.3%	30.7%	33.7%	3.7%	0.6%
	Rural Unsealed Roads	708	708	1,981	1,876	80,426	92,083	31.9%	26.8%	37.4%	2.2%	1.7%
	Bridges / Culverts	-	-	9	5	25,802	37,331	41.8%	37.5%	12.8%	6.5%	1.4%
	Footpaths	61	61	61	61	6,017	7,700	59.8%	28.7%	10.7%	0.8%	0.0%
	Other road assets	-	-	-	6	2,707	3,452	30.0%	65.5%	4.5%	0.0%	0.0%
	Sub-total	4,325	4,325	3,259	3,769	220,709	267,464	34.8%	29.7%	31.2%	3.3%	1.0%
Water supply network	Gunnedah Water	802	802	864	833	36,607	61,303	42.1%	27.6%	12.8%	17.5%	0.0%
	Curlewis Water	-	-	59	19	2,346	3,579	11.7%	23.3%	65.0%	0.0%	0.0%
	Mullaley Water	-	-	26	5	458	887	15.8%	5.3%	78.9%	0.0%	0.0%
	Tambar Springs Water	23	23	20	17	1,031	1,598	9.5%	9.5%	0.0%	0.0%	81.0%
	Sub-total	825	825	969	874	40,442	67,367	39.4%	26.6%	16.1%	15.9%	2.0%
Sewerage network	Sewerage network	504	504	564	439	34,997	62,542	28.4%	19.1%	14.1%	38.4%	0.0%
	Sub-total	504	504	564	439	34,997	62,542	28.4%	19.1%	14.1%	38.4%	0.0%
Stormwater drainage	Stormwater drainage	167	167	45	23	25,322	34,979	32.4%	37.9%	29.7%	0.0%	0.0%
	Kerb & Gutter	419	419	35	33	13,899	28,233	21.1%	69.9%	8.9%	0.1%	0.0%
	Sub-total	586	586	80	56	39,221	63,212	27.4%	52.2%	20.4%	0.0%	0.0%
Open space / recreational assets	Swimming pools	-	-	39	64	9,344	10,278	75.0%	25.0%	0.0%	0.0%	0.0%
	Other Recreational Assets	60	60	625	902	3,049	5,926	7.3%	18.3%	58.5%	3.7%	12.2%
	Sub-total	60	60	664	966	12,393	16,204	50.2%	22.5%	21.4%	1.4%	4.5%
Other infrastructure assets	Aerodrome	45	45	7	11	1,146	4,895	84.4%	6.5%	5.2%	3.9%	0.0%
	Car Parking	-	-	-	12	506	1,170	0.0%	100.0%	0.0%	0.0%	0.0%
	Sub-total	45	45	7	23	1,652	6,065	68.1%	24.5%	4.2%	3.1%	0.1%
TOTAL - ALL ASSETS		6,458	6,458	6,084	6,567	386,310	541,366	32.2%	30.1%	27.7%	8.9%	1.1%

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

Financial Summary [LG Planning and Reporting Manual 2013]

Attached to this 2018/19 Annual Report is a copy of Gunnedah Shire Councils Financial Statements including the General Purpose Financial Statements, Special Purpose Financial Statements and the Special Schedules. This also includes a Report on the Conduct of Audit for the year ended 30 June 2019 prepared by the Audit Office of New South Wales.

OPERATING RESULT:

Councils Net Operating Result for the 2018/19 year is \$12.940 million after Grants and Contributions which compares with \$9.971 million for the year ended 2017/18.



Councils Net Operating Result before Capital Grants and Contributions is \$7.743 million compared to \$1.785 million for the year ended 2018/19.

INCOME:

Below is a detailed summary of Income from Continuing Operations in 2018/19 and variations from 2017/18 and a brief explanation of the variances:

TYPE	2018/19 \$'000	2017/18 \$'000	Percentage Change
Rates and Annual Charges	18,178	17,609	3.23%
User Charges and Fees	12,369	11,492	7.63%
Interest and Investment Revenue	1,713	1,787	-4.14%
Other Revenues	4,182	782	121.09%
Grants and Contributions provided by Operating Purposes	11,549	11,749	-1.70%
Grants and Contributions provided for Capital Purposes	5,197	8,186	-36.51%
Net gains from the disposal of assets	0	0	0%
TOTAL INCOME FROM CONTINUING OPERATIONS	52,188	51,605	1.13%

- Rate Pegging for the 2018/19 year was 2.3%.
- User Fees and charges – resulted in an overall increase of \$877,000. The increase in User Fees and Charges was due in part to an increase in water usage charges from \$3.111 million in 2017/18 to \$3.634 million in 2018/19 increasing by \$523,000 due to the dry, hot summer. RMCC income increased by \$196,000 from 2017/18 to 2018/19 and saleyards income decreased by \$100,000 with a decrease in cattle going through the yards due to the ongoing drought.


The following are the major variances:

- Interest and Investments – in light of historically low interest rates council funds have decreased during the year to \$57.100 million as at 30 June 2019 as compared to \$63.348 million as at 30 June 2018. Total Interest Income decreased from \$1.787 million in 2017/18 to \$1.713 million in 2018/19. Council has continued its longer term investment plan this year in a bid to attract higher interest rates.
- Operating Grants and Contributions – have decreased from \$11.749 million in 2017/18 to \$11.549 million in 2018/19. Grants for GoCo and road funding have continued in the 2019 year along with additional grants for the PCYC and Drought Communities aid.
- Capital Grants and Contributions – have decreased from \$8.186 million in 2017/18 to \$5.197 million in 2018/19. Major capital grants received were; \$1.722 million for the Gunnedah Curlewis Pipeline. Stronger Communities Showground Grant for \$787,000 and \$681,000 for Roads funding.
- Other Revenues – have increased from \$782K in 2017/18 to \$3.182 million in 2018/19. The main reasons for this increase are due to Council changing its accounting treatment of diesel fuel rebates. A one-off adjustment back in provisions due to Council reassessing the remediation of landfills with a proposed change to a Phytocapping landfill remediation process causing a \$2.288 million increase. Also an increase in new customers disposing of scrap metal.

EXPENSES:

Below is a detailed Summary of Operating Expenses from Continuing Operations for 2018/19 and variations from 2017/18 and a brief explanation of the variances:

TYPE	2018/19 \$'000	2017/19 \$'000	Percent Change
Employee Benefits and On-Costs	15,199	13,876	9.53%
Borrowing Costs	813	859	-5.36%
Materials and Contracts	8,813	9,410	-6.34%
Depreciation and Amortisation	10,039	9,761	2.85%
Impairment	30	289	7.14%



Other Expenses	3,240	3,007	7.75
Net Losses from the Disposal of Assets	1,114	4,693	-76.26
	41,560	35,796	-5.73%

- Employee Costs have increased by \$1.323 million mainly due to an organisation restructure. Full time employees have increased to 175 from 181 as at 30 June 2019.
- Borrowing Costs reflecting the low loan Portfolio balance held by Council which will assist Councils capacity to borrow into the future.
- Materials and Contract – this decrease can be attributed to the fact Council is performing more capital as opposed to operational works to clear council’s infrastructure backlog.
- Depreciation and Amortisation – plant and equipment depreciation has increased due to new plant being purchased to meet council’s asset management plan.

ASSETS:

Council has net assets under its control as at 30 June 2019 of \$472.670 million being an increase of \$14.55 million from 30 June 2018.

The majority of this figure relates to Infrastructure, Property, Plant, and Equipment of \$437.131 million.

With such a large Asset base, on average, these assets are consumed at a rate of \$10.039 million per annum. With depreciation representing 25.58% of Councils annual operating expenditure, it is critical that capital expenditure and maintenance of these assets are undertaken in an informed, responsible and accountable manner.

The below table represents the Major classes of Assets, Fair Value replacement cost, Accumulated Depreciation (Deterioration), Written Down Value and a percentage of deterioration:

Asset Type	Fair Value \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000	Accumulated Depreciation/FV %'000
Roads, Bridges, Footpaths	273,530	51,169	222,361	18.71%
Stormwater Drainage/Kerb and Gutter	63,213	23,992	39,221	37.95%
Water Supply Network	67,366	26,924	40,442	39.97%
Sewerage Network	62,542	27,545	34,997	44.04%
Buildings and Other Structures	74,716	25,427	49,289	34.03%
Plant and Equipment	20,039	9,827	10,212	49.04%
Land/Land Improvements	20,488	0	20,488	N/A
Other Assets	23,487	3,366	20,121	14.33%
TOTAL INFRASTRUCTURE, PROPERTY, PLANT and EQUIPMENT	605,381	168,250	437,131	27.79%

CASH and CASH EQUIVALENTS

Council has a total of cash, cash equivalents and investments totalling \$57.100 million as at 30 June 2019 which is a decrease of \$6.248 million from 30 June 2018 where they totalled \$63.348 million. The reduction is as a result of increased capital expenditure during 2018/19.

Whilst Council’s Investments appear healthy, the majority of funds are either restricted by external legislation (\$37.600 million) or by Internal Policy (\$14.145 million) which only leaves \$5.355 million of Investments as unrestricted.

Major External Restrictions include as follows:

- Developer Contributions – S94 - \$2.199 million.
- Developer Contributions – S64 - \$6.283 million.
- Water Supplies – Gunnedah, Curlewis, Mullaley & Tambar Springs - \$6.240 million.
- Sewerage Schemes – Gunnedah & Curlewis - \$7.459 million.
- Waste Management Facilities - \$9.409 million.



- Unexpended Grants - \$5.826 million.

Internal Restrictions include as follows:

- Plant Replacement Reserves - \$1.566 million.
- Employee Entitlement Reserves - \$1.490 million.
- Future Works - \$5.451 million.
- Saleyards - \$1.462 million.

KEY FINANCIAL RESULTS SUMMARY (2018/19):

- Operating Result from Continuing Operations is \$12.940 million surplus.
- Operating Result before Capital Funding is \$7.743 million surplus.
- Net Assets Increased by \$14.550 million to \$472,670 million.
- Total Expenses from Continuing Operations decreased by \$2.386 million to \$39.248 million. (Note: 2018 figures included \$4.693 million related to the disposal of assets including the swimming pool complex and Simsons Bridge. Losses this year are only \$1.114 million.)
- Total Revenue from Continuing Operations increased by \$5.83 million to \$52.188 million. (Note: the 2019 major variance relates to Other Revenues specifically the adjustment to Landfill Provisions.)
- Infrastructure, Property, Plant and Equipment increased by \$19.359 million to \$437.131 million. (Revaluation increments of \$1.610 million new, upgrades and renewal of assets \$29.346 million, depreciation of \$10.039 million).
- Borrowings decreased by \$516,000 to \$12.574 million.
- Provisions (Leave Entitlements) increased by \$95,000 to \$5.181 million.

PERFORMANCE INDICATORS:

Below are the Local Government Industry Indicators which indicated Council performances are within acceptable ranges:

Performance Indicators	2018/19	2017/18	2016/17	2015/16
Operating Performance Ratio	18.91%	14.98%	19.95%	15.92%
Own Source Operating Revenue Ratio	67.54%	60.99%	65.11%	59.10%
Unrestricted Current Ratio	2.76x	4.66x	4.86x	6.29x
Debt Service Cover Ratio	14.85x	12.69x	18.66x	16.61x
Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage	4.33%	3.84%	4.34%	4.57%
Cash Expense Ratio	18.23 months	22.41 months	27.45 months	23.25 months

1. **Operating Performance Ratio** – *This ratio measures Council’s achievement of containing operating expenditure within operating revenue.* Gunnedah Shire Council continues to maintain operating expenditures within Operating revenues.

Local Government Benchmark >= 0.00%.

2. **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.* Gunnedah Shire Council continues to maintain a reliance on its own funding such as rates and not totally on grants and contributions. The result for 2018/19 is 67.54% which is above the benchmark of 60%.

Local Government Benchmark >= 60.00%.



3. **Unrestricted Current Ratio** – *is the total cash or cash convertible assets available to meet obligations in the short term.* Gunnedah Shire Council remains in a healthy position with this ratio and should meet obligations as they fall due. This ratio has been affected by the income adjustment for Landfill Provisions.

Local Government Benchmark \geq 1.5

4. **Debt Service Ratio** – *The amount used to repay borrowings as a percentage of total income from continuing excluding capital contributions and capital grants, and specific purpose contributions and grants.* Gunnedah Shire Council has not taken out any additional loans during 2018/19. The ratio has increased from 12.69% to 14.85% which is above the Local Government benchmark of 2%. Council still remains in a strong position to take out additional loans when required.

Local Government Benchmark \geq 2.00

5. **Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage** – *This percentage is based on the amount outstanding as a percentage of the amount to be collected for rates and annual Charges for the current year and outstanding from the previous years.* Gunnedah Shire Council Revenue staff have continued their push to collect outstanding debts, however due to the ongoing drought the ratio has increased from 3.84% to 4.33%. This figure still remains under the Local Government benchmark for country Councils of 10%.

Local Government Benchmark $<$ 10.00 %

6. **Cash Expense Ratio** – *this liquidity ratio measures the number of months Council can continue paying for immediate expenses without additional cash flow.* Council has invested in safe and liquid term deposits and is well set to meet its obligations. The reduction is a result of the large capital expenditure program.

Local Government Benchmark $<$ 3.00

Below are the Local Government Industry Indicators which Report on Councils Infrastructure Assets:

Infrastructure Assets Indicators	2018/19	2017/18	2016/17	2015/16
Infrastructure Renewals Ratio	164.95%	184.41%	91.60%	94.75%
Infrastructure Backlog Ratio	1.67%	1.71%	2.44%	2.53%
Asset Maintenance Ratio	107.94%	111.96%	120.24%	107%
Cost to bring assets to agreed service level	1.19%	1.24%	1.59%	1.66%

1. **Infrastructure renewals ratio** – *This ratio assesses the rate at which these assets are being renewed relative to the rate at which they are depreciating.* Gunnedah Shire Council objective is to match spending on infrastructure renewals with their systematic deterioration. Council has achieved 164.95% this year which is in line with our objective of 100% in the long term. More information can be obtained from Council's Strategic Asset Management Plans.

Local Government Benchmark \geq 100.00%

2. **Infrastructure Backlog Ratio** – *This ratio shows what proportion the backlog is against the total value of Councils Infrastructure.* Gunnedah Shire Council shows a reducing trend to show Council continues to tackle the Infrastructure backlog.

Local Government Benchmark $<$ 2.00%

3. **Asset Maintenance Ratio** – *This ratio compares the actual expenditure v's the required expenditure on asset maintenance.* Gunnedah Shire Council shows it is committed to maintaining its current assets.

Local Government Benchmark $>$ 1.00



4.

Cost to bring assets to agreed service level – *This ratio provides a snapshot of the proportion of outstanding renewal works compared to total value of assets under Council's care and stewardship.* Gunnedah Shire Council shows it is maintaining assets to the agreed service levels.

Privacy and Personal Information Protection [Annual Reports (Statutory Bodies) Regulation 2015 Cl8]

Statement of the action taken in complying with the requirements of the Act

The Privacy and Personal Information Protection Act provides for the protection of personal information and for the protection of the privacy of individuals. It establishes 12 Information Protection Principles which cover the collection, storage, use, disclosure of and access to an individual's personal information.

Council reviewed and adopted the Model Privacy Management Plan for Local Government on 20 March 2013. The updated plan incorporated the requirements of the Health Records and Information Privacy Act and includes reference to the Government Information (Public Access) Act. A copy of the Plan has been distributed to all Managers and posted on the staff intranet and on Council's website.

Statistical details of any review conducted by or on behalf of the Council

There were no applications for review of Council's actions under the Privacy and Personal Information Protection Act or the Health Records and Information Privacy Act during 2018/19.



Gunnedah Shire Council

**Government Information
(Public Access) Act
Annual Report 2018/19**

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

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

Under Section 7 of the GIPA Act, Council must review its programs for the release of government information to identify the kinds of information held by Council that should, in the public interest, be made publicly available without imposing unreasonable additional costs on Council. This review must be undertaken at least once every 12 months. Council’s program for the proactive release of information involves maintaining and promoting to staff a practice of openness and accountability of corporate information and decision making, which is embodied in Council’s organisational values as “Open, Accountable, and Customer Satisfaction”. The program is achieved by providing information through extensive publication on Councils website or through inspection and/or paper or electronic copy of information. Requests for access to information that cannot be sourced from Councils website may be made verbally or in writing. In order to reduce costs to customers, Council encourages applications to be made, in the first instance, under the informal request provisions of the GIPA Act. During the reporting period, the program was reviewed by: i) Regular monitoring of Councils website for content and currency of information, paying particular attention to ensuring the timely release of information relating to new proposals, developments, programs, services and initiatives of Council. ii) Maintain website to ensure the community has access to accurate and timely information on activities, events, hot topics and news. iii) Briefing customer service staff, management, and new staff to reinforce Council’s open and accountable ethos, combined with Councils responsibilities under the GIPA Act and its relationship to other legislation that restricts access to certain information such as the Privacy & Personal Information Protection Act, Health Records & Information Privacy Act and the Companion Animals Act. iv) Checking Councils Access to Information procedures to ensure they are operationally efficient and effective. v) Analysing informal requests and formal Access Applications to evaluate if it is possible to proactively release this information, given Councils technological and human resource capabilities. vi) Implement a process for providing Development Application information online. During the reporting period Council continued to proactively release information, in addition to the statutory release of open access information, by: i) Reporting to the community through prominent display on its website (which are forwarded to local radio and newspapers) details of proposed activities, policies and strategies which invites community feedback during the decision making process. ii) Publishing a monthly page in the Namoi Valley Independent newspaper highlighting matters of importance to the community. iii) Participating in fortnightly broadcasts on local radio station 2MO, providing an opportunity for the Mayor or his representative to comment on key events, activities and news items. iv) Providing opportunity for community engagement through community forums, workshops, written submission processes, online surveys, pop up info stands and social media. ii) Maintaining two separate Calendar of Events for the Tourism website and Civic website. iii) Hosting a range of community events promoting what we do and enhance community engagement. iv) Releasing a weekly Library Lines newspaper promoting news, events and library updates. v) Developing and distributing a fortnightly Civic newsletter and Civic movie program highlighting upcoming cultural events, exhibitions and movie times. vi) Maintaining an active social media platform through Facebook, allowing for two way communication between Council and the community. vii) Maintaining noticeboard

displays in key Council buildings including Administration Building, Library and the Civic Precinct. viii) Commencing a process for an online DA tracking facility on Councils website.

