



MINUTES ORDINARY MEETING

GWYDIR SHIRE COUNCIL

THURSDAY 26 OCTOBER 2017

COMMENCING AT 9AM

WARIALDA OFFICE COUNCIL CHAMBERS

Present:

Councillors: Cr. Catherine Egan (Deputy Mayor), Cr. Stuart Dick, Cr Marilyn Dixon OAM, Cr. Jim Moore, Cr. Geoff Smith, Cr. David Coulton and Cr Tiffany Galvin.

Staff: Max Eastcott (General Manager), Leeah Daley (Deputy General Manager), Helen Thomas (Manager, Finance)

Public: Ms L Carroll (*Warialda Standard*)

Visitor: Mr Mick Davis and Ms Anita Mackay

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Chairman

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OFFICIAL OPENING AND WELCOME – MAYOR

APOLOGIES Cr J Coulton (Mayor), Cr F Young and Richard Jane
(Director, Technical Services)

**COUNCIL RESOLUTION:
MINUTE 322/17**

**THAT the apologies of Cr J Coulton, Cr F Young and R Jane
are accepted.**

(Moved Cr Dixon OAM, seconded Cr Dick)

**CONFIRMATION OF THE MINUTES
COUNCIL RESOLUTION:
MINUTE 323/17**

**THAT the Minutes of the previous Council Meeting held on
Thursday 28 September 2017 as circulated be taken as read
and CONFIRMED.**

(Moved Cr Smith, seconded Cr Galvin)

PRESENTATION

9am – Michael Davis

**Mr Davis outlined his plans for the future and the need he has for
temporary accommodation to meet the needs of the workers.**

10am – Caroline Downer, Arts North West

**Ms Downer outlined the changes to be introduced in the governance
arrangements for Arts North West, as well as detailing the services
currently being offered to all local government member councils.**

**CALL FOR THE DECLARATIONS OF INTERESTS AND CONFLICTS OF
INTEREST**

**ADDITIONAL/LATE ITEMS
COUNCIL RESOLUTION:
MINUTE 324/17**

THAT the following items, namely:

- 1. Executive Report - September 2017**
- 2. Monthly Investment and Rates Collection
Report - September 2017**
- 3. Request to rename road to Batterham Lookout,**

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- Bingara
4. Certification of 2016/2017 Annual Financial Reports
 5. Further Motion to 2017 LGNSW Conference in December
 6. Request from Gravesend Community Group Inc.

are accepted as late items onto this Agenda for discussion.

(Moved Cr D Coulton, seconded Cr Galvin)

**COMMITTEE OF THE WHOLE – CONFIDENTIAL ITEMS
COUNCIL RESOLUTION:
MINUTE 325/17**

THAT the Council resolve into Confidential Session, Committee of the Whole and that in the public interest and in accordance with Section 10A(2)(a) of the Local Government Act, 1993, the public and press be excluded from the meeting to consider the items listed on the agenda.

(Moved Cr Galvin, seconded Cr D Coulton)

ADOPTION OF THE RECOMMENDATIONS OF THE CONFIDENTIAL SESSION

**COUNCIL RESOLUTION:
MINUTE 326/17**

THAT the recommendations of the Confidential Session, namely:

Confidential Monthly Report for September 2017 – Organisation and Community Development

THAT the September 2017 monthly Confidential report for Organisation and Community Development be received (Ref: 327/17)

Councillor Reports

THAT the following Councillor reports be noted:

Yallaroi Road (Road 10) - resident request for grading (Ref: 328/17)

Barking dog complaint – High Street, Warialda (Ref: 329/17)

Bowen Street Sale (Ref: 330/17)

DA 23/2017 – 118 Stephen Street Warialda (Ref: 331/17)

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THAT further discussions be held with the applicant in an attempt to find a more appropriate location for the temporary accommodation required to meet the planned expansion needs.

are adopted.