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

Total number of applications received
1

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

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

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

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

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information is held	Application Withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private sector business	0	0	0	0	0	0	0	0	0	0%
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0	0%
Members of the public (by legal representative)	0	0	0	0	0	0	0	0	0	0%
Members of the public (other)	1	0	0	0	0	0	0	0	1	100%
Total	1	0	0	0	0	0	0	0	1	
% of Total	100%	0%	0%	0%	0%	0%	0%	0%		

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

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

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information is held	Application Withdrawn	Total	% of Total
Personal information applications*	0	0	0	0	0	0	0	0	0	0%
Access applications (other than personal information applications)	1	0	0	0	0	0	0	0	1	100%
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0%
Total	1	0	0	0	0	0	0	0	1	
% of Total	100%	0%	0%	0%	0%	0%	0%	0%		

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

Table C: Invalid applications

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

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

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

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

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

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

Table F: Timeliness

	Number of applications*	% of Total
Decided within the statutory timeframe (20 days plus any extensions)	1	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0%
Total	1	

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

	Decision varied	Decision upheld	Total	% of Total
Internal review	0	0	0	0%
Review by Information Commissioner*	0	0	0	0%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by NCAT	0	0	0	0%
Total	0	0	0	
% of Total	0%	0%		

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

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

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

Table I: Applications transferred to other agencies.

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



Gunnedah Shire Council

Public Interest Disclosures Act Annual Report 2018/19

Contents

Background

1. Statistical Information on Public Disclosures
2. Internal Reporting Policy
3. Staff Awareness of Internal Reporting Policy

Background

Council is required to report annually on its obligations under the Public Interest Disclosures Act 1994 (PID Act). The report must be in accordance with the requirements of Section 31 of the PID Act and clause 4 of the Public Interest Disclosures Regulation 2011 (PID Regulation).

This PID Act Annual Report is for the period July 2018 to June 2019.

1. Statistical Information on Public Interest Disclosures (clause 4(2)(a)-(c) – PID Regulation)

Information, in the detail required by clause 4(2)(a)-(c) of the PID Regulation, is shown in the following table.

July 2018 – June 2019	
Number of public officials who made PIDs	0
Number of PIDs received	0
Number of PIDs received relating to:	
▪ Corrupt conduct	0
▪ Maladministration	0
▪ Serious and substantial waste of local government money	0
▪ Government information contraventions	0
▪ Local government pecuniary interest contraventions	0
Number of PIDs finalised	0

2. Internal Reporting Policy (clause 4(2)(d) – PID Regulation)

Council's current Internal Reporting Policy was adopted in May 2015 and is based on the NSW Ombudsman's model internal reporting policy for local government.

3. Staff Awareness of Internal Reporting Policy (clause 4(2)(e) – PID Regulation)

Council undertook the following actions to meet its staff awareness obligations:

- Information on public interest disclosures is included in Council's Employee Manual which is provided to all new staff.
- Information on the Internal Reporting System is provided to all new staff during Council's induction process.
- the Internal Reporting Policy is available on Council's intranet and website.
- new training package on public interest disclosures developed and delivered in conjunction with our code of Conduct Training refresher.



Gunnedah Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2019

“To be a focused community valuing
Gunnedah’s identity and quality lifestyle”.





Gunnedah Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

“To be a focused community valuing
Gunnedah’s identity and quality lifestyle”.



General Purpose Financial Statements

for the year ended 30 June 2019

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Statement of Comprehensive Income	6
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Overview

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

63 Elgin Street
GUNNEDAH. NSW 2380

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.gunnedah.nsw.gov.au

Gunnedah Shire Council

General Purpose Financial Statements

for the year ended 30 June 2019

Understanding Council's Financial Statements

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 2019.

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.

Gunnedah Shire Council

General Purpose Financial Statements

for the year ended 30 June 2019

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

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

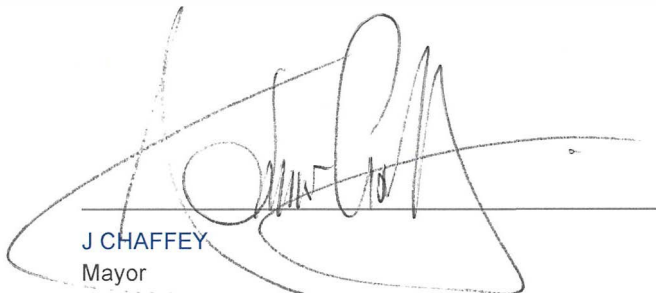
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

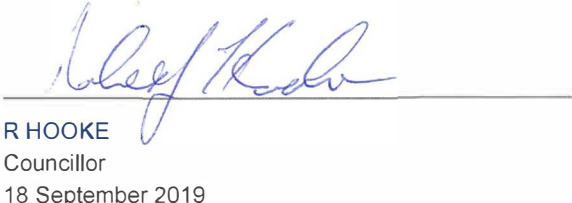
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 18 September 2019.



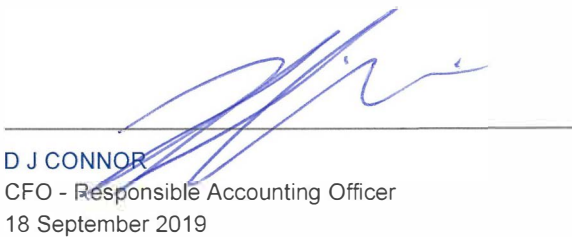
J CHAFFEY
Mayor
18 September 2019



R HOOKE
Councillor
18 September 2019



E J GROTH
General Manager
18 September 2019



D J CONNOR
CFO - Responsible Accounting Officer
18 September 2019

Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 ¹
Income from continuing operations				
<u>Revenue:</u>				
17,704	Rates and annual charges	3a	18,178	17,609
8,816	User charges and fees	3b	12,369	11,492
1,652	Interest and investment revenue	3c	1,713	1,787
580	Other revenues	3d	3,182	782
9,727	Grants and contributions provided for operating purposes	3e,3f	11,549	11,749
5,683	Grants and contributions provided for capital purposes	3e,3f	5,197	8,186
44,162	Total income from continuing operations		52,188	51,605
Expenses from continuing operations				
13,856	Employee benefits and on-costs	4a	15,199	13,876
838	Borrowing costs	4b	813	859
9,777	Materials and contracts	4c	8,813	9,410
9,938	Depreciation and amortisation	4d	10,039	9,761
2,881	Other expenses	4e	3,240	3,007
–	Net losses from the disposal of assets	5	1,114	4,693
–	Revaluation decrement / impairment of IPP&E	4d	30	28
37,290	Total expenses from continuing operations		39,248	41,634
6,872	Operating result from continuing operations		12,940	9,971
6,872	Net operating result for the year		12,940	9,971
6,872	Net operating result attributable to council		12,940	9,971
1,189	Net operating result for the year before grants and contributions provided for capital purposes		7,743	1,785

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

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

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018 ¹
Net operating result for the year (as per Income Statement)		12,940	9,971
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9(a)	1,610	14,672
Gain on reclassification of Footpath assets		–	263
Total items which will not be reclassified subsequently to the operating result		1,610	14,935
Total other comprehensive income for the year		1,610	14,935
Total comprehensive income for the year		14,550	24,906
Total comprehensive income attributable to Council		14,550	24,906

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

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

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018 ¹
ASSETS			
Current assets			
Cash and cash equivalent assets	6(a)	5,464	4,288
Investments	6(b)	31,636	51,060
Receivables	7	3,918	5,448
Inventories	8a	543	491
Other	8b	194	160
Total current assets		<u>41,755</u>	<u>61,447</u>
Non-current assets			
Investments	6(b)	20,000	8,000
Receivables	7	26	28
Infrastructure, property, plant and equipment	9(a)	437,131	417,772
Total non-current assets		<u>457,157</u>	<u>425,800</u>
TOTAL ASSETS		<u>498,912</u>	<u>487,247</u>
LIABILITIES			
Current liabilities			
Payables	10	3,226	4,316
Income received in advance	10	616	440
Borrowings	10	542	517
Provisions	11	4,982	4,874
Total current liabilities		<u>9,366</u>	<u>10,147</u>
Non-current liabilities			
Borrowings	10	12,032	12,573
Provisions	11	4,844	6,407
Total non-current liabilities		<u>16,876</u>	<u>18,980</u>
TOTAL LIABILITIES		<u>26,242</u>	<u>29,127</u>
Net assets		<u>472,670</u>	<u>458,120</u>
EQUITY			
Accumulated surplus	12a	228,258	215,052
Revaluation reserves	12a	244,412	243,068
Council equity interest		<u>472,670</u>	<u>458,120</u>
Total equity		<u>472,670</u>	<u>458,120</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 above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2019

\$ '000	Notes	2019			2018		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		215,052	243,068	458,120	205,081	228,133	433,214
Net operating result for the year		12,940	–	12,940	9,971	–	9,971
Other comprehensive income							
– Gain on reclassification of Footpath assets		–	–	–	–	263	263
– Gain (loss) on revaluation of IPP&E	9(a)	–	1,610	1,610	–	14,672	14,672
Transfers between Equity		266	(266)	–	–	–	–
Other comprehensive income		266	1,344	1,610	–	14,935	14,935
Total comprehensive income		13,206	1,344	14,550	9,971	14,935	24,906
Equity – balance at end of the reporting period		228,258	244,412	472,670	215,052	243,068	458,120

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

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

Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
Cash flows from operating activities				
<u>Receipts</u>				
17,789	Rates and annual charges		18,080	17,436
9,940	User charges and fees		13,621	12,046
1,682	Investment and interest revenue received		1,723	1,668
15,409	Grants and contributions		17,351	18,845
1,064	Other		4,805	2,976
<u>Payments</u>				
(10,465)	Employee benefits and on-costs		(15,133)	(14,048)
(14,319)	Materials and contracts		(11,189)	(10,882)
(657)	Borrowing costs		(656)	(681)
(4,989)	Other		(5,837)	(4,791)
15,454	Net cash provided (or used in) operating activities	13b	22,765	22,569
Cash flows from investing activities				
<u>Receipts</u>				
2,408	Sale of investment securities		32,000	67,500
631	Sale of infrastructure, property, plant and equipment		990	523
3	Deferred debtors receipts		–	1
<u>Payments</u>				
(1,508)	Purchase of investment securities		(24,576)	(62,781)
(16,472)	Purchase of infrastructure, property, plant and equipment		(29,485)	(25,492)
–	Deferred debtors and advances made		(2)	–
(14,938)	Net cash provided (or used in) investing activities		(21,073)	(20,249)
Cash flows from financing activities				
<u>Payments</u>				
(516)	Repayment of borrowings and advances		(516)	(491)
(516)	Net cash flow provided (used in) financing activities		(516)	(491)
–	Net increase/(decrease) in cash and cash equivalents		1,176	1,829
1,000	Plus: cash and cash equivalents – beginning of year	13a	4,288	2,459
1,000	Cash and cash equivalents – end of the year	13a	5,464	4,288
Additional Information:				
67,331	plus: Investments on hand – end of year	6(b)	51,636	59,060
68,331	Total cash, cash equivalents and investments		57,100	63,348

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

Notes to the Financial Statements

for the year ended 30 June 2019

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 18 September 2019. Council has the power to amend and reissue these financial statements.

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

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

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

Council is a not for-profit entity.

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

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

- Income statement
- Statement of cash flows
- Note 17 – Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

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

Treatments of the newly adopted standard (AASB9) is in line with previous treatment by Gunnedah Shire Council in accordance with position, performance and disclosures. There is no material change from the previous accounting treatment.

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- (ii) estimated tip remediation provisions – refer Note 11
- (iii) employee benefit provisions – refer Note 11.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Monies and other assets received by Council

(a) The Consolidated Fund

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

(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 properties that are held by Council but not considered to be under the control of Council and therefore excluded from these financial statements are recorded in a separate statement of monies register that is available for inspection from the Council's main office by any person upon request and free of charge.

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued not yet effective

Council's assessment of the impact of upcoming new standards and interpretations that are likely to have an effect on Council's future financial statements, financial performance, financial position and cash flows are set out below:

Gunnedah Shire Council has undertaken a comprehensive program of education and preparatory work in order to be well placed to implement the new standards as required, commencing following the release of the standards in 2017.

AASB 16 Leases

Gunnedah Shire Council has very few operating leases (5) of greater than 12 months duration. They are primarily for leasing of buildings and are of an insignificant total value. These leases have been disclosed in the commitments note of the 2018/19 Financial Reports in detail. In total they have a net present value of less than \$90,000.

Council does not have any leases over plant, equipment, fleet of information technology equipment or infrastructure.

Accordingly the accounting for items under AASB 16 is considered to be of minimal impact in the upcoming financial year.

AASB 15/1058 Revenue from Contracts with Customers and associated amending standards.

Gunnedah Shire Council has a complete register for contracts for revenue from customers that may be captured at year end by the new accounting standards. These are made up primarily of grants and state roads work contracts and are not substantial in number.

Preliminary assessment of the details in these specific contracts have been undertaken to understand the performance obligations and transaction price/s included in such so as to assess the impact on their future reporting.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Accordingly the accounting for items under AASB 15/1058 is considered to not be of significant impact in the upcoming financial year and that Council is well placed to complete this as part of their general business.

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

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

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

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

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

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Functions or activities										
Building Our Shire's Economy	1,117	1,238	1,697	1,364	(580)	(126)	–	30	9,490	9,306
Engaging and Supporting the Community	38,534	39,654	22,375	24,500	16,159	15,154	8,861	9,320	405,412	405,128
Protecting and Enjoying Our Beautiful Surrounds	7,318	6,447	6,974	6,701	344	(254)	994	2,650	29,875	27,534
Retaining Our Quality of Life	5,219	4,266	8,202	9,069	(2,983)	(4,803)	4,414	3,630	54,135	45,279
Total functions and activities	52,188	51,605	39,248	41,634	12,940	9,971	14,269	15,630	498,912	487,247

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

Engaging and Supporting the Community

Community leadership is strengthened and volunteers are engaged;
Council is a sustainable, ethical and efficient organisation;
Increased local investment from other sources including the State and Commonwealth Governments as well as developers;
An engaged community that is involved in the decision making process;
Strategically managed infrastructure.

Building Our Shire's Economy

A growing population and diversified economy;
Access to our goods, services and markets;
Increased tourism and promotion of the Gunnedah Shire;
The Gunnedah Shire is an attractive place to invest;
Skilled workforce and quality local educational opportunities.

Retaining Our Quality of Life

Quality lifestyles and support for our older residents;
Improved housing affordability;
Villages are vibrant and sustainable;
Reduced crime and anti-social behaviour;
Our younger people are attracted, retained and developed;
A healthy and active community participating in a diverse range of recreational and cultural activities;
Improved access to essential services.

Protecting and Enjoying Our Beautiful Surrounds

Balance between development and environmental protection;
Native fauna is secured, biodiversity protected and native vegetation thrives;
A secure and high quality water supply;
Our heritage is valued and protected;
Managed exposure and reduced contribution to climate change;
Our waste is sustainably managed and reduced;
Enhanced streetscapes and open spaces in Gunnedah and villages.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations

\$ '000	2019	2018
(a) Rates and annual charges		
Ordinary rates		
Residential	4,252	4,134
Farmland	5,055	4,934
Mining	1,225	1,198
Business	2,294	2,199
Less: pensioner rebates (mandatory)	(157)	(160)
Rates levied to ratepayers	12,669	12,305
Pensioner rate subsidies received	87	87
Total ordinary rates	12,756	12,392
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	2,276	2,196
Stormwater management services	94	94
Water supply services	909	859
Sewerage services	2,035	1,960
Annual charges levied	5,314	5,109
Pensioner subsidies received:		
– Water	39	39
– Sewerage	35	35
– Domestic waste management	34	34
Total annual charges	5,422	5,217
TOTAL RATES AND ANNUAL CHARGES	18,178	17,609

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 (50%).