(Moved Cr Smith, seconded Cr Galvin)

Item 1 Councillor Activity Report - October 2017

DELIVERY PROGRAM

GOAL: 4. Proactive Regional and Local Leadership

OUTCOME: 4.1 WE ARE AN ENGAGED & CONNECTED COMMUNITY

STRATEGY: 4.1.2 Enable broad, rich and meaningful engagement to occur - GM - external

The Councillors' activity schedule for October 2017 commitments is outlined below:

October 2017		
Councillor	Event	Date
Cr J Coulton (Mayor)	Namoi JO Meeting – The Living Classroom Bingara	5 th October
	Teleconference - Bingara	6 th October
	Community Meeting - Warialda	12 th October
	Welcome and opening of Caravan Rally – Bingara Showground	16 th October
	AARG Meeting - Moree	19 th October
	Planning meeting – Ian Smith, Director Regional Operations Office of Regional Development, Tamworth	19 th October
Cr Catherine Egan (Deputy Mayor)	Community Meeting - Warialda	12 th October
	Council Meeting - Warialda	26 th October
Cr D Coulton	Community Meeting - Warialda	12 th October
	Council Meeting - Warialda	26 th October
Cr S Dick	RFS Meeting - Bingara	11 th October
	Committee Meeting - Warialda	12 th October
	Welcome and opening of Caravan Rally – Bingara Showground –RFS safety talk	16 th October
	Historical Society Meeting	19 th October
	Council Meeting	26 th October
Cr M Dixon OAM	Community Meeting	12 th October
	Council Meeting	26 th October

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Cr T Galvin	Community Meeting - Warialda	12 th October
	Pink Breakfast – Roxy Cafe	20 th October
	Council Meeting - Warialda	26 th October
Cr J Moore	4 x 4 Trail Ride Inspection - Warialda	11 th October
	Community Meeting - Warialda	12 th October
	Nthn Slopes Landcare Assn (NSLA) Board Meeting 3pm-4pm – Bingara	24 th October
	Council Meeting - Warialda	26 th October
Cr G Smith	Community Meeting - Warialda	12 th October
	Council Meeting	26 th October
Cr F Young	TLC Meeting	6 th October
	Community Meeting - Warialda	12 th October
	General Meeting and Auditors report 2016/2017 Financial year NSLA office	23 rd October
	Landcare and LLS Conference and Award Ceremony – Albany W.A	25 – 27 th October

OFFICER RECOMMENDATION

THAT the report be received

**COUNCIL RESOLUTION:
MINUTE 332/17**

**THAT the Councillor Activity Report - October 2017 be received
(Moved Cr Galvin, seconded Cr Dixon OAM)**

Item 2 Recommendations from the Public Infrastructure Committee Meeting held 12 October 2017

FILE REFERENCE

DELIVERY PROGRAM

GOAL: 5. Organisational Management

OUTCOME: 5.1 CORPORATE MANAGEMENT

STRATEGY: 5.1.3 Administrative functions - GM - internal

AUTHOR General Manager

DATE 13 October 2017

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/ SUMMARY RECOMMENDATION

This report recommends the adoption of the recommendations from the Public Infrastructure Committee meeting held on 12 October 2017.

COMMITTEE RECOMMENDATIONS TO COUNCIL

Heavy Plant Replacement Program

THAT the Heavy Plant Replacement Program for 2017 be adopted

Councillor Reports

That the following Councillor reports be noted:

Suspected unauthorised use of water at Warialda airstrip

Captain Cook Park – additional funding

Cricket Pitch Warialda Recreation Ground

Blind Corner – airstrip road, Warialda

Council blocks of land for sale in Bingara

Bingara Library project

Hidden Treasures nomination

Warialda Heavy Vehicle Bypass update

ATTACHMENTS

There are no attachments for this report.

**COUNCIL RESOLUTION:
MINUTE 333/17**

Heavy Plant Replacement Program (Ref: 334/17)

THAT the Heavy Plant Replacement Program for 2017 be adopted

Councillor Reports

THAT the following Councillor reports be noted:

Suspected unauthorised use of water at Warialda airstrip (Ref: 335/17)

Captain Cook Park – additional funding (Ref: 336/17)

Cricket Pitch Warialda Recreation Ground (Ref: 337/17)

Blind Corner – airstrip road, Warialda (Ref: 338/17)

Council blocks of land for sale in Bingara (Ref: 339/17)

Bingara Library project (Ref: 340/17)

Hidden Treasures nomination (Ref: 341/17)

Warialda Heavy Vehicle Bypass update (Ref: 342/17)

(Moved Cr Dixon OAM, seconded Cr Smith)

Item 3 Recommendations from the Community Services and Planning Committee meeting held 12 October 2017

FILE REFERENCE

DELIVERY PROGRAM

GOAL: 5. Organisational Management

OUTCOME: 5.1 CORPORATE MANAGEMENT

STRATEGY: 5.1.3 Administrative functions - GM - internal

AUTHOR General Manager

DATE 13 October 2017

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/ SUMMARY RECOMMENDATION

This report recommends the adoption of the recommendations from the Community Services and Planning Committee meeting held on 12 October 2017.

COMMITTEE RECOMMENDATIONS TO COUNCIL

Letter to Minister for Primary Industries

THAT the draft letter to the Minister for Primary Industries is endorsed by the Council.

FURTHER that the following motion be submitted to the LGNSW Annual Conference for consideration:

THAT the LGNSW Annual Conference call on the Minister for Primary Industries to expedite the review of the *Animal Welfare Code of Practice – Breeding dogs and cats* to incorporate the recommended improvements put forward by both the NSW Companion Animals Taskforce Report (2012) and the Joint Select Committee on Companion Animal Breeding Practices in New South Wales (2015).

Greenhouse Update

THAT the report be received

DA 23/2017 – 118 Stephen Street Warialda

THAT the proposed development in its current state be refused on the following basis:

Inadequate bathing, toileting facilities, covered living/communal area provided onsite to accommodate the maximum number of boarders and thus the proposed development is not fit for purpose.

Failure of the applicant to obtain development consent prior to use of the demountable/s to accommodate employees.

That public opinion has been tarnished by the applicant's failure to obtain the proper consent and the detrimentally effect the proposed development will have, and has already demonstrated to have, on the amenity of the existing neighbourhood at times outside of the existing business's operating hours.

FURTHER that the demountables only be permitted to be stored onsite (unoccupied) between offsite jobs as any piece of equipment would that forms part of the normal commercial/industrial operation of the existing business.

Monthly Organisation and Community Development Report for September 2017

THAT the monthly Organisation and Community Development report for September 2017 be received

COUNCIL RESOLUTION:

MINUTE 343/17

Letter to Minister for Primary Industries (Ref: 344/17)

THAT the draft letter to the Minister for Primary Industries is endorsed by the Council.

FURTHER that the following motion be submitted to the LGNSW Annual Conference for consideration:

THAT the LGNSW Annual Conference call on the Minister for Primary Industries to expedite the review of the *Animal Welfare Code of Practice – Breeding dogs and cats* to incorporate the recommended improvements put forward by both the NSW Companion Animals Taskforce Report (2012) and the Joint Select Committee on Companion Animal Breeding Practices in New South Wales (2015).

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Greenhouse Update (Ref: 345/17)

THAT the report be received

DA 23/2017 – 118 Stephen Street Warialda (Ref: 346/17)

THAT the proposed development in its current state be refused on the following basis:

Inadequate bathing, toileting facilities, covered living/communal area provided onsite to accommodate the maximum number of boarders and thus the proposed development is not fit for purpose.

Failure of the applicant to obtain development consent prior to use of the demountable/s to accommodate employees.

That public opinion has been tarnished by the applicant's failure to obtain the proper consent and the detrimentally effect the proposed development will have, and has already demonstrated to have, on the amenity of the existing neighbourhood at times outside of the existing business's operating hours.

FURTHER that the demountables only be permitted to be stored onsite (unoccupied) between offsite jobs as any piece of equipment would that forms part of the normal commercial/industrial operation of the existing business.

Upon being put to the meeting, the motion was declared carried.

For the Motion were Crs Dick, Dixon OAM, Egan, Moore, Smith, Galvin and D Coulton Total (7).

Against the Motion was Nil Total (0).