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(b) User charges and fees		
Specific user charges		
<small>(per s.502 - specific 'actual use' charges)</small>		
Domestic waste management services	789	639
Water supply services	3,634	3,111
Sewerage services	831	677
Waste management services (non-domestic)	58	60
Total specific user charges	5,312	4,487
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	183	249
Private works – section 67	62	139
Regulatory/ statutory fees	32	59
Registration fees	31	34
Section 10.7 certificates (EP&A Act)	28	34
Section 603 certificates	35	43
Total fees and charges – statutory/regulatory	371	558
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	47	47
Aged care	171	107
Caravan park	5	5
Cemeteries	122	146
Library and art gallery	10	10
Park rents	79	83
RMS (formerly RTA) charges (state roads not controlled by Council)	4,744	4,548
Saleyards	984	1,084
Swimming centres	222	109
Tourism	14	25
Events	59	44
Noxious weeds	13	11
Theatre	203	214
Other	13	14
Total fees and charges – other	6,686	6,447
TOTAL USER CHARGES AND FEES	12,369	11,492
Accounting policy for user charges and fees		
User charges and fees are recognised as revenue when the service has been provided.		
(c) Interest and investment revenue (including losses)		
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	23	43
– Cash and investments	1,613	1,716
– Managed Funds - Distributions	77	28
TOTAL INTEREST AND INVESTMENT REVENUE	1,713	1,787

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	23	43
General Council cash and investments	793	888
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	68	62
– Section 64	162	130
Water fund operations	314	291
Sewerage fund operations	172	228
Domestic waste management operations	181	145
Total interest and investment revenue	1,713	1,787

Accounting policy for interest and investment revenue

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

\$ '000	2019	2018
(d) Other revenues		
Rental income – other council properties	126	129
Fines	16	17
Fines – parking	6	7
Legal fees recovery – rates and charges (extra charges)	74	98
Commissions and agency fees	10	12
Diesel rebate	187	115
Insurance claims recoveries	47	58
Government paid parental leave	26	32
Reimbursements	62	88
Sales – domestic waste	178	79
Sales – swimming pools	25	28
Sales – theatre	81	89
Landfill provision adjustment	2,288	–
Other	56	30
TOTAL OTHER REVENUE	3,182	782

Accounting policy for other revenue

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	3,040	2,820	–	–
Financial assistance – local roads component	1,621	1,544	–	–
Total general purpose	4,661	4,364	–	–
Specific purpose				
Sewerage services	–	–	237	1,743
Water	–	–	1,919	–
Community care	3,969	3,575	–	–
Economic development	–	30	–	–
Employment and training programs	–	18	–	–
Environmental programs	–	–	4	2,178
Library	47	49	–	–
Noxious weeds	97	125	–	–
Recreation and culture	193	18	1,028	281
Street lighting	21	20	–	–
Drought Relief	–	–	–	–
Public Health	5	–	–	–
Transport (other roads and bridges funding)	900	808	221	1,007
Transport (roads to recovery)	967	1,414	–	–
Total specific purpose	6,199	6,057	3,409	5,209
Total grants	10,860	10,421	3,409	5,209
Grant revenue is attributable to:				
– Commonwealth funding	9,181	8,704	2,020	–
– State funding	1,587	1,540	1,289	5,209
– Other funding	92	177	100	–
	10,860	10,421	3,409	5,209

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(f) Contributions					
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		–	–	69	77
S 7.11 – contributions towards amenities/services		–	–	174	267
S 64 – water supply contributions		–	–	329	366
S 64 – sewerage service contributions		–	–	200	222
S 64 – stormwater contributions		–	–	49	85
Total developer contributions – cash		–	–	821	1,017
Total developer contributions	22	–	–	821	1,017
Other contributions:					
Cash contributions					
Community services		–	4	–	–
Roads and bridges		400	1,004	681	–
Water supplies (excl. section 64 contributions)		25	80	–	–
Emergency services		101	101	–	–
ELE contributions – other councils		58	45	–	–
Weeds		3	–	–	–
Arts & Culture		5	–	–	–
Saleyards		91	94	–	–
Economic Development		5	–	–	–
Environment		1	–	–	–
Total other contributions – cash		689	1,328	681	–
Non-cash contributions					
Drainage		–	–	78	674
Kerb and gutter		–	–	–	176
Sewerage (excl. section 64 contributions)		–	–	68	843
Water supplies (excl. section 64 contributions)		–	–	140	267
Total other contributions – non-cash		–	–	286	1,960
Total other contributions		689	1,328	967	1,960
Total contributions		689	1,328	1,788	2,977
TOTAL GRANTS AND CONTRIBUTIONS		11,549	11,749	5,197	8,186

Accounting policy for grants and contributions

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below in Note 3(g).

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*.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

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

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

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

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

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

Operating grants

Unexpended at the close of the previous reporting period	4,568	4,665
Add: operating grants recognised in the current period but not yet spent	3,936	3,123
Less: operating grants recognised in a previous reporting period now spent	(3,536)	(3,220)
Unexpended and held as restricted assets (operating grants)	4,968	4,568

Capital grants

Unexpended at the close of the previous reporting period	281	–
Add: capital grants recognised in the current period but not yet spent	642	281
Less: capital grants recognised in a previous reporting period now spent	(65)	–
Unexpended and held as restricted assets (capital grants)	858	281

Contributions

Unexpended at the close of the previous reporting period	7,880	7,145
Add: contributions recognised in the current period but not yet spent	192	192
Add: contributions received for the provision of goods and services in a future period	758	1,017
Less: contributions recognised in a previous reporting period now spent	(348)	(474)
Unexpended and held as restricted assets (contributions)	8,482	7,880

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations

\$ '000	2019	2018
(a) Employee benefits and on-costs		
Salaries and wages	11,936	11,090
Travel expenses	119	108
Employee leave entitlements (ELE)	2,005	1,890
Superannuation	1,483	1,408
Workers' compensation insurance	513	357
Fringe benefit tax (FBT)	32	47
Payroll tax	54	42
Training costs (other than salaries and wages)	369	191
Protective clothing	53	52
Other	59	51
Total employee costs	16,623	15,236
Less: capitalised costs	(1,424)	(1,360)
TOTAL EMPLOYEE COSTS EXPENSED	15,199	13,876
Number of 'full-time equivalent' employees (FTE) at year end	181	175
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	195	181

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 19 for more information.

\$ '000	Notes	2019	2018
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		655	682
Total interest bearing liability costs expensed		655	682
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	11	158	177
Total other borrowing costs		158	177
TOTAL BORROWING COSTS EXPENSED		813	859

Accounting policy for borrowing costs

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(c) Materials and contracts		
Raw materials and consumables	35,540	32,696
Contractor and consultancy costs		
– Domestic waste management	64	32
– Community services	–	9
– Tourism/economic development	25	9
– Human resources	20	25
– Planning	20	9
– Information technology	–	34
– Governance	1	21
– Contractor and consultancy costs	460	253
Auditors remuneration ²	50	100
Legal expenses:		
– Legal expenses: planning and development	6	49
– Legal expenses: debt recovery	81	137
– Legal expenses: other	49	35
Operating leases:		
– Operating lease rentals: minimum lease payments ¹	33	18
Total materials and contracts	36,349	33,427
Less: capitalised costs	(27,536)	(24,017)
TOTAL MATERIALS AND CONTRACTS	8,813	9,410
1. Operating lease payments are attributable to:		
Office - Leases	33	18
	33	18
2. Auditor remuneration		
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	46	50
Remuneration for audit and other assurance services	46	50
Total Auditor-General remuneration	46	50
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Internal Audit	4	50
Remuneration for audit and other assurance services	4	50
Total remuneration of non NSW Auditor-General audit firms	4	50
Total Auditor remuneration	50	100

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2019	2018
(d) Depreciation, amortisation and impairment of intangible assets and IPP&E			
Depreciation and amortisation			
Plant and equipment		1,592	1,403
Office equipment		294	259
Furniture and fittings		82	81
Infrastructure:			
– Buildings – non-specialised		294	263
– Buildings – specialised		436	344
– Other structures		127	128
– Roads		3,192	3,547
– Bridges		383	380
– Footpaths		94	93
– Other road assets		51	50
– Stormwater drainage		694	674
– Water supply network		933	886
– Sewerage network		910	874
– Swimming pools		117	45
– Other open space/recreational assets		181	101
– Other infrastructure		131	129
Other assets:			
– Library books		29	21
– Other		160	136
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	9(a),11	309	309
– Quarry assets	9(a),11	30	38
Total depreciation and amortisation costs		10,039	9,761
Impairment / revaluation decrement of IPP&E			
Furniture and fittings		5	5
Office equipment		1	20
Plant and equipment		24	–
Infrastructure:			
– Buildings – non-specialised		–	3
Total IPP&E impairment / revaluation decrement costs / (reversals) charged to Income Statement		30	28
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR INTANGIBLES AND IPP&E</u>		10,069	9,789

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

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

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

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.

\$ '000	2019	2018
(e) Other expenses		
Advertising	143	93
Bad and doubtful debts	34	13
Bank charges	50	46
Computer software charges	319	286
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	17	19
– NSW rural fire service levy	187	189
Councillor expenses – mayoral fee	25	37
Councillor expenses – councillors' fees	104	91
Councillors' expenses (incl. mayor) – other (excluding fees above)	77	67
Donations, contributions and assistance to other organisations (Section 356)	49	21
– Donations, contributions and assistance	60	104
Electricity and heating	891	817
Gas	8	7
Insurance	526	505
Postage	48	49
Printing and stationery	94	87
Street lighting	237	203
Subscriptions and publications	191	183
Telephone and communications	194	199
Valuation fees	51	49
Other	43	34
Total other expenses	3,348	3,099
Less: capitalised costs	(108)	(92)
TOTAL OTHER EXPENSES	3,240	3,007

Accounting policy for other expenses

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Notes	2019	2018
Property (excl. investment property)			
Proceeds from disposal - property		370	–
Less: carrying amount of property assets sold/written off		(363)	(386)
Net gain/(loss) on disposal		7	(386)
Plant and equipment			
	9(a)		
Proceeds from disposal – plant and equipment		608	535
Less: carrying amount of plant and equipment assets sold/written off		(608)	(159)
Net gain/(loss) on disposal		–	376
Infrastructure			
	9(a)		
Less: carrying amount of infrastructure assets sold/written off		(1,121)	(4,683)
Net gain/(loss) on disposal		(1,121)	(4,683)
Investments			
	6(b)		
Proceeds from disposal/redemptions/maturities – investments		32,000	67,500
Less: carrying amount of investments sold/redeemed/matured		(32,000)	(67,500)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(1,114)	(4,693)

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, is disposed of and/or the asset is de-recognised.

Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
Cash and cash equivalents		
Cash on hand and at bank	784	919
Cash-equivalent assets		
– Deposits at call	4,680	3,369
Total cash and cash equivalents	5,464	4,288

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 2019

Note 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Investments				
'Financial assets at amortised cost' / 'held to maturity' (2018)	31,636	20,000	51,060	8,000
Total Investments	31,636	20,000	51,060	8,000
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	37,100	20,000	55,348	8,000
Financial assets at amortised cost / held to maturity (2018)				
Long term deposits	27,779	20,000	48,280	8,000
Managed funds	3,857	–	2,780	–
Total	31,636	20,000	51,060	8,000

Accounting policy for investments

Accounting policy under AASB 9 – applicable from 1 July 2018

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

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

Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

Other net gains and losses excluding dividends are recognised in Other Comprehensive Income Statement.

Financial assets through profit or loss

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

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

Council currently has no financial assets measured at fair value through profit and loss.

Accounting policy under AASB 139 – applicable for 2018 comparatives only

Classification

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

Held to maturity investments

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

Recognition and de-recognition

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

Impairment of financial assets

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Total cash, cash equivalents and investments	37,100	20,000	55,348	8,000
attributable to:				
External restrictions	23,013	14,587	30,668	4,814
Internal restrictions	10,630	3,515	18,263	2,686
Unrestricted	3,457	1,898	6,417	500
	<u>37,100</u>	<u>20,000</u>	<u>55,348</u>	<u>8,000</u>

\$ '000	2019	2018
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Details of restrictions

External restrictions – other

Developer contributions – general	2,200	2,289
Developer contributions – water fund	4,293	3,853
Developer contributions – sewer fund	1,989	1,738
Specific purpose unexpended grants	5,826	4,849
Water supplies	6,240	10,810
Sewerage services	7,459	5,893
Domestic waste management	9,409	5,994
Other	184	56
External restrictions – other	<u>37,600</u>	<u>35,482</u>
Total external restrictions	<u>37,600</u>	<u>35,482</u>

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
Internal restrictions		
Plant and vehicle replacement	1,566	1,656
Employees leave entitlement	1,490	1,473
Business partnering program	92	62
Contract works	189	189
Cycleways	38	38
Depot refuelling upgrade	142	142
Financial Assistance Grants	–	2,211
Future works	5,451	10,125
Gravel pit restoration	446	413
Land	45	45
Parking areas	483	483
Roads	318	318
Motor Vehicles	–	72
Saleyards	1,462	1,421
Storm water – contingency	317	229
Strategic planning	385	385
Tourism	134	134
Showground	274	806
Reserve Management Trust	155	170
Arts & Culture	170	150
Disaster Recovery Fund	238	–
Water Sustainability	150	–
Building Works	255	–
Other	345	427
Total internal restrictions	14,145	20,949
TOTAL RESTRICTIONS	51,745	56,431

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Purpose				
Rates and annual charges	745	–	644	–
Interest and extra charges	174	–	159	–
User charges and fees	1,313	–	887	–
Private works	832	–	1,961	–
Contributions to works	68	–	602	–
Capital debtors (being sale of assets)				
– Other asset sales	–	–	12	–
Accrued revenues				
– Interest on investments	723	–	745	–
– Other income accruals	15	–	7	–
Deferred debtors	4	26	–	28
Government grants and subsidies	3	–	105	–
Net GST receivable	179	–	430	–
Total	4,056	26	5,552	28
Less: provision of impairment				
Rates and annual charges	(21)	–	(18)	–
Interest and extra charges	(85)	–	(82)	–
Other debtors	(32)	–	(4)	–
Total provision for impairment – receivables	(138)	–	(104)	–
TOTAL NET RECEIVABLES	3,918	26	5,448	28

Externally restricted receivables

Water supply

– Rates and availability charges	60	–	67	–
– Other	721	–	467	–

Sewerage services

– Rates and availability charges	114	–	138	–
– Other	125	–	76	–

Total external restrictions	1,020	–	748	–
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Unrestricted receivables	2,898	26	4,700	28
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TOTAL NET RECEIVABLES	3,918	26	5,448	28
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\$ '000	2019	2018
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	104	91
+ new provisions recognised during the year	36	16
– amounts already provided for and written off this year	(2)	(3)
Balance at the end of the period	138	104

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables (continued)

Accounting policy for receivables

Recognition and measurement

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

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

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

Impairment

Accounting policy under AASB 9 applicable from 1 July 2018

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

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

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

The Council uses the presentation that a financial asset is in default when the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held).

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.

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.

Receivables with a contractual amount of \$1,537 were written off during the reporting period. None of the receivables that have been written off are subject to enforcement activity.

Accounting policy under AASB 139 – applicable for 2018 comparatives only

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

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

Rates and annual charges outstanding are secured against the property.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Inventories				
(i) Inventories at cost				
Stores and materials	543	–	491	–
Total inventories at cost	543	–	491	–
<u>TOTAL INVENTORIES</u>	<u>543</u>	<u>–</u>	<u>491</u>	<u>–</u>
(b) Other assets				
Prepayments	192	–	156	–
Other	2	–	4	–
<u>TOTAL OTHER ASSETS</u>	<u>194</u>	<u>–</u>	<u>160</u>	<u>–</u>

Externally restricted assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Water				
Stores and materials	101	–	98	–
Total water	101	–	98	–
Sewerage				
Stores and materials	1	–	1	–
Total sewerage	1	–	1	–
Total externally restricted assets				
	102	–	99	–
Total internally restricted assets				
	–	–	–	–
Total unrestricted assets				
	635	–	552	–
<u>TOTAL INVENTORIES AND OTHER ASSETS</u>	<u>737</u>	<u>–</u>	<u>651</u>	<u>–</u>

Accounting policy for inventories and other assets

Raw materials and stores, work in progress and finished goods

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	as at 30/6/2018			Asset movements during the reporting period								as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	8,370	–	8,370	3,722	7,710	–	–	–	(7,866)	–	–	11,936	–	11,936
Plant and equipment	19,479	(9,783)	9,696	2,418	322	(608)	(1,592)	(24)	–	–	–	20,039	(9,827)	10,212
Office equipment	2,450	(1,679)	771	181	8	–	(294)	(1)	130	–	–	2,436	(1,641)	795
Furniture and fittings	1,057	(681)	376	64	21	–	(82)	(5)	31	–	–	1,148	(743)	405
Land:														
– Operational land ²	9,050	–	9,050	377	–	(363)	–	–	–	–	13	9,077	–	9,077
– Community land	5,905	–	5,905	–	–	–	–	–	–	–	–	5,905	–	5,905
– Land under roads (post 30/6/08)	3,268	–	3,268	–	–	–	–	–	–	–	–	3,268	–	3,268
Land improvements – non-depreciable	2,238	–	2,238	–	–	–	–	–	–	–	–	2,238	–	2,238
Infrastructure:														
– Buildings – non-specialised ³	20,746	(8,637)	12,109	42	–	–	(294)	–	–	–	292	20,788	(8,639)	12,149
– Buildings – specialised ³	26,943	(10,370)	16,573	4,362	–	–	(436)	–	–	–	355	31,306	(10,452)	20,854
– Other structures	6,177	(2,399)	3,778	211	30	–	(127)	–	1	–	–	6,418	(2,525)	3,893
– Roads	216,248	(29,618)	186,630	2,762	–	(31)	(3,192)	–	14	–	–	218,981	(32,798)	186,183
– Bridges	38,035	(11,758)	26,277	–	–	(92)	(383)	–	–	–	–	37,331	(11,529)	25,802
– Footpaths	7,539	(1,588)	5,951	160	–	–	(94)	–	–	–	–	7,700	(1,683)	6,017
– Other road assets	3,430	(694)	2,736	–	6	–	(51)	–	16	–	–	3,452	(745)	2,707
– Stormwater drainage	62,655	(23,389)	39,266	434	78	(57)	(694)	–	194	–	–	63,213	(23,992)	39,221
– Water supply network	64,977	(26,848)	38,129	610	1,510	(937)	(933)	–	1,481	–	582	67,366	(26,924)	40,442
– Sewerage network	61,300	(26,202)	35,098	–	167	–	(910)	–	93	–	549	62,542	(27,545)	34,997
– Swimming pools	1,387	(601)	786	3,778	–	–	(117)	–	5,100	–	(203)	10,278	(934)	9,344
– Other open space/recreational assets	5,113	(2,725)	2,388	67	222	(4)	(181)	–	557	–	–	5,926	(2,877)	3,049
– Other infrastructure	6,065	(4,282)	1,783	–	–	–	(131)	–	–	–	–	6,066	(4,414)	1,652
Other assets:														
– Library books	237	(90)	147	22	–	–	(29)	–	–	–	–	259	(119)	140
– Other	2,748	(655)	2,093	7	39	–	(160)	–	249	–	22	3,083	(833)	2,250
Reinstatement, rehabilitation and restoration assets (refer Note 11):														
– Tip assets	5,207	(1,288)	3,919	–	–	–	(309)	–	–	580	–	4,190	–	4,190
– Quarry assets	435	–	435	–	–	–	(30)	–	–	–	–	435	(30)	405
Total Infrastructure, property, plant and equipment	581,059	(163,287)	417,772	19,217	10,113	(2,092)	(10,039)	(30)	–	580	1,610	605,381	(168,250)	437,131

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

(2) Land previously revalued now identified and sold.