NOTE: The issues relating to DA 23/2017 – 118 Stephen Street Warialda were further discussed in the confidential session.

Monthly Organisation and Community Development Report for September 2017 (Ref: 347/17)

THAT the monthly Organisation and Community Development report for September 2017 be received

(Moved Cr Coulton, seconded Cr Dixon OAM)

ATTACHMENTS

There are no attachments for this report.

Item 4 Namoi JO Minutes 5th October 2017

FILE REFERENCE

DELIVERY PROGRAM

GOAL: 4. Proactive Regional and Local Leadership

OUTCOME: 4.1 WE ARE AN ENGAGED & CONNECTED COMMUNITY

STRATEGY: 4.2.1 Build strong relationships and shared responsibilities - GM - external

AUTHOR General Manager

DATE 18 October 2017

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/ SUMMARY RECOMMENDATION

The report is for reception only of the unconfirmed minutes of the Namoi Joint Organisation meeting held on 5th October 2017.

OFFICER RECOMMENDATION

THAT the Namoi Joint Organisation meeting held on 5th October 2017 be received and noted.

ATTACHMENTS

AT- Minutes

**COUNCIL RESOLUTION:
MINUTE 348/17**

THAT the Namoi Joint Organisation meeting held on 5th October 2017 be received and noted.

(Moved Cr D Coulton, seconded Cr Moore)



NAMOI COUNCILS JOINT ORGANISATION

Members of the Namoi Joint Organisation of Councils are the Gunnedah Shire Council, Gwydir Shire Council, Liverpool Plains Shire Council, Narrabri Shire Council, Tamworth Regional Council, Uralla Shire Council and Walcha Council

BOARD MEETING

DATE:	Thursday 5 October 2017, 10am to 2pm	
VENUE:	The Living Classroom, Bingara	
MEMBERS:	Cr Doug Hawkins	Liverpool Plains Shire Council
	Cr Cathy Redding (A/Chair)	Narrabri Shire Council
	Stewart Todd	
	Cr Jamie Chaffey	Gunnedah Shire Council
	Colin Formann	
	Cr John Coulton	Gwydir Shire Council
	Max Eastcott	
	Cr Helen Tickle	Tamworth Regional Council
	Cr Mick Pearce	Uralla Shire Council
	Andrew Hopkins	
	Cr Eric Noakes	Walcha Council
	Jack O'Hara	
	Alison McGaffin	NSW Department of Premier and Cabinet
EO:	Rebel Thomson	Namoi Joint Organisation

1. INTRODUCTIONS

1.1 WELCOME TO COUNTRY

Cr Redding welcomed members to Gwydir Shire and thanked Cr Coulton for the use of the Living Classroom for meetings.

Cr Redding acknowledged the traditional owners of the land and Elders past and present.

Cr Lobsey mentioned he was representing Regional Development Australia Northern Inland Chair Russell Stewart.

1.2 APOLOGIES

Apologies for the meeting were received from Eric Groth, Cr Andrew Hope, Cr Col Murray, Paul Bennett, Cr Isabel Strutt (Guest of Uralla Shire Council) and Chris Webber Acting General Manager Tamworth Regional Council.

MOTION MOVED: Uralla Shire Council SECONDED: Tamworth Regional Council

THAT, the apologies tabled for the meeting are accepted.

2. DECLARATION OF INTERESTS

No declarations of interest pertaining to the agenda for the meeting were received.

3. MINUTES, BUSINESS ARISING AND ACTION LIST

3.1 MINUTES OF THE PREVIOUS BOARD MEETING

A copy of the minutes is provided in ATTACHMENT A.

MOTION MOVED: Gwydir Shire Council SECONDED: Uralla Shire Council

THAT, the minutes of the meeting held 10 August 2017 are amended or accepted.



NAMOI COUNCILS JOINT ORGANISATION

Members of the Namoi Joint Organisation of Councils are the Gunnedah Shire Council, Gwydir Shire Council, Liverpool Plains Shire Council, Narrabri Shire Council, Tamworth Regional Council, Uralla Shire Council and Walcha Council

3.2 MINUTES OF THE PREVIOUS JOLT MEETINGS

A copy of the minutes are provided in **ATTACHMENT B**.

MOTION MOVED: Uralla Shire Council SECONDED: Walcha Council

THAT, the minutes of the JOLT meeting held 18 September 2017 are noted.

3.3 ACTION LIST AND BUSINESS ARISING

Progress and activity against Action Items is provided in **ATTACHMENT C**.

MOTION MOVED: Gwydir Shire Council SECONDED: Gunnedah Shire Council

THAT, progress against the Action Items is noted.

3.4 BUSINESS ARISING FROM THE ACTION LIST

Gunnedah Shire Council noted that if the group was to coordinate a second AICD course, they would be interested.

Gunnedah Shire Council asked for clarification on the collection of a database of producers for the international engagement project. The EO explained that at the August meeting in Sydney, Uralla Shire Council expressed a desire to communicate details about the International Engagement Project more broadly to their community of producers and that this would form part of the communications and marketing plan for the project.

4. GOVERNANCE

4.1 2016-2017 FINANCIAL STATEMENT

JOLT considered and endorsed the 2016-2017 financial statement of the Namoi Councils Joint Organisation on the 18 September 2017, a copy of the draft statement is provided in **ATTACHMENT D**.

MOTION MOVED: Walcha Council SECONDED: Uralla Shire Council

THAT, the 2016-2017 Financial Statement is endorsed.

Gwydir Shire Council said that the future sustainability of the JO remained an issue for the organisation.

4.1.1 2017-2018 Finance Report

Finance reports accepted by JOLT at their meeting on the 18 September 2017 are presented in **ATTACHMENT E**.

MOTION MOVED: Gunnedah Shire Council SECONDED: Gwydir

THAT, Board endorses payments to Moree Plains Shire Council \$3,838.15 (ex GST) and Tamworth Regional Council \$15,638.64 (GST N/A) are approved for payment by the Executive Officer.

Narrabri Shire Council sought a clarification to the Business Paper that JOLT did not discuss the Tamworth payment to recoup expenditure for accrued leave entitlements for the previous Executive Officer; however the expenditure is not disputed.

4.2 PROPOSED AMENDMENTS TO THE JO HANDBOOK

4.2.1 Review of sections for the Employ of the Executive Officer

The Namoi Councils Joint Organisation reviewed the text in relation to Employment in the JO Handbook.

MOTION MOVED: Gwydir Shire Council SECONDED: Gunnedah Shire Council

THAT, amendments to the Employees Section of the Joint Organisation Handbook are endorsed.



NAMOI COUNCILS JOINT ORGANISATION

Members of the Namoi Joint Organisation of Councils are the Gunnedah Shire Council, Gwydir Shire Council, Liverpool Plains Shire Council, Narrabri Shire Council, Tamworth Regional Council, Uralla Shire Council and Walcha Council

ACTION 2017/10-001

The EO is to distribute an amended copy of the JO Handbook to members.

4.2.2 Provision for Refund

Members reviewed the text to provide advice on the issue of refunds into the future in the Handbook.

MOTION MOVED: Uralla Shire Council SECONDED: Gwydir Shire Council

THAT, the suggested amendments to the Finance Section of the Joint Organisation Handbook are endorsed.

5. REGIONAL STRATEGIC PROJECTS UPDATE

5.1 ECONOMIC DEVELOPMENT, INTERNATIONAL ENGAGEMENT & TOURISM (CR CHAFFEY)

A written report of progress against project activities is provided in ATTACHMENT F.

MOTION MOVED: Gunnedah Shire Council SECONDED: Uralla Shire Council

THAT, members note the progress of the International Engagement Project.

Uralla Shire Council thanked Cr Chaffey and Cr Murray who attended the Council meeting in September to conduct an information session with Councillors, questions were welcomed and appreciated.

Walcha Shire Council reiterated the thanks conveyed on Cr Chaffey and Cr Murray for attending the September Council meeting.