(3) Buildings Revaluation 2017/18 incorrectly processed. The revaluation reflects the adjustment.

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	as at 30/6/2017			Asset movements during the reporting period								as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	8,146	–	8,146	4,705	2,602	–	–	–	(7,083)	–	–	8,370	–	8,370
Plant and equipment	19,427	(10,616)	8,811	2,280	164	(160)	(1,403)	–	4	–	–	19,479	(9,783)	9,696
Office equipment	2,529	(1,839)	690	125	133	–	(259)	(20)	102	–	–	2,450	(1,679)	771
Furniture and fittings	1,052	(647)	405	54	3	–	(81)	(5)	–	–	–	1,057	(681)	376
Land:														
– Operational land	8,859	–	8,859	–	12	–	–	–	–	68	111	9,050	–	9,050
– Community land	5,973	–	5,973	–	–	–	–	–	–	(68)	–	5,905	–	5,905
– Land under roads (post 30/6/08)	3,268	–	3,268	–	–	–	–	–	–	–	–	3,268	–	3,268
Land improvements – non-depreciable	–	–	–	–	1,988	–	–	–	250	–	–	2,238	–	2,238
Infrastructure:														
– Buildings – non-specialised	20,431	(8,273)	12,158	–	43	–	(263)	(3)	–	(546)	720	20,746	(8,637)	12,109
– Buildings – specialised	30,230	(11,123)	19,107	–	197	(386)	(344)	–	86	–	(2,087)	26,943	(10,370)	16,573
– Other structures	6,235	(2,314)	3,921	4	–	(19)	(128)	–	–	–	–	6,177	(2,399)	3,778
– Roads	238,392	(66,569)	171,823	3,947	–	(422)	(3,547)	–	793	–	14,036	216,248	(29,618)	186,630
– Bridges	37,530	(12,573)	24,957	888	728	(154)	(380)	–	238	–	–	38,035	(11,758)	26,277
– Footpaths	7,128	(1,503)	5,625	426	–	(28)	(93)	–	21	–	–	7,539	(1,588)	5,951
– Other road assets	3,197	(644)	2,553	11	122	–	(50)	–	100	–	–	3,430	(694)	2,736
– Stormwater drainage	60,207	(22,809)	37,398	1,312	873	(53)	(674)	–	410	–	–	62,655	(23,389)	39,266
– Water supply network	62,655	(26,203)	36,452	981	267	(327)	(886)	–	902	–	740	64,977	(26,848)	38,129
– Sewerage network	54,536	(26,297)	28,239	6,431	37	(2,471)	(874)	–	3,193	–	543	61,300	(26,202)	35,098
– Swimming pools	3,973	(1,944)	2,029	–	–	(1,198)	(45)	–	–	–	–	1,387	(601)	786
– Other open space/recreational assets	3,855	(1,991)	1,864	79	–	–	(101)	–	–	546	–	5,113	(2,725)	2,388
– Other infrastructure	6,207	(4,728)	1,479	46	–	(10)	(129)	–	397	–	–	6,065	(4,282)	1,783
Other assets:														
– Library books	212	(69)	143	25	–	–	(21)	–	–	–	–	237	(90)	147
– Other	2,107	(558)	1,549	71	22	–	(136)	–	587	–	–	2,748	(655)	2,093
Reinstatement, rehabilitation and restoration assets (refer Note 11):														
– Tip assets	5,208	(980)	4,228	–	–	–	(309)	–	–	–	–	5,207	(1,288)	3,919
– Quarry assets	1,718	(313)	1,405	–	–	–	(38)	–	–	(1,541)	609	435	–	435
Total Infrastructure, property, plant and equipment	593,075	(201,993)	391,082	21,385	7,191	(5,228)	(9,761)	(28)	–	(1,541)	14,672	581,059	(163,287)	417,772

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 9(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. 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:

Plant and equipment	Years	Other equipment	Years
Office equipment	3 to 10	Playground equipment	5 to 15
Office furniture	5 to 10	Benches, seats etc.	10 to 20
Computer equipment	3		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 10	Buildings: other	20 to 80
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	100 to 120
Bores	20 to 40	Culverts	50 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	21-28	Bulk earthworks	Indefinite
Sealed roads: structure	60-75	Swimming pools	50
Unsealed roads	20	Other open space/recreational assets	30 to 60
Bridge: concrete	100	Other infrastructure	20 to 100
Bridge: other	100		
Road formation: urban	150		
Road formation: rural	Indefinite		
Kerb, gutter and footpaths	80		

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

Land under roads

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

Crown reserves

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

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

Rural Fire Service assets

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

However in accordance with the Australian Accounting Standards and associated principles, only assets that are controlled by Council can be recognised in these Financial Statements. Following consideration of such, it has been determined that Council clearly does not meet the requirements of control for NSW Government Rural Fire Service assets and accordingly, Council will not recognise rural fire services assets including land, buildings, plant and vehicles.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 9(b). Externally restricted infrastructure, property, plant and equipment

\$ '000	2019			2018		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	7,644	–	7,644	2,019	–	2,019
Plant and equipment	466	373	93	467	342	125
Office equipment	17	8	9	17	8	9
Land						
– Operational land	138	–	138	138	–	138
– Community land	10	–	10	10	–	10
Infrastructure	67,367	26,924	40,443	64,977	26,847	38,130
Other assets	36	15	21	36	7	29
Total water supply	75,678	27,320	48,358	67,664	27,204	40,460
Sewerage services						
WIP	506	–	506	238	–	238
Plant and equipment	119	85	34	143	76	67
Office equipment	1	1	–	93	86	7
Land						
– Operational land	630	–	630	630	–	630
– Community land	110	–	110	110	–	110
Infrastructure	62,542	27,545	34,997	61,300	26,202	35,098
Total sewerage services	63,908	27,631	36,277	62,514	26,364	36,150
Domestic waste management						
WIP	79	–	79	52	–	52
Plant and equipment	214	173	41	351	303	48
Furniture and fittings	25	16	9	25	13	12
Land						
– Operational land	715	–	715	651	–	651
– Community land	113	–	113	113	–	113
Buildings	1,115	186	929	1,250	271	979
Other structures	208	84	124	208	80	128
Other assets	1,153	174	979	1,070	135	935
Total DWM	3,622	633	2,989	3,720	802	2,918
TOTAL RESTRICTED I,PP&E	143,208	55,584	87,624	133,898	54,370	79,528

Note 9(c). Infrastructure, property, plant and equipment – current year impairments

\$ '000	Notes	2019	2018
(i) Impairment losses recognised in the Income Statement:			
Town Tour Cards – No longer held		–	(4)
Work Stations – Finance – previously disposed		–	(5)
Ticket Box – Riverside Race Course – removed		–	(4)
Various IT Equipment – no longer Used		–	(15)
Library - Return Shute - Disabled - not working		(3)	–
Minor Venue Items - Under Capitalisation Thresholds		(4)	–
Asset Register - AAS27 - Out of date		(23)	–
Total impairment losses		(30)	(28)
IMPAIRMENT OF ASSETS – GAINS/(LOSSES) in P/L	4d	(30)	(28)

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Payables				
Goods and services – operating expenditure	1,196	–	1,869	–
Goods and services – capital expenditure	1,709	–	2,150	–
Accrued expenses:				
– Borrowings	16	–	17	–
– Salaries and wages	305	–	280	–
Total payables	3,226	–	4,316	–
Income received in advance				
Payments received in advance	616	–	440	–
Total income received in advance	616	–	440	–
Borrowings				
Loans – secured ¹	539	12,024	514	12,565
Government advances	3	8	3	8
Total borrowings	542	12,032	517	12,573
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>4,384</u>	<u>12,032</u>	<u>5,273</u>	<u>12,573</u>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 16.

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Water	54	–	75	–
Total payables and borrowings relating to restricted assets	54	–	75	–
Total payables and borrowings relating to unrestricted assets	4,330	12,032	5,198	12,573
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>4,384</u>	<u>12,032</u>	<u>5,273</u>	<u>12,573</u>

\$ '000	2019	2018
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(b) Current payables and borrowings not anticipated to be settled within the next twelve months

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

Other liabilities	7	7
Total payables and borrowings	7	7

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Payables and borrowings (continued)

(c) Changes in liabilities arising from financing activities

\$ '000	as at 30/6/2018		Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	as at 30/6/2019	
	Opening Balance	Cash flows				Closing balance	
Loans – secured	13,079	(516)	–	–	–	12,563	
Government advances	11	–	–	–	–	11	
TOTAL	13,090	(516)	–	–	–	12,574	

\$ '000	as at 30/6/2017		Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	as at 30/6/2018	
	Opening Balance	Cash flows				Closing balance	
Loans – secured	13,568	(489)	–	–	–	13,079	
Government advances	13	(2)	–	–	–	11	
TOTAL	13,581	(491)	–	–	–	13,090	

\$ '000	2019	2018
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(d) Financing arrangements

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

Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	50	50
Total financing arrangements	550	550

Drawn facilities as at balance date:

– Credit cards/purchase cards	12	14
Total drawn financing arrangements	12	14

Undrawn facilities as at balance date:

– Bank overdraft facilities	500	500
– Credit cards/purchase cards	38	36
Total undrawn financing arrangements	538	536

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 2019

Note 10. Payables and borrowings (continued)

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 and bank and other loans.

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.

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

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

Finance leases

Council is not party to any leasing arrangements.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Provisions				
Employee benefits				
Annual leave	1,482	–	1,530	–
Long service leave	3,315	206	3,159	219
Rostered days off	140	–	141	–
Wages – time in lieu	38	–	37	–
Sub-total – aggregate employee benefits	<u>4,975</u>	<u>206</u>	<u>4,867</u>	<u>219</u>
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	4,638	–	6,188
Sub-total – asset remediation/restoration	<u>–</u>	<u>4,638</u>	<u>–</u>	<u>6,188</u>
Other provisions				
Other	7	–	7	–
Sub-total – other provisions	<u>7</u>	<u>–</u>	<u>7</u>	<u>–</u>
<u>TOTAL PROVISIONS</u>	<u>4,982</u>	<u>4,844</u>	<u>4,874</u>	<u>6,407</u>

(a) Provisions relating to restricted assets

Externally restricted assets				
Water	10	–	–	–
Sewer	2	–	1	–
Provisions relating to externally restricted assets	<u>12</u>	<u>–</u>	<u>1</u>	<u>–</u>
Total provisions relating to restricted assets	<u>12</u>	<u>–</u>	<u>1</u>	<u>–</u>
Total provisions relating to unrestricted assets	<u>4,970</u>	<u>4,844</u>	<u>4,873</u>	<u>6,407</u>
<u>TOTAL PROVISIONS</u>	<u>4,982</u>	<u>4,844</u>	<u>4,874</u>	<u>6,407</u>

\$ '000	2019	2018
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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	<u>2,898</u>	<u>3,638</u>
	<u>2,898</u>	<u>3,638</u>

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Provisions (continued)

(c) Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	Other employee benefits	
2019				
At beginning of year	1,530	3,378	178	5,086
Additional provisions	945	478	518	1,941
Amounts used (payments)	(993)	(335)	(518)	(1,846)
Total ELE provisions at end of period	1,482	3,521	178	5,181
2018				
At beginning of year	1,637	3,311	170	5,118
Additional provisions	926	490	514	1,930
Amounts used (payments)	(1,033)	(423)	(506)	(1,962)
Total ELE provisions at end of period	1,530	3,378	178	5,086

\$ '000	Other provisions		Total
	Other Community Transport Bus	Asset remediation	
2019			
At beginning of year	7	6,188	6,195
Remeasurement effects	–	(1,708)	(1,708)
Unwinding of discount	–	158	158
Total other provisions at end of period	7	4,638	4,645
2018			
At beginning of year	7	7,550	7,557
Remeasurement effects	–	(1,541)	(1,541)
Unwinding of discount	–	177	177
Other	–	2	2
Total other provisions at end of period	7	6,188	6,195

Nature and purpose of non-employee benefit provisions

Asset remediation/restoration

Council has a legal/public obligation to make, restore, rehabilitate and reinstate council landfill sites and quarries in-line with relevant licencing agreements.

During the 2018/19 Financial year Council made a significant adjustment to the provision to restore, rehabilitate and restate the Council Tips.

A major review was completed by Council staff and Tonkin Consulting to revise the estimates to remediate the current tip at the end of the useful life. The current estimate using the NSW EPA capping method was \$8.3 million for the estimate 12 hectares to be remediated. Using the new Phytocap method the estimate is \$4.1 million. Council has re-calculated the cost of remediation on the Phytocap Costs. This has led to a write back of provisions by \$2.288 million. This is identified in Note 3 (d) of the Financial Statements.

Council notes that Phytocap is only in testing phase with 5 Councils and EPA have not yet given approval for Gunnedah Shire Council to use Phytocap technology therefore providing a risk, if not accepted by the EPA, that our provision is understated.

Any changes to this risk will be reflected in future Financial Statements.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Provisions (continued)

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 2019

Note 11. Provisions (continued)

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.

During 2018/19 as per Note 4 (b) ii - Other Borrowing Costs Council - recognised borrowing costs of \$158,000 compared to \$177,000 in 2017/18. Whilst in Note 4 (d) - Depreciation, amortisation and impairment of intangible assets & IPP&E an amount was recognised for \$339,000 in 2018/19 & \$347,000 in 2017/18 for the future remediation and restoration of Council's Tips and Quarry assets.

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

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

(b) Correction of errors relating to a previous reporting period

Council made no correction of errors during the current reporting period.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6(a)	5,464	4,288
Balance as per the Statement of Cash Flows		5,464	4,288
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		12,940	9,971
Adjust for non-cash items:			
Depreciation and amortisation		10,039	9,761
Net losses/(gains) on disposal of assets		1,114	4,693
Non-cash capital grants and contributions		(286)	(2,223)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Revaluation decrements / impairments of IPP&E direct to P&L		30	28
– Other		–	263
- Landfill provision adjustment		(2,288)	–
Unwinding of discount rates on reinstatement provisions		158	177
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		1,488	(341)
Increase/(decrease) in provision for impairment of receivables		34	13
Decrease/(increase) in inventories		(52)	(11)
Decrease/(increase) in other current assets		(34)	55
Increase/(decrease) in payables		(673)	251
Increase/(decrease) in accrued interest payable		(1)	1
Increase/(decrease) in other accrued expenses payable		25	(104)
Increase/(decrease) in other liabilities		176	67
Increase/(decrease) in provision for employee benefits		95	(32)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		22,765	22,569
(c) Non-cash investing and financing activities			
Other non-cash items		78	1,113
Developer Contributions to the Gunnedah Sewerage Network		68	843
Developer Contributions to the Gunnedah Water Network		140	267
Total non-cash investing and financing activities		286	2,223

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Interests in other entities

Subsidiaries, joint arrangements and associates not recognised

Gunnedah Shire Council is a member of Namoi Unlimited - Joint Organisation of Councils. The interest in the Joint Organisation of Councils is to progress the strategic objectives of the region and lobby on there behalf.

There are 5 members of the Council and Gunnedah Shire pays an annual membership. There are no material assets of the Council other than unspent membership payments. There is no material liabilities or debt of the Council.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Commitments

\$ '000	2019	2018
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	–	24
Plant and equipment	–	991
Sewerage Network	82	196
Swimming Pools	–	8,410
Other Assets	124	100
Waste Management facility	10	15
Roads	257	95
Other Infrastructure	–	26
Water	491	5,448
Office Equipment	9	26
Open Space/recreational assets	256	303
Other Structures	18	–
Other Road Assets	3	16
Stormwater/Kerb & Gutter	1	62
Total commitments	1,251	15,712
These expenditures are payable as follows:		
Within the next year	1,251	15,712
Total payable	1,251	15,712
Sources for funding of capital commitments:		
Future grants and contributions	122	18
Externally restricted reserves	840	5,658
Internally restricted reserves	289	10,014
Unexpended Contributions	–	22
Total sources of funding	1,251	15,712

(b) Operating lease commitments (non-cancellable)**a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:**

Within the next year	52	27
Later than one year and not later than 5 years	34	47
Total non-cancellable operating lease commitments	86	74

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

- GoCo Office Rent - Kootingal - Lease from 1st April 2018 to 30th June 2020 plus 2 year option to 1st July 2020.
- GoCo Office Rent - Barraba - Lease from 2nd April 2018 to 1st April 2020. No Option.
- GoCo Office Rent - Tamworth - Lease 16th October 2017 to 11th October 2019 + 2 Year Option.
- Council Office Rent - Gunnedah - Lease 13th May 2019 to 12th November 2019 + 6 month option.
- GoCo Office Rent - Narrabri - Lease 22nd February 2011 to 22nd February 2014 + 3 year option to 22nd February 2017. Allowed an additional 3 years to 22nd February 2020.

Conditions relating to finance and operating leases:

– No lease agreements impose any financial restrictions on Council regarding future debt etc.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Contingencies and other assets/liabilities not recognised

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

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

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

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

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

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

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2018 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2018.