Cr Chaffey reiterated the offer of the International Engagement Project Sponsors Tamworth Regional Council and Gunnedah Shire Council to attend Council meetings to support members in their deliberations over the proposed mission to China.

Cr Chaffey also noted that training sessions will need to be conducted in conjunction with Board meetings for those going on the proposed mission to China in March 2018.

Cr Chaffey thanked the EO for completing the submission for the *Agricultural Market Access Programme* the application is seeking \$77,000 to support the project.

5.1.1 Namoi Unlimited Brand

A written report was presented in the Business Paper.

MOTION MOVED: Gunnedah Shire Council SECONDED: Gwydir Shire Council

THAT, the Namoi Unlimited name and logo is adopted and endorsed as the logo for all of the organisations activities.

THAT, the marketing and communications group discusses the interests of the JO and how it can communicate its brand and activity.

THAT, Gwydir Shire Council will register the Namoi Unlimited as a business name.

THAT, the structure of the JO as an organisation is referred to JOLT.

Cr Chaffey reported that meetings of the Sponsors Working Group are being held weekly.

The Joint Organisation has made connections made with NSW Trade and Investment in China, International Engagement with Department of Industry and Investment and China Council for the Promotion of International Trade.

Discussions have also occurred with these organisations to use their WeChat social networks as our China social media platform.

The future of the project in other areas and countries needs to be considered.

Gwydir Shire Council congratulated Cr Chaffey and the working group, noting that having two logos would be confusing.

Uralla Shire Council supported each member Councils having their profiles within the Namoi Unlimited branding and promotion.



NAMOI COUNCILS JOINT ORGANISATION

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Department of Premier and Cabinet asked if the brand or the organisation is now Namoi Unlimited, how will the organisation be referred to – Namoi Unlimited or Namoi Councils Joint Organisation.

Gwydir Shire Council noted that Joint Organisation was a qualifier to the brand.

Members agreed the organisation would be known as Namoi Unlimited with a Joint Organisation qualifier to identify the organisation.

5.1.2 Draft Performance Measures

Draft success measures of the International Engagement Project – China were presented in the Business Paper.

Gwydir Shire Council suggested invitations to Ningbo Government should be supported with an invitation from the NSW Government.

Cr Chaffey reported he has had discussions with Minister Blair MLC and Deputy Prime Minister; Barnaby Joyce and the invitations could be sought.

Cr Chaffey reported a group of Mayors from SE Queensland have attended the Asia-Pacific Summit in Korea. Councils are spreading the message about Australian opportunities.

5.1.3 Proposed Mission to China

Written correspondence of the mission proposal has been sent to the General Managers. Decisions of member Councils participation are expected by 23 October 2017.

MOTION MOVED: Gunnedah Shire Council

SECONDED: Uralla Shire Council

THAT, the Board endorses the Namoi Councils Joint Organisation Mission to China and the proposed budget of \$40,000 (ex GST).

Uralla Shire Council reported that a proposal for a reciprocal visit was attractive to the community and that their Council was keen to see the working group develop a strategy to engage with producers and manufacturers.

ACTION 2017/10-002

Uralla Shire Council asked that the working group prepare advice on a reciprocal visit by the regions identified.

Narrabri Shire Council sought clarification that the EO was to present at seminars on the region. The EO reported that these plans were not yet firm and details on the seminars were being developed by the working group. Cr Chaffey said the proposal was to have each Council present their own project and summary of the opportunities in the Council area. Time in the agenda is to be allocated for business matching of proposals with potential investors.

Gwydir Shire Council suggested that the proposed investment proposals from each Council be tabled at a meeting. Cr Chaffey said that this was the intent once members had confirmed if they were to participate. The EO indicated that Tamworth Regional Council, Gunnedah Shire Council, Liverpool Plains and Gwydir Shire Councils had investment proposals under development. Walcha Council and Uralla Shire Council were approaching private enterprise to develop a proposal. Uralla Shire Council said that if an enterprise could not be identified then Walcha and Uralla would be preparing a tourism offer.

Cr Chaffey reiterated that investment proposals from member Councils are needed by 23 October 2017. This will enable the JO to capitalise on a commitment