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$ 201,000. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 12 December 2017, and covers the period ended 30 June 2017.

The amount of additional contributions included in the total employer contribution advised above is \$201,000. Council's expected contribution to the plan for the next annual reporting period is \$195,600.

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,784.2	100.8%
Vested Benefits	1,792.0	100.4%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.5% as at 30 June 2019.

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

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

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.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management

Risk management

Council's activities expose it to a variety of financial risks including market risk, credit risk, liquidity risk and 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.

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

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	5,464	4,288	5,464	4,288
Receivables	3,944	5,476	3,944	5,476
Investments				
– 'Financial assets - 'held to maturity' (2018)	51,636	59,060	51,636	59,060
Total financial assets	61,044	68,824	61,044	68,824
Financial liabilities				
Payables	3,226	4,316	3,226	4,316
Loans/advances - 'amortised cost'	12,574	13,090	12,574	13,090
Total financial liabilities	15,800	17,406	15,800	17,406

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.

Council's objective is to maximise its return on cash and investments within Council's risk tolerances and policy settings, whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance department manages the Cash and Investments portfolio.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and was updated during the current financial year. An investment report is also 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:

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

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

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2019				
Possible impact of a 1% movement in interest rates	571	571	(571)	(571)
2018				
Possible impact of a 1% movement in interest rates	640	640	(640)	(640)

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

(b) Credit risk

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

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

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

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

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 all significant/material 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
2019						
Gross carrying amount	–	534	85	84	42	745
2018						
Gross carrying amount	1	416	116	64	47	644

Receivables - non-rates and annual charges

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2019						
Gross carrying amount	1,019	1,688	9	6	615	3,337
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2018						
Gross carrying amount	1,909	2,415	76	2	534	4,936
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2019							
Trade/other payables	0.00%	–	3,226	–	–	3,226	3,226
Loans and advances	5.06%	–	1,173	4,683	12,534	18,390	12,574
Total financial liabilities		–	4,399	4,683	12,534	21,616	15,800
2018							
Trade/other payables	0.00%	–	4,314	–	–	4,314	4,316
Loans and advances	4.93%	–	1,173	4,686	13,704	19,563	13,090
Total financial liabilities		–	5,487	4,686	13,704	23,877	17,406

Loan agreement breaches

There have been no breaches of loan agreements during the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 20/06/2018 and is unaudited.

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

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

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

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

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
REVENUES				
Rates and annual charges	17,704	18,178	474	3% F
User charges and fees	8,816	12,369	3,553	40% F
User charges and fees have exceeded budget in some of the following areas: Additional Water charges of \$1.594 million as a result of the prolonged drought. Additional works under the RMCC contract amounting to \$1.927 million.				
Interest and investment revenue	1,652	1,713	61	4% F
Other revenues	580	3,182	2,602	449% F
Other revenues have increased as a result in new customers for the disposal of Scrap Metal which amounted to additional revenue to budget of \$111k. Council additionally changed its accounting treatment of diesel fuel rebates where all rebates are now shown as income. Council during 2018/19 reassessed the remediation of Landfills and with a proposed change to Phytocap remediation processes had meant an adjustment back in provisions and this has been reflected in Note 3 - Other Revenue \$2.288 million.				
Operating grants and contributions	9,727	11,549	1,822	19% F
Operating grants and contributions have increased due to additional grants for road maintenance \$460k, increase in sealed rural road maintenance contributions of \$189k and GoCo operational funding of \$808K. Additional grants have been received for PCYC of \$97k and Drought CommunitiesGrant for Community organisations of \$143k.				
Capital grants and contributions	5,683	5,197	(486)	(9)% U

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Material budget variations

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
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EXPENSES

Employee benefits and on-costs	13,856	15,199	(1,343)	(10)%	U
Employee expenses have increased from budget as a result of the organisation restructure which added \$860K, a large increase in Workers Compensation Premium of \$156k as a result of a major claim effecting the premium and training programs for staff with an additional \$175k. Included in this training was the leadership program undertaken during the year.					

Borrowing costs	838	813	25	3%	F
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Materials and contracts	9,777	8,813	964	10%	F
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Depreciation and amortisation	9,938	10,039	(101)	(1)%	U
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Other expenses	2,881	3,240	(359)	(12)%	U
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Other expenses have increased accross most areas with the increases in electricity and insurances being the major areas.

Net losses from disposal of assets	-	1,114	(1,114)	∞	U
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Council made no budget for losses or gains on disposal of assets.

Revaluation decrement / impairment of IPP&E	-	30	(30)	∞	U
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Council has made no budget provisions for impairment of assets.

STATEMENT OF CASH FLOWS

Net cash provided from (used in) operating activities	15,454	22,765	7,311	47%	F
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Cash provided from operating activities has been impacted by the additional grants, state roads contributions and the additional water usage as result of the drought.

Net cash provided from (used in) investing activities	(14,938)	(21,073)	(6,135)	41%	U
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The major variance is a result of the large increase in the purchase of infrastructure, property, plant and equipment. During the year many projects continued that were budgeted in previous years such as the swimming pool, Curlewis pipeline, Apex reservoir. All had major expenditures during the year.

Net cash provided from (used in) financing activities	(516)	(516)	-	0%	F
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Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement

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

2019	Notes	Date of latest valuation	Fair value measurement hierarchy			Total
			Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Infrastructure, property, plant and equipment						
	9(a)					
Plant and equipment		30/06/17	–	–	10,212	10,212
Office equipment		30/06/17	–	–	795	795
Furniture and fittings		30/06/17	–	–	405	405
Operational land		30/06/18	–	–	9,077	9,077
Community land		30/06/17	–	–	5,905	5,905
Land Under Roads (post 30/6/2008)		30/06/16	–	–	3,268	3,268
Buildings – non specialised		30/06/18	–	–	12,149	12,149
Buildings – specialised		30/06/18	–	–	20,854	20,854
Other structures		30/06/16	–	–	3,893	3,893
Roads		30/06/18	–	–	186,183	186,183
Bridges		30/06/15	–	–	25,802	25,802
Footpaths		30/06/15	–	–	6,017	6,017
Stormwater drainage		30/06/15	–	–	39,221	39,221
Water supplies networks		30/06/17	–	–	40,442	40,442
Sewerage networks		30/06/17	–	–	34,997	34,997
Swimming pools		30/06/19	–	–	9,344	9,344
Other open space/ recreational assets		30/06/16	–	–	3,049	3,049
Library books		30/06/19	–	–	140	140
Other assets		30/06/19	–	–	2,250	2,250
Tip remediation assets		30/06/19	–	–	4,190	4,190
Quarry remediation assets		30/06/18	–	–	405	405
Land Improvements		30/06/18	–	–	2,238	2,238
Other Road Assets		30/06/15	–	–	2,707	2,707
Other Infrastructure		30/06/15	–	–	1,652	1,652
Total infrastructure, property, plant and equipment			–	–	425,195	425,195

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

2018	Notes	Date of latest valuation	Fair value measurement hierarchy			Total
			Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Infrastructure, property, plant and equipment	9(a)					
Plant and equipment		30/06/17	–	–	9,696	9,696
Office equipment		30/06/17	–	–	771	771
Furniture and fittings		30/06/17	–	–	376	376
Operational land		30/08/18	–	–	9,050	9,050
Community land		30/06/17	–	–	5,905	5,905
Land Under Roads (post 30/6/2008)		30/06/16	–	–	3,268	3,268
Buildings – non specialised		30/06/18	–	–	12,109	12,109
Buildings – specialised		30/06/18	–	–	16,573	16,573
Other structures		30/06/16	–	–	3,778	3,778
Roads		30/06/18	–	–	186,630	186,630
Bridges		30/06/15	–	–	26,277	26,277
Footpaths		30/06/15	–	–	5,951	5,951
Stormwater drainage		30/06/15	–	–	39,266	39,266
Water supplies networks		30/06/17	–	–	38,129	38,129
Sewerage networks		30/06/17	–	–	35,098	35,098
Swimming pools		30/06/16	–	–	786	786
Other open space/ recreational assets		30/06/16	–	–	2,388	2,388
Library books		30/06/16	–	–	147	147
Other assets		30/06/16	–	–	2,093	2,093
Tip remediation assets		30/06/14	–	–	3,919	3,919
Quarry remediation assets		30/06/18	–	–	435	435
Land Improvements		30/06/18	–	–	2,238	2,238
Other Road Assets		30/06/15	–	–	2,736	2,736
Other Infrastructure		30/06/15	–	–	1,783	1,783
Total infrastructure, property, plant and equipment			–	–	409,402	409,402

(2) Transfers between level 1 and level 2 fair value hierarchies

The following transfers occurred between level 1 and level 2 fair value hierarchies during the year:

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

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

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

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

Infrastructure, property, plant and equipment (IPP&E)**Plant & Equipment, Office Equipment and Furniture & Fittings**

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Example of assets in these classes are as follows:

- Plant & Equipment - Graders, trucks, Motor Vehicles
- Office Equipment - Computer Equipment
- Furniture & Fittings - Desks, Chairs.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

The key unobservable inputs to the valuation are the remaining life and residual value. Council reviews the classes of assets each year for signs of impairment. There has been no change in the valuation process during the reporting year.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuations is the price per square metre. The last valuation was undertaken at 30 June 2018 and was performed by Thomas Donoghue AAPI (CPV) from Donoghue Property Valuations and Consultancy. Registered Valuer API No: 71002.

All operational land has been valued at fair value (highest and best use) after identifying all elements that would be taken into account by buyers and sellers in setting the price including but not limited to the land description, area and dimensions, planning and other constraints on development and potential for alternate use. There has been no change to the valuation process during the reporting period.

Community Land

Valuations of all Council's Community Land were performed by AssetVal Pty Ltd, Matthew Ward, Certified Practising Valuer, QLD #3258 B.App. Sc (Property Economics) AAPI as at 30th June 2017. The Council controlled Crown Land was valued using NSW Valuer General's valuations. Where there was no specific land values from the Valuer General's it was based on the pro rata valuation from adjoining properties.

All Community Land has been valued at fair value (highest and best use). As these rates are were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting year.

Land Under Roads (Post 1 July 2008)

The Roads have been valued in a comparison basis with reference to the Australian Accounting Standard AASB116 Property, Plant & Equipment.

Land under roads acquired after 1 July 2008 is to be recognised in accordance with AASB 116, but should be consistent with the valuation methodology for land under roads held up to 1 July 2008 where that land has been recognised.

Fair value is based on highest and best possible use. The highest and best use of a non-financial assets takes into account the use of the asset that is physically possible, legally permissible and financially feasible. Land under roads are valued by Donoghue Property Valuations, Thomas Donoghue AAPI (CPV) Registered Valuer NSW VAL024883.

Buildings - Non Specialised and Specialised

Valuations of all Council's Buildings Specialised & Non-Specialised were based on valuations performed by Donoghue Property Valuations and Consultancy, Thomas Donoghue AAPI (CPV), Registered Valuer API No: 71002 as at 30th June 2018.

The value of non-specialised buildings, which are predominately houses and units for which there is a secondary market, have been determined on the basis of fair value.

Buildings that have been determined as specialised, meaning they are designed for a particular purpose for which there is generally little or no market based evidence available, they have been valued on the basis of depreciated replacement cost taking into consideration a reduction for physical wear and tear and functional obsolescence. The valuations take into account different components of buildings and different useful lives.

While all buildings were physically inspected, inputs such as estimates of residual values and pattern of consumption required extensive judgement and impacted on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

The valuation was completed as at 30th June 2018.

Other Structures

Other Structures class generally comprises memorials, weighbridges and saleyards and were revalued as at 30th June 2016.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

Valuations of all Council's - Other Structures were based on valuations performed by AssetVal Pty Ltd, Matthew Ward, Certified Practising Valuer QLD #3258 B.App.Sc (Property Economics) AAPI.

The cost approach has been utilised whereby the replacement cost was estimated for each asset taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Roads

This class of assets comprises Urban Roads, Sealed Rural Roads, Unsealed Rural Roads. Road Furniture, Islands & Pedestrian Refuges, Guard Rails, Causeways, Culverts, Parking Areas, Aerodrome, Bus Shelters & Kerb & Gutter have been removed from Roads as at the 1st July 2017 to better group assets by their characteristics, nature, and risks.

Council uses the "Cost Approach" using Level 3 inputs for all Road infrastructure. Valuations for Road Infrastructure are componentised generally into surface, pavement & formation to reflect the different nature of the assets.

The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. A full revaluation of the Roads have been completed as at 30th June 2018 by APV Valuers & Asset Management.

Other Road Assets

This asset class was created as at 1st July 2017 to include Road Furniture, Islands & Pedestrian Refuges, Guard Rails and Bus Shelters which were previously included in the Roads asset class. The asset class has been used to better group assets by their characteristics, nature and risks.

Council uses the "Cost Approach" using Level 3 inputs for all Road infrastructure. Valuations for Road Infrastructure are componentised generally reflect the different nature of the assets.

The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. A full revaluation of the Other Road Assets have been completed as at 30th June 2015.

Bridges

Bridges were valued in 30th June 2015 by the Director of Infrastructure Services using the cost approach. As at the 1st July 2017, Causeways and Culverts were added to the bridges asset class from roads to better group assets by their characteristics, nature and risks. Causeways & Culverts were valued at 30th June 2015.

The approach estimated the replacement cost for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the Bridge Deck/Superstructure, Bridge Abutments/Foundations and Bridge rails/handrails. The information is maintained in the BizeAssets Management System.

Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value.

Footpaths

Footpaths were valued in June 2015 by the Manager of Mapping, Assets, Design & Development and reviewed reviewd by the Director of Infrastructure and Services using the cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally mapped and condition assessed using a physical inspection by the Roads inspector. The information is maintained in the BizeAssets Management System.

Condition are updated as changes in the networks are observed through regular inspections.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

Stormwater Drainage

Stormwater Assets comprise pits, pipes, open channels, headwalls and various types of water quality devices in the Urban Areas. Stormwater Drainage was valued by the Manager of Mapping, Assets, Design & Development and reviewed by the Director of Infrastructure and Services using the cost approach. As at 1st July 2017 Kerb & Gutter were added to the stormwater asset class from the road assets to better group assets by their characteristics, nature & risks. A full revaluation of Kerb & Gutter was completed as at 30th June 2015.

The 'Cost Approach' is the estimated replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with the Institute of Public Works Engineers Australia Infrastructure Management Manual (IMM). Inputs such as estimates of pattern of consumption, residual value, Asset Condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been a valuation of Stormwater Assets as at 30th June 2015.

Water Supplies

The valuation of the Water Supplies was completed in June 2017 by AssetVal Pty Ltd. The Water supplies comprise the Gunnedah, Curlewis, Tambar Springs & Mullaley water schemes. The components of the Water Systems include the Mains, Bores, Reservoirs and Pumping Stations. The information is maintained on the BizeAsset Management System.

Due to the nature of much of the Water Network being inaccessible (subsurface) there are limitations in the inputs such as pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impact significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Sewerage Systems

The valuation of the Sewerage Systems was completed in June 2017 by AssetVal Pty Ltd. The Sewerage Systems comprise the Gunnedah & Curlewis Sewerage Systems. The components include the pipelines, Treatment works and Pump Stations. The assets are maintained on the BizeAssets Management System.

Due to the nature of much of the Sewer Network being inaccessible (subsurface) there are limitations in the inputs such as pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impact significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Swimming Pools

Swimming Pools class comprises the 3 pools, diving board & shade sails at the Gunnedah Swimming complex. During 2017/2018 and 2018/19 years the Pool complex is undergoing a major re-development including the 50 metre pool and buildings.

Valuations of Council's Swimming Pools were based on valuations performed by AssetVal Pty Ltd, Matthew Ward, Certified Practising Valuer QLD #3258 B.App.Sc (Property Economics) AAPI as at 30th June 2016. The 50 metre Pool was completed in December 2018 and did not require revaluation. A revaluation was completed on the 25 meter Indoor pool as at 30th June 2019 by Thomas Donoghue AAPI (CPV), Registered Valuer NSW VAL024883.

The cost approach has been utilised whereby the replacement cost was estimated for each asset taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Other Open Space/ Recreational Assets

Other Open Space/ Recreational Assets comprise tennis courts, showground structures such as lighting towers, Grandstands and Park structures such as play equipment, Rotundas, seating etc.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

Valuations of Council's Other Open Space/Recreational Assets were based on valuations performed by AssetVal Pty Ltd, Matthew Ward, Certified Practising Valuer QLD #3258 B.App.Sc (Property Economics) AAPI. The valuation was performed as at 30th June 2016.

The cost approach has been utilised whereby the replacement cost was estimated for each asset taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Library Book/Other Assets

Library Books & Other Assets are valued at cost but are disclosed at fair value in the Notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

The Art Collections were revalued as at 30th June 2019 by Sandra McMahon, Director, WESWAL Gallery, Tamworth and Registered Art Valuer, Australian Cultural Gifts Program.

The key unobservable inputs to the valuation are the remaining life and residual value. Council reviews the classes of assets each year for signs of impairment. There has been no change in the valuation process during the reporting year.

Other Infrastructure

This asset class was created as at 1st July 2017 to include the Aerodrome and Parking Areas which were previously included in the Roads asset class. The asset class has been used to better group assets by their characteristics, nature and risks.

Council uses the "Cost Approach" using Level 3 inputs for all Road infrastructure. Valuations for Other Infrastructure are componentised generally reflect the different nature of the assets.

The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. A full revaluation of the Other Infrastructure Assets have been completed as at 30th June 2015.

Tip Remediation

Gunnedah Shire Council has 3 landfills being at Gunnedah, Curlewis & Carroll and 3 transfer stations at Mullaley, Breeza and Tambar Springs. The Waste management service includes a wide range of waste disposal services, resource recovery services, recycled and reclaimed products and waste management educational activities. It is recognised that there will be significant costs in the closure of the landfill sites.

Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill, site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removal of infrastructure and equipment.

The evaluation of costs for the landfill closure and post closure management was prepared by the Principal Building and Environmental Officer, Manager of Waste in conjunction with Melissa Salt, Principal Scientist, Environment & Waste with Tonkin Consulting Level 2, 170 Frome Street, Adelaide using a new Phytocap costings. The Phytocap Cost estimate is new to the industry and is still subject to EPA approval. There are a number of test sites trialling the Phytocap in NSW currently. The key unobservable inputs are the discount rate, cost excavation rate, actual timing of costs and future environmental requirements. This valuation was reviewed at 30 June 2019.

Quarries Remediation

Council currently uses 11 pits to provide gravel as part of road maintenance and construction activities. These will require remediation in future periods.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

Closure of the Quarries will require remediation including earth works to restore the quarries and resew and plant native trees. The Quarry remediation Valuation was completed in June 2018 by the Acting Director of Infrastructure & Services / Chief Engineer.

The key unobservable inputs are the discount rate, Cost escalation, timing of future costs and future environmental requirement. There has been no change to the valuation process during the year.

All quarries utilised by Council previously and not under Council ownership have been remediated / made good in accordance with the licensing agreement with owners.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

(4) 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
2018					
Opening balance	8,811	690	405	8,859	5,973
Purchases (GBV)	2,448	360	57	12	–
Disposals (WDV)	(160)	(20)	(5)	–	–
Depreciation and impairment	(1,403)	(259)	(81)	–	–
Adjustment between classes	–	–	–	68	(68)
Revaluations to Equity	–	–	–	111	–
Closing balance	9,696	771	376	9,050	5,905
2019					
Opening balance	9,696	771	376	9,050	5,905
Purchases (GBV)	2,740	319	116	377	–
Disposals (WDV)	(632)	(1)	(5)	(363)	–
Depreciation and impairment	(1,592)	(294)	(82)	–	–
Revaluations to Equity	–	–	–	13	–
Closing balance	10,212	795	405	9,077	5,905

\$ '000	Buildings non-specialised	Building specialised	Other structures	Roads	Bridges
2018					
Opening balance	12,158	19,107	3,921	171,823	24,957
Purchases (GBV)	43	283	4	4,740	1,854
Disposals (WDV)	(3)	(386)	(19)	(422)	(154)
Depreciation and impairment	(263)	(344)	(128)	(3,547)	(380)
Adjustment between classes	(546)	–	–	–	–
Revaluations to Equity	720	(2,087)	–	14,036	–
Closing balance	12,109	16,573	3,778	186,630	26,277
2019					
Opening balance	12,109	16,573	3,778	186,630	26,277
Purchases (GBV)	42	4,362	242	2,776	–
Disposals (WDV)	–	–	–	(31)	(92)
Depreciation and impairment	(294)	(436)	(127)	(3,192)	(383)
Revaluations to Equity	292	355	–	–	–
Closing balance	12,149	20,854	3,893	186,183	25,802

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

\$ '000	Footpaths	Stormwater	Water supply network	Sewerage network	Swimming pools
2018					
Opening balance	5,625	37,398	36,452	28,239	2,029
Purchases (GBV)	447	2,595	2,150	9,661	–
Disposals (WDV)	(28)	(53)	(327)	(2,471)	(1,198)
Depreciation and impairment	(93)	(674)	(886)	(874)	(45)
Revaluations to Equity	–	–	740	543	–
Closing balance	5,951	39,266	38,129	35,098	786
2019					
Opening balance	5,951	39,266	38,129	35,098	786
Purchases (GBV)	160	706	3,601	260	8,878
Disposals (WDV)	–	(57)	(937)	–	–
Depreciation and impairment	(94)	(694)	(933)	(910)	(117)
Revaluations to Equity	–	–	582	549	(203)
Closing balance	6,017	39,221	40,442	34,997	9,344

\$ '000	Other infrastructure	Other road assets	Land under roads (post 1/7/2008)	Open space recreational assets	Library books
2018					
Opening balance	1,479	2,553	3,268	1,864	143
Transfers from/(to) another asset class	–	–	–	546	–
Purchases (GBV)	443	233	–	79	25
Disposals (WDV)	(10)	–	–	–	–
Depreciation and impairment	(129)	(50)	–	(101)	(21)
Closing balance	1,783	2,736	3,268	2,388	147
2019					
Opening balance	1,783	2,736	3,268	2,388	147
Purchases (GBV)	–	22	–	846	22
Disposals (WDV)	–	–	–	(4)	–
Depreciation and impairment	(131)	(51)	–	(181)	(29)
Closing balance	1,652	2,707	3,268	3,049	140

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

\$ '000	Other Assets	Tip remediation assets	Quarry remediation assets	Land improvement	Total
2018					
Opening balance	1,549	4,228	1,405	–	382,936
Transfers from/(to) another asset class	–	–	–	–	546
Purchases (GBV)	680	–	–	2,238	28,352
Disposals (WDV)	–	–	–	–	(5,256)
Depreciation and impairment	(136)	(309)	(38)	–	(9,761)
Adjustment between classes	–	–	–	–	(546)
Adjustment in Remediation Provision	–	–	(1,541)	–	(1,541)
Revaluations to Equity	–	–	609	–	14,672
Closing balance	2,093	3,919	435	2,238	409,402
2019					
Opening balance	2,093	3,919	435	2,238	409,402
Purchases (GBV)	295	–	–	–	25,764
Disposals (WDV)	–	–	–	–	(2,122)
Depreciation and impairment	(160)	(309)	(30)	–	(10,039)
Adjustment in Remediation Provision	–	580	–	–	580
Revaluations to Equity	22	–	–	–	1,610
Closing balance	2,250	4,190	405	2,238	425,195

b. 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 (30/6/19)	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant and equipment	10,212	Approximate Fair Value	Remaining Life, Long life component - non depreciable.
Office equipment	795	Approximate Fair Value	Remaining Life, Long life component - non depreciable.
Furniture and fittings	405	Approximate Fair Value	Remaining Life, Long life component - non depreciable.
Land - Operational	9,077	Fair Value (highest & best use)	Price per square metre.
Land - Community	5,905	Fair Value (highest & best use)	Not considered to have observable market evidence.
Land under roads (post 30/6/2008)	3,268	Highest and best possible use.	Based on physically possible, legally permissible and financially feasible use.
Buildings - non specialised	12,149	Depreciated replacement costs taking into account physical wear and tear.	Estimates of Long life component - non depreciable and pattern of consumption require extensive judgement.
Buildings - Specialised	20,854	Depreciated replacement costs taking into account physical wear and tear.	Estimates of Long life component - non depreciable and pattern of consumption require extensive judgement.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
Other Structures	3,893	Replacement cost taking into a range of factors.	Pattern of consumption, Long life component - non depreciable, asset condition and useful life.
Roads	186,183	Cost Approach	Pattern of consumption, Long Life component - non depreciable, asset condition and useful life, requiring professional judgement.
Bridges	25,802	Cost Approach	Pattern of consumption, Long Life component - non depreciable, asset condition and useful life, requiring professional judgement.
Footpaths	6,017	Cost Approach	Pattern of consumption, Long Life component - non depreciable, asset condition and useful life, requiring professional judgement.
Stormwater Drainage	39,221	Cost Approach	Pattern of consumption, Long Life component - non depreciable, asset condition and useful life, requiring professional judgement.
Water Supply Network	40,442	Cost Approach	Pattern of consumption, Long Life component - non depreciable, asset condition and useful life, requiring professional judgement. The nature of water assets is they are unassessable being subsurface.
Sewerage Network	34,997	Cost Approach	Pattern of consumption, Long Life component - non depreciable, asset condition and useful life, requiring professional judgement. The nature of sewer assets is they are unassessable being subsurface.
Swimming Pools	9,344	Cost Approach	Pattern of consumption, Long Life component - non depreciable, asset condition and useful life, requiring professional judgement
Other Open Space	3,049	Cost Approach	Pattern of consumption, Long Life component - non depreciable, asset condition and useful life, requiring professional judgement
Library Books	140	Approximate Fair Value	Remaining Life, Long Life component - non depreciable
Other Assets	2,250	Approximate Fair Value	Remaining Life, Long Life component - non depreciable
Tip Assets	4,190	Evaluation of costs for the landfill closure as per closure plan	Discount Rates, excavation rates, timing and future environmental requirements.
Quarry Assets	405	Evaluation of costs for the quarry closure.	Discount Rates, excavation rates, timing and future environmental requirements.
Other Road Assets	2,707	Cost Approach	Pattern of consumption, Long Life component - non depreciable, asset condition and useful life, requiring professional judgement
Other Infrastructure	1,652	Cost Approach	Pattern of consumption, Long Life component - non depreciable, asset condition and useful life, requiring professional judgement
Land Improvements	2,238	Cost Approach	Non Depreciable.

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

c. The valuation process for level 3 fair value measurements

During 2018/19 Gunnedah Shire Council have undertaken valuations of Other Assets (Art Collections), Rehabilitation/Restoration Tips & Swimming Pools.

Other Assets (Art Collections) were valued on a fair value basis in accordance with Accounting Standards AASB13 due to the nature of the assets in using professional judgement it is deemed to be a Level 3 Input.

Fair Value has been determined as a market base measurement using the assumptions that the values listed would be used as a pricing guide when selling an asset. Defined as follows: "the price at which would be placed on the item to sell or transfer liability in an open market situation."

Values have been sourced from a variety of places including auction results, artist websites, dealers, subscriptions internet sites, colleagues and 30 years' experience working in the visual arts sector.

The valuation process was arranged by Council's Cultural Officer, who arranged the valuer, provided the inventory of assets and reviewed the results of the revaluation.

Valuations have been undertaken by Sandra McMahon, Registered Art Valuer under the Australian Government Cultural Gifts Program & Director, Weswal Gallery, Tamworth.

The valuations are maintained by Gunnedah Shire Council utilising Councils Civica Software.

Tips - valuation of Tips are in accordance with Accounting Standards AASB13, AASB16. Due to the nature of Landfills the valuation is based on the evaluation of costs for the landfill closure as per the closure plan and is deemed a Level 3 Input.

The evaluation of costs is dependent on pattern of consumption, excavation rates, timing, future environmental requirements and new techniques.

The assets valuation process was arranged by the Principal Building and Environmental Officer and Manager of Waste who undertook the valuation process with Tonkin Consulting.

Calculations have been carried out on a new Photocap technology. Refer Note 12 Provisions for impact of these changes.

Swimming Pool - Gunnedah Shire Council has valued the Indoor Swimming pool on a fair value basis in accordance with Australian Accounting Standards (AASB 13 and in conjunction with NSW Local Government Code of Accounting Practice and NSW Treasury Policy TPP 07-01 "Valuation of Physical Non-Current Assets at Fair Value. Due to the nature of Local Government Assets the cost approach has been taken and is deemed a Level 3 Input.

As there is no market for the swimming pool, the net current value of the pool is the current value less accumulated depreciation that reflects the consumed or expired service potential of the asset.

The estimate has been determined by independent valuers based on the depreciated replacement cost with depreciation taking into consideration reduction for physical wear and tear and functional obsolescence.

The valuation was completed by Thomas Donoghue AAPI (CPV) Registered Valuer No: 71002 from Donoghue Property Valuations and Consultancy.

Swimming Pool valuations are maintaining by Gunnedah Shire Council's Asset Management System (Biz E Asset).

(5) Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Related Party Transactions

(a) Key management personnel

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

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

\$ '000	2019	2018
Compensation:		
Short-term benefits	1,196	1,291
Post-employment benefits	114	105
Other long-term benefits	32	32
Termination benefits	–	274
Total	1,342	1,702

(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.

There are no other material disclosures to be made by KMP.

Note 21. Events occurring after the reporting date

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Statement of developer contributions

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

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

Summary of contributions and levies

\$ '000	as at 30/6/2018						as at 30/6/2019	
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	541	49	–	15	–	–	605	–
Parking	121	–	–	4	(10)	–	115	–
Open space	21	–	–	1	–	–	22	–
Community facilities	30	–	–	1	–	–	31	–
S7.11 contributions – under a plan	713	49	–	21	(10)	–	773	–
S7.12 levies – under a plan	1,576	174	–	47	(371)	–	1,426	–
Total S7.11 and S7.12 revenue under plans	2,289	223	–	68	(381)	–	2,199	–
S64 contributions	5,591	530	–	162	–	–	6,283	–
Total contributions	7,880	753	–	230	(381)	–	8,482	–

S7.11 Contributions – under a plan

CONTRIBUTION PLAN NUMBER 1

Drainage	541	49	–	15	–	–	605	–
Parking	121	–	–	4	(10)	–	115	–
Open space	21	–	–	1	–	–	22	–
Community facilities	30	–	–	1	–	–	31	–
Total	713	49	–	21	(10)	–	773	–

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Statement of developer contributions (continued)

\$ '000	as at 30/6/2018						as at 30/6/2019	
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
S7.12 Levies – under a plan								
CONTRIBUTION PLAN NUMBER 01								
Community facilities	1,576	174	–	47	(371)	–	1,426	–
Total	1,576	174	–	47	(371)	–	1,426	–

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23. Financial result and financial position by fund

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	15,190	940	2,048
User charges and fees	7,413	4,066	890
Interest and investment revenue	1,065	425	223
Other revenues	3,133	49	–
Grants and contributions provided for operating purposes	11,450	64	35
Grants and contributions provided for capital purposes	2,303	2,388	506
Total income from continuing operations	40,554	7,932	3,702
Expenses from continuing operations			
Employee benefits and on-costs	13,996	813	390
Borrowing costs	813	–	–
Materials and contracts	7,813	670	330
Depreciation and amortisation	8,117	974	948
Other expenses	1,535	1,093	612
Net losses from the disposal of assets	179	935	–
Revaluation decrement /impairment of IPPE	30	–	–
Total expenses from continuing operations	32,483	4,485	2,280
Operating result from continuing operations	8,071	3,447	1,422
Net operating result for the year	8,071	3,447	1,422
Net operating result attributable to each council fund	8,071	3,447	1,422
Net operating result for the year before grants and contributions provided for capital purposes	5,768	1,059	916

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	5,196	183	85
Investments	11,923	10,350	9,363
Receivables	2,898	781	239
Inventories	441	101	1
Other	194	–	–
Total current assets	20,652	11,415	9,688
Non-current assets			
Investments	20,000	–	–
Receivables	26	–	–
Infrastructure, property, plant and equipment	352,494	48,358	36,279
Total non-current assets	372,520	48,358	36,279
TOTAL ASSETS	393,172	59,773	45,967
LIABILITIES			
Current liabilities			
Payables	3,172	54	–
Income received in advance	616	–	–
Borrowings	542	–	–
Provisions	4,971	10	1
Total current liabilities	9,301	64	1
Non-current liabilities			
Borrowings	12,032	–	–
Provisions	4,844	–	–
Total non-current liabilities	16,876	–	–
TOTAL LIABILITIES	26,177	64	1
Net assets	366,995	59,709	45,966
EQUITY			
Accumulated surplus	168,922	39,076	20,260
Revaluation reserves	198,073	20,633	25,706
Council equity interest	366,995	59,709	45,966
Total equity	366,995	59,709	45,966

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	8,887				
Total continuing operating revenue excluding capital grants and contributions ¹	46,991	18.91%	14.98%	19.95%	>0.00%
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	35,247				
Total continuing operating revenue ¹	52,188	67.54%	60.99%	65.11%	>60.00%
3. Unrestricted current ratio					
Current assets less all external restrictions	17,620				
Current liabilities less specific purpose liabilities	6,395	2.76x	4.66x	4.86x	>1.50x
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	19,739				
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,329	14.85x	12.69x	18.66x	>2.00x
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	813				
Rates, annual and extra charges collectible	18,783	4.33%	3.84%	4.34%	<10.00%
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	53,243				
Monthly payments from cash flow of operating and financing activities	2,778	19.17 mths	23.53 mths	27.45 mths	>3.00 mths

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2019	2018	2019	2018	2019	2018	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	18.07%	18.63%	19.10%	28.58%	28.66%	(49.72)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	65.61%	58.93%	69.09%	86.37%	85.39%	51.19%	>60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.76x	4.66x	178.36x	152.56x	9,688.00	6,108.00x	>1.50x
Current liabilities less specific purpose liabilities					x		
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11.92x	11.43x	∞	∞	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	4.05%	3.22%	6.38%	7.53%	5.57%	6.99%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	19.07	23.40	∞	∞	∞	∞	>3.00
Payments from cash flow of operating and financing activities	mths	mths					mths

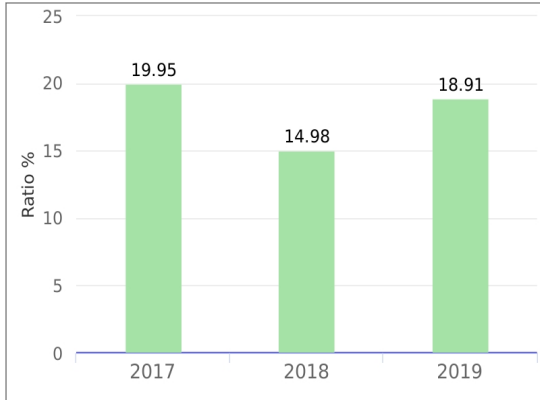
(1) - (2) Refer to Notes at Note 24a above.

(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 2019

Note 24(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 2018/19 result

2018/19 ratio 18.91%

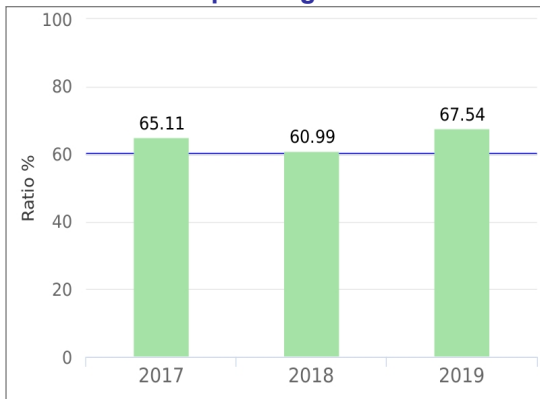
Council continues to maintain operating expenditures within operating revenues. This graph shows a similar to previous years and well above the industry benchmark.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

- 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 2018/19 result

2018/19 ratio 67.54%

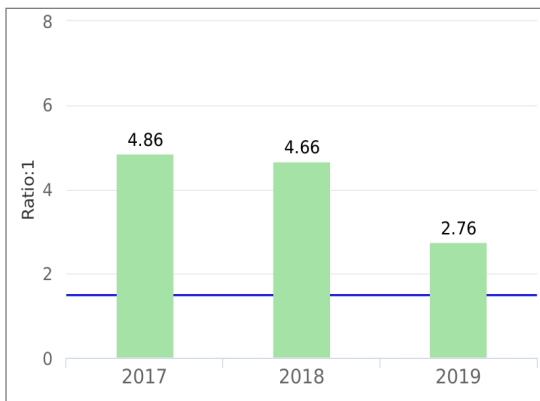
This ratio reflects council's reliance on rating income. The result has increased over the previous year. Council is above the Local Government Benchmark of 60%. The increase is a result of lower operating income due to lower amount of Grants & Contributions received.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

- 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 2018/19 result

2018/19 ratio 2.76x

Council continues to remain in a very healthy situation with regards to the Unrestricted Current Ratio. Council should have no problems in meeting it's short term obligations as they fall due. Council is above the Local Government Benchmark of 1.5. The ration has been effected for the Income adjustment for Landfill Provision adjustment.

Benchmark: — > 1.50x

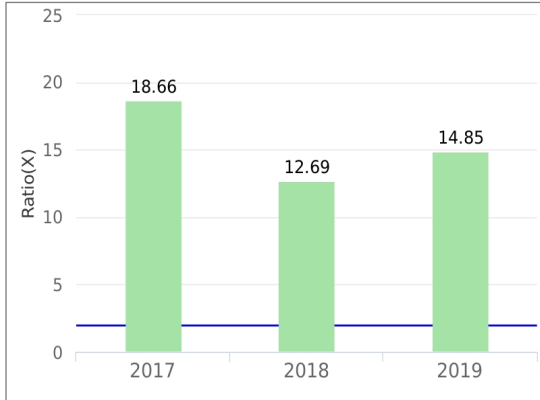
Source of benchmark: Code of Accounting Practice and Financial Reporting #27

- Ratio achieves benchmark
- Ratio is outside benchmark

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

Note 24(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 2018/19 result

2018/19 ratio 14.85x

This result has been effected by the increased operating result for the year. Council has not taken out any additional loan funds during the year. Council has projected to continue above the Local Government Benchmark of 2%. Council maintains a strong position to borrow in the future in line with the Long Term Financial Plan.

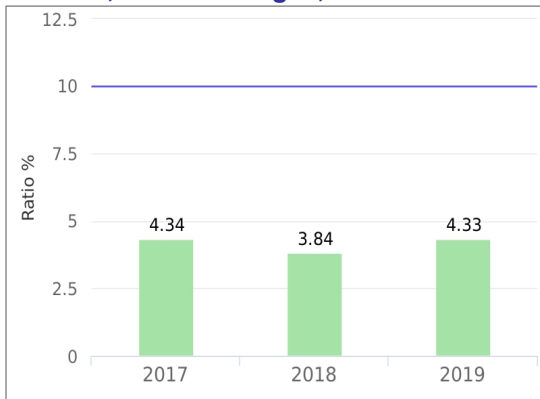
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

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



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

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

Commentary on 2018/19 result

2018/19 ratio 4.33%

Council has maintained a strong Rates and Annual Charges outstanding ratio again this year. Council rating staff have continued there push to collect outstanding debts. This ratio has increased from 3.84% to 4.33% as a reflection of the drought. The ratio is well under the Local Government Benchmark of 10% for country councils.

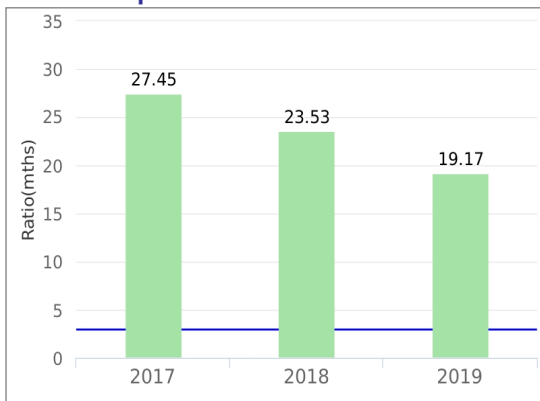
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2018/19 result

2018/19 ratio 19.17 mths

Councils Cash Expense Ratio is well above the benchmark of 3 Months. This is reflected in Council investing in safe and liquid term deposits. Council's investments reduced by \$6.248 million to \$57.1 million. The reduction is a result of the large Capital expenditure program.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

Gunnedah Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 25. Council information and contact details

Principal place of business:

63 Elgin Street
GUNNEDAH NSW 2380

Contact details**Mailing Address:**

PO Box 63
GUNNEDAH NSW 2380

Opening hours:

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

Telephone: 02 6740 2100

Facsimile: 02 6740 2119

Internet: www.council.nsw.gov.au

Email: council@infogunnedah.com.au

Officers**General Manager**

E J GROTH

Responsible Accounting Officer

D J CONNOR

Auditors

Audit Office of New South Wales,
GPO Box 12,
SYDNEY NSW 2001

Elected members**Mayor**

J CHAFFEY

Councillors

R HOOKE
G SWAIN
J CAMPBELL
C FULLER
O HASLER
A LUKE
D MOSES
M O'KEEFE

Other information

ABN: 80 183 655 793



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Gunnedah Shire Council

To the Councillors of Gunnedah Shire Council

Opinion

I have audited the accompanying financial statements of Gunnedah Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 18 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Chris Harper
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

10 October 2019
SYDNEY



Mr Jamie Chaffey
Mayor
Gunnedah Shire Council
PO Box 63
GUNNEDAH NSW 2380

Contact: Chris Harper
Phone no: 02 9275 7374
Our ref: D1922637/1735

10 October 2019

Dear Mayor

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





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

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

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

INCOME STATEMENT

Operating result

	2019 \$m	2018 \$m	Variance %
Rates and annual charges revenue	18.2	17.6	 3.4
Grants and contributions revenue	16.7	19.9	 16.1
Operating result for the year	12.9	10.0	 29.0
Net operating result before capital grants and contributions	7.7	1.8	 328

Council's operating result of \$12.9 million was \$2.9 million higher than the 2017–18 result. This was mainly due to a \$3.6 million reduction in the net loss on disposal of assets compared to 2017–18 and a \$2.3 million landfill provision adjustment recorded in other revenue. These were partially offset by a \$3.0 million reduction in capital grant revenue.

The net operating result before capital grants and contributions of \$7.7 million was \$6.0 million higher than the 2017–18 result. This is mainly due to the reasons above excluding the reduction in capital grants.

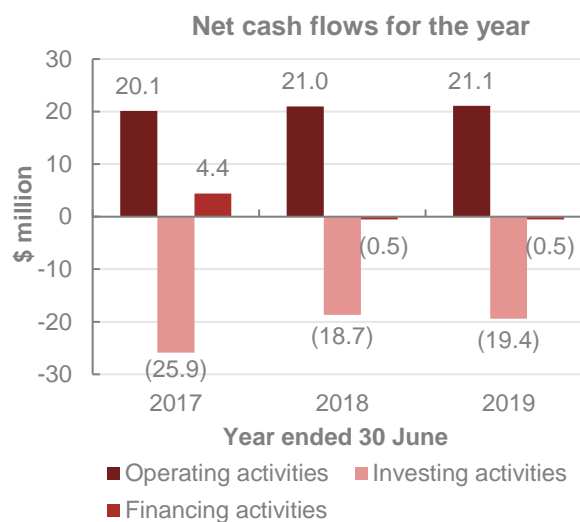
Rates and annual charges revenue of \$18.2 million increased by \$0.6 million or 3.4 per cent in 2018–19. This was due to rate peg increases along with rises in annual charges to cover higher underlying costs for water, sewer and domestic waste operations.

Grants and contributions revenue of \$16.7 million decreased by \$3.2 million or 16.1 per cent in 2018–19 mainly due to:

- a new capital grant for water treatment upgrades of \$1.9 million
- increases in recreation and culture grants of \$0.7 million arising from drought incentives and building better community grant opportunities
- a reduction in capital grants for sewerage treatment works upgrades of \$1.5 million
- a reduction in environmental program grants of \$2.2 million due to completion of Blackjack creek rehabilitation works in the prior year
- a reduction in grants for roadworks of \$1.1 million
- an overall reduction in developer contributions of \$1.6 million.

STATEMENT OF CASH FLOWS

Cash from operations was consistent with prior year. Cash outflows from investing activities increased by \$0.6 million due to receiving grants to fund major capital expenditure projects in 2019, partially offset by an injection of cash from investments during the year.



FINANCIAL POSITION

Cash and investments

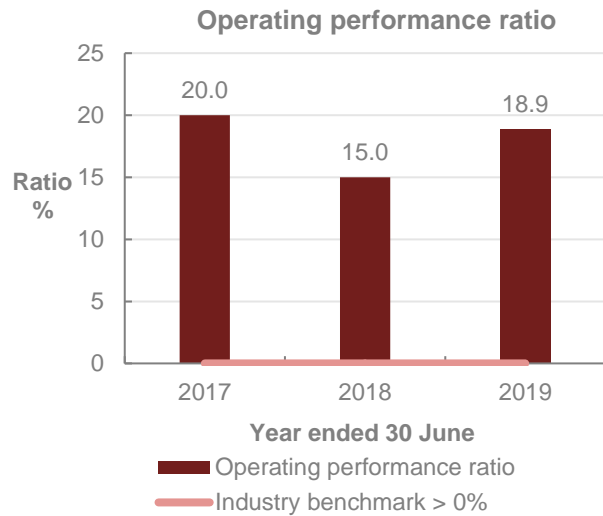
Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	37.6	35.5	• Major external cash restrictions include water, sewer and domestic waste operations reserves, and developer contributions for specific purposes.
Internal restrictions	14.1	20.9	
Unrestricted	5.3	6.9	• Major internal restrictions related to reserves to fund future capital works, saleyard maintenance, plant replacements and employee leave entitlements.
Cash and investments	57.0	63.3	
			• Internal restrictions decreased due to Council utilising reserved cash for capital works. Council also decided to reverse the internal restriction for the Financial Assistance Grant prepayment of \$2.2 million.

PERFORMANCE

Operating performance ratio

The operating performance ratio has increased compared to 2017–18 due to the adjustment of the landfill provision in the current year. Council has continued to maintain strong operating surpluses and exceeds the benchmark set by the former Office of Local Government (the former OLG).

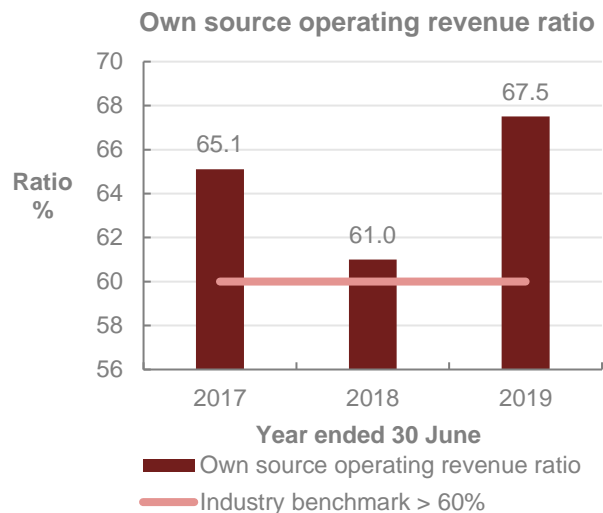
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former OLG is greater than zero per cent.



Own source operating revenue ratio

The own source operating revenue ratio has improved compared to 2017–18 due to the reduction in capital grants in 2018–19, increases in rates and user charges and the landfill provision adjustment recorded in other revenue.

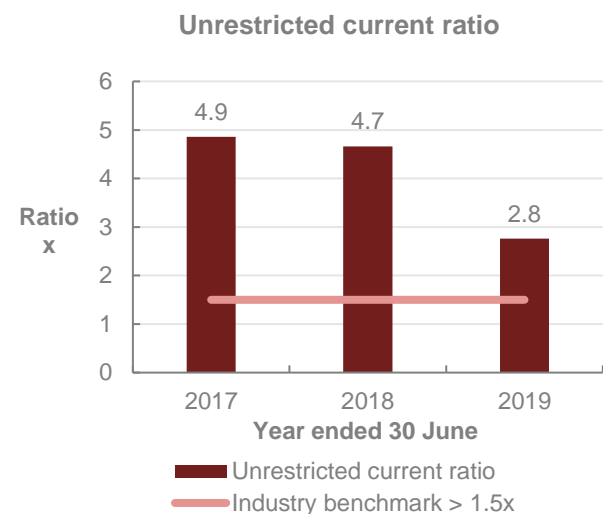
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.



Unrestricted current ratio

Council remains well above the former OLG benchmark. The reduction in the unrestricted current ratio is due to Council utilising cash reserves for capital works in 2018–19.

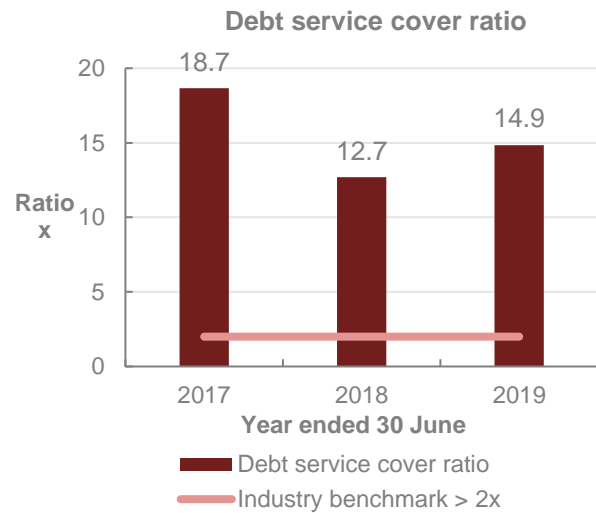
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.



Debt service cover ratio

Council's debt service cover ratio remains above the former OLG benchmark and increased compared to the prior year due to the increase in operating result.

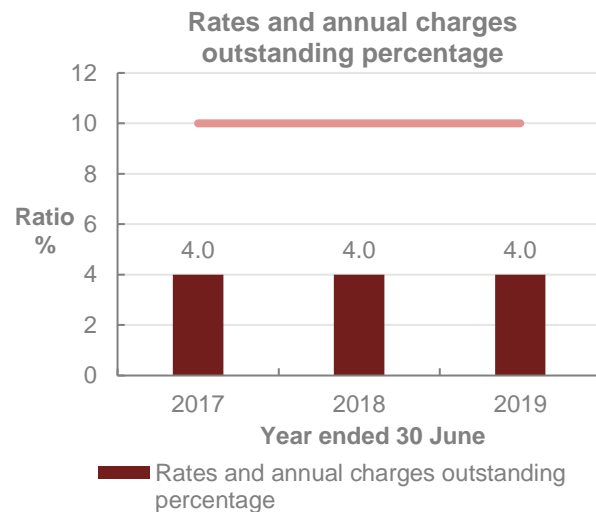
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.



Rates and annual charges outstanding percentage

Council's rates and annual charges outstanding percentage has remained stable over the past three years and remains well within the former OLG benchmark.

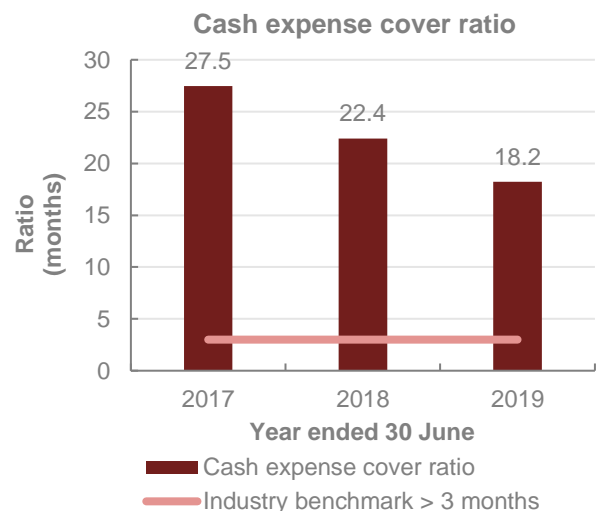
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

The cash expense cover ratio has reduced compared to 2017–18 due to Council utilising cash reserves for capital expenditure but remains well above the former OLG benchmark.

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



Infrastructure, property, plant and equipment renewals

Council's Infrastructure, Property, Plant and Equipment (IPPE) renewal expenditure was \$19.2 million. This decreased by \$2.2 million compared to 2017–18 due to Council focusing on capital works following receipt of capital grants. Renewal expenditure exceeded depreciation for the year by \$9.2 million. Major renewal works included Gunnedah swimming pool and related amenity buildings and various roadworks.

OTHER MATTERS

New accounting standards implemented

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

Legislative compliance

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

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



Chris Harper
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Mr Eric Groth, General Manager
Mr Grahame Marchant, Chair of Audit, Risk and Improvement Committee
Mr Damien Connor, Chief Financial Officer
Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment



Gunnedah Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

“To be a focused community valuing
Gunnedah’s identity and quality lifestyle”.



Special Purpose Financial Statements

for the year ended 30 June 2019

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Statement of Financial Position – Sewerage Business Activity	7
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Background

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

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

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

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

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

Gunnedah Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2019

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

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


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

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

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

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

Signed in accordance with a resolution of Council made on 18 September 2019.



J CHAFFEY
Mayor
18 September 2019



R HOOKE
Councillor
18 September 2019



E J GROTH
General Manager
18 September 2019



D J CONNOR
Responsible Accounting Officer
18 September 2019

Income Statement – Water Supply Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	940	890
User charges	4,066	3,491
Interest	425	381
Grants and contributions provided for non-capital purposes	64	50
Other income	49	2
Total income from continuing operations	5,544	4,814
Expenses from continuing operations		
Employee benefits and on-costs	813	655
Materials and contracts	670	686
Depreciation, amortisation and impairment	974	929
Loss on sale of assets	935	334
Other expenses	1,093	834
Total expenses from continuing operations	4,485	3,438
Surplus (deficit) from continuing operations before capital amounts	1,059	1,376
Grants and contributions provided for capital purposes	2,388	702
Surplus (deficit) from continuing operations after capital amounts	3,447	2,078
Surplus (deficit) from all operations before tax	3,447	2,078
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(291)	(378)
SURPLUS (DEFICIT) AFTER TAX	3,156	1,700
Plus accumulated surplus	35,629	33,551
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	291	378
Closing accumulated surplus	39,076	35,629
Return on capital %	2.2%	3.4%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	3,156	1,700
Less: capital grants and contributions (excluding developer contributions)	(2,388)	(336)
Surplus for dividend calculation purposes	768	1,364
Potential dividend calculated from surplus	384	682

Income Statement – Sewerage Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	2,048	1,974
User charges	890	725
Interest	223	268
Grants and contributions provided for non-capital purposes	35	35
Other income	–	13
Total income from continuing operations	3,196	3,015
Expenses from continuing operations		
Employee benefits and on-costs	390	378
Materials and contracts	330	317
Depreciation, amortisation and impairment	948	889
Loss on sale of assets	–	2,470
Other expenses	612	460
Total expenses from continuing operations	2,280	4,514
Surplus (deficit) from continuing operations before capital amounts	916	(1,499)
Grants and contributions provided for capital purposes	506	2,807
Surplus (deficit) from continuing operations after capital amounts	1,422	1,308
Surplus (deficit) from all operations before tax	1,422	1,308
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(252)	–
SURPLUS (DEFICIT) AFTER TAX	1,170	1,308
Plus accumulated surplus	18,838	17,530
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	252	–
Closing accumulated surplus	20,260	18,838
Return on capital %	2.5%	(4.1)%
Subsidy from Council	–	2,450
Calculation of dividend payable:		
Surplus (deficit) after tax	1,170	1,308
Less: capital grants and contributions (excluding developer contributions)	(506)	(2,585)
Surplus for dividend calculation purposes	664	–
Potential dividend calculated from surplus	332	–

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	183	161
Investments	10,350	14,501
Receivables	781	534
Inventories	101	99
Total current assets	11,415	15,295
Non-current assets		
Infrastructure, property, plant and equipment	48,358	40,460
Total non-current assets	48,358	40,460
TOTAL ASSETS	59,773	55,755
LIABILITIES		
Current liabilities		
Payables	54	64
Provisions	10	11
Total current liabilities	64	75
TOTAL LIABILITIES	64	75
NET ASSETS	59,709	55,680
EQUITY		
Accumulated surplus	39,076	35,629
Revaluation reserves	20,633	20,051
TOTAL EQUITY	59,709	55,680

Statement of Financial Position – Sewerage Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	85	157
Investments	9,363	7,475
Receivables	239	213
Inventories	1	1
Total current assets	9,688	7,846
Non-current assets		
Infrastructure, property, plant and equipment	36,279	36,150
Total non-current assets	36,279	36,150
TOTAL ASSETS	45,967	43,996
LIABILITIES		
Current liabilities		
Provisions	1	1
Total current liabilities	1	1
TOTAL LIABILITIES	1	1
NET ASSETS	45,966	43,995
EQUITY		
Accumulated surplus	20,260	18,838
Revaluation reserves	25,706	25,157
TOTAL EQUITY	45,966	43,995

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

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

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

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

Declared business activities

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

Category 1

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

a. Water Supply Service

Comprising the whole of the water supply operations and net assets servicing the towns of Gunnedah, Curlewis, Mullaley & Tambar Springs.

b. Sewerage Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets system servicing the towns of Gunnedah & Curlewis.

Category 2

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

Nil

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

Monetary amounts

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

(i) Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 27.5%

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

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

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

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

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

Income tax

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

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

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

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

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

The rate applied of 27.5% is/is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

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

Note 1. Significant Accounting Policies (continued)

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iv) Dividends

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Gunnedah Shire Council

To the Councillors of Gunnedah Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Gunnedah Shire Council's (the Council) declared business activities, which comprise the Income Statement of each declared business activity for the year ended 30 June 2019, the Statement of Financial Position of each declared business activity as at 30 June 2019, Note 1 Significant Accounting Policies for the business activities declared by Council, and the Statement by Councillors and Management.

The declared business activities of the Council are:

- Water Supply
- Sewerage.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared business activities as at 30 June 2019, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

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

Chris Harper
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

10 October 2019
SYDNEY



Gunnedah Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2019

“To be a focused community valuing
Gunnedah’s identity and quality lifestyle”.



Special Schedules

for the year ended 30 June 2019

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Permissible income for general rates for the year ended 30 June 2019

\$ '000		Calculation 2019/20	Calculation 2018/19
Notional general income calculation ¹			
Last year notional general income yield	a	12,879	12,478
Plus or minus adjustments ²	b	51	113
Notional general income	c = a + b	12,930	12,591
Permissible income calculation			
Or rate peg percentage	e	2.70%	2.30%
Or plus rate peg amount	$i = e \times (c + g)$	349	290
Sub-total	k = (c + g + h + i + j)	13,279	12,881
Plus (or minus) last year's carry forward total	l	3	1
Sub-total	n = (l + m)	3	1
Total permissible income	o = k + n	13,282	12,882
Less notional general income yield	p	13,279	12,879
Catch-up or (excess) result	q = o - p	3	3
Carry forward to next year ⁶	t = q + r + s	3	3

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT
Special Schedule - Permissible income for general rates
Gunnedah Shire Council

To the Councillors of Gunnedah Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Gunnedah Shire Council (the Council) for the year ending 30 June 2020.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

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

Chris Harper
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

10 October 2019
SYDNEY

Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost				Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring assets agreed level of service set by Council	2018/19 Required maintenance ^a	2018/19 Actual maintenance			1	2	3	4	5
Buildings	Buildings	42	42	277	213	33,003	52,094	11.2%	26.0%	54.6%	5.6%	2.6%
	Sub-total	42	42	277	213	33,003	52,094	11.2%	26.0%	54.6%	5.6%	2.6%
Other structures	Other structures	71	71	264	227	3,893	6,418	22.5%	28.5%	28.6%	20.4%	0.0%
	Sub-total	71	71	264	227	3,893	6,418	22.5%	28.5%	28.6%	20.4%	0.0%
Roads	Urban Roads	1,399	1,399	407	391	40,483	50,928	36.5%	25.6%	34.9%	2.9%	0.1%
	Rural Sealed Roads	2,157	2,157	801	1,430	65,274	75,970	31.3%	30.7%	33.7%	3.7%	0.6%
	Rural Unsealed Roads	708	708	1,981	1,876	80,426	92,083	31.9%	26.8%	37.4%	2.2%	1.7%
	Bridges / Culverts	–	–	9	5	25,802	37,331	41.8%	37.5%	12.8%	6.5%	1.4%
	Footpaths	61	61	61	61	6,017	7,700	59.8%	28.7%	10.7%	0.8%	0.0%
	Other road assets	–	–	–	6	2,707	3,452	30.0%	65.5%	4.5%	0.0%	0.0%
	Sub-total	4,325	4,325	3,259	3,769	220,709	267,464	34.8%	29.7%	31.2%	3.3%	1.0%
Water supply network	Gunnedah Water	802	802	864	833	36,607	61,303	42.1%	27.6%	12.8%	17.5%	0.0%
	Curlewis Water	–	–	59	19	2,346	3,579	11.7%	23.3%	65.0%	0.0%	0.0%
	Mullaley Water	–	–	26	5	458	887	15.8%	5.3%	78.9%	0.0%	0.0%
	Tambar Springs Water	23	23	20	17	1,031	1,598	20.0%	57.0%	10.0%	13.0%	0.0%
	Sub-total	825	825	969	874	40,442	67,367	39.6%	27.8%	16.4%	16.2%	0.0%
Sewerage network	Sewerage network	504	504	564	439	34,997	62,542	28.4%	19.1%	14.1%	38.4%	0.0%
	Sub-total	504	504	564	439	34,997	62,542	28.4%	19.1%	14.1%	38.4%	0.0%
Stormwater drainage	Stormwater drainage	167	167	45	23	25,322	34,979	32.4%	37.9%	29.7%	0.0%	0.0%
	Kerb & Gutter	419	419	35	33	13,899	28,233	21.1%	69.9%	8.9%	0.1%	0.0%
	Sub-total	586	586	80	56	39,221	63,212	27.4%	52.2%	20.4%	0.0%	0.0%

Report on Infrastructure Assets (continued)

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance ^a	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
Open space / recreational assets	Swimming pools	–	–	39	64	9,344	10,278	75.0%	25.0%	0.0%	0.0%	0.0%
	Other Recreational Assets	60	60	625	902	3,049	5,926	7.3%	18.3%	58.5%	3.7%	12.2%
	Sub-total	60	60	664	966	12,393	16,204	50.2%	22.5%	21.4%	1.4%	4.5%
Other infrastructure assets	Aerodrome	45	45	7	11	1,146	4,895	84.4%	6.5%	5.2%	3.9%	0.0%
	Car Parking	–	–	–	12	506	1,170	0.0%	100.0%	0.0%	0.0%	0.0%
	Sub-total	45	45	7	23	1,652	6,065	68.1%	24.5%	4.2%	3.1%	0.1%
TOTAL - ALL ASSETS		6,458	6,458	6,084	6,567	386,310	541,366	32.2%	30.2%	27.8%	8.9%	0.9%

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

Infrastructure asset condition assessment 'key'

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

Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	12,442	164.95%	184.41%	91.60%	>=100.00%
Depreciation, amortisation and impairment	7,543				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	6,458	1.67%	1.71%	2.44%	<2.00%
Net carrying amount of infrastructure assets	386,310				
Asset maintenance ratio					
Actual asset maintenance	6,567	107.94%	111.96%	120.24%	>100.00%
Required asset maintenance	6,084				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	6,458	1.19%	1.24%	1.59%	
Gross replacement cost	541,366				

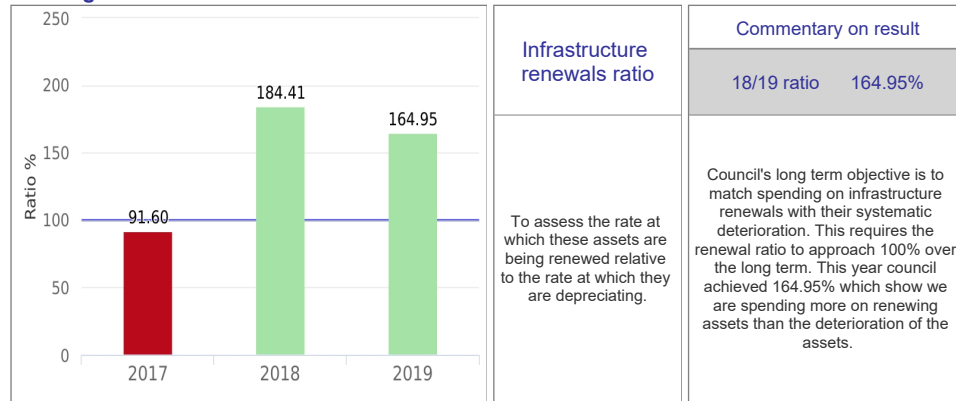
(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

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

Report on Infrastructure Assets (continued)
as at 30 June 2019

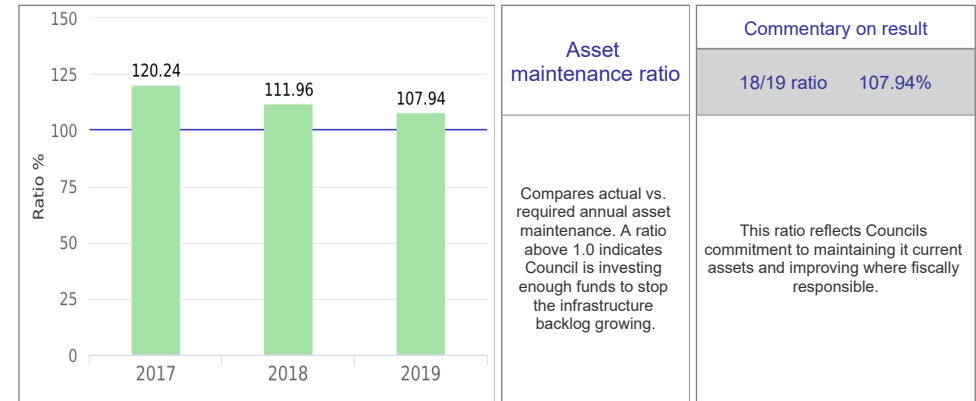
Buildings and infrastructure renewals ratio ¹



Infrastructure renewals ratio	Commentary on result
	18/19 ratio 164.95%
<p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p> <p>Council's long term objective is to match spending on infrastructure renewals with their systematic deterioration. This requires the renewal ratio to approach 100% over the long term. This year council achieved 164.95% which show we are spending more on renewing assets than the deterioration of the assets.</p>	

Benchmark: — $\geq 100.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

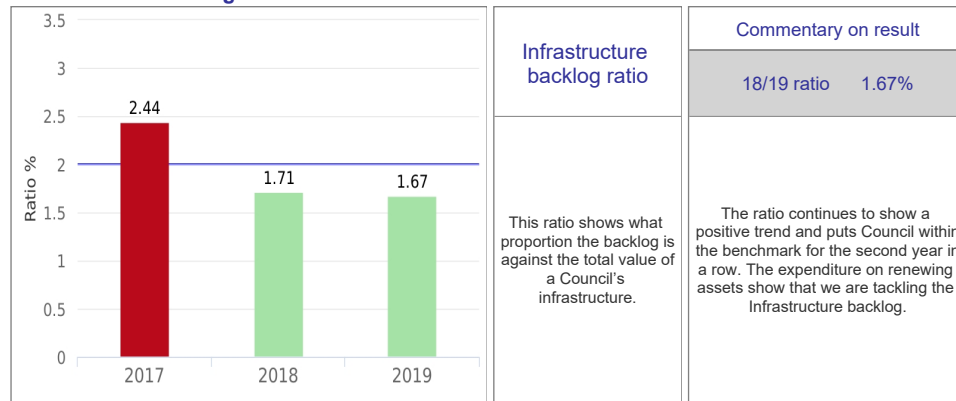
Asset maintenance ratio



Asset maintenance ratio	Commentary on result
	18/19 ratio 107.94%
<p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p> <p>This ratio reflects Councils commitment to maintaining its current assets and improving where fiscally responsible.</p>	

Benchmark: — $> 100.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

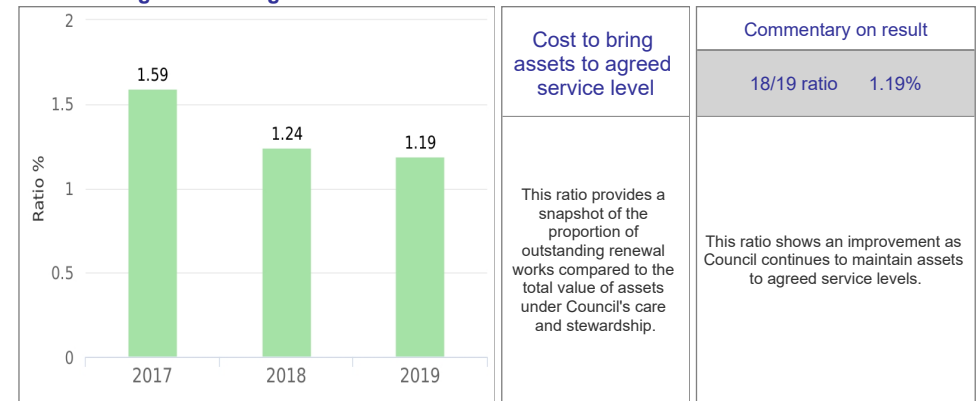
Infrastructure backlog ratio ¹



Infrastructure backlog ratio	Commentary on result
	18/19 ratio 1.67%
<p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p> <p>The ratio continues to show a positive trend and puts Council within the benchmark for the second year in a row. The expenditure on renewing assets show that we are tackling the Infrastructure backlog.</p>	

Benchmark: — $< 2.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level	Commentary on result
	18/19 ratio 1.19%
<p>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.</p> <p>This ratio shows an improvement as Council continues to maintain assets to agreed service levels.</p>	

(1) Excludes Work In Progress (WIP)

Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2019	2018	2019	2018	2019	2018	
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio ¹							
Asset renewals ²							
Depreciation, amortisation and impairment	207.58%	112.04%	65.38%	110.72%	—	735.81%	>=100.00%
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	1.65%	1.69%	2.04%	2.13%	1.44%	1.41%	<2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	115.45%	120.62%	90.20%	89.94%	77.84%	79.96%	>100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	1.25%	1.31%	1.22%	1.25%	0.81%	0.81%	

(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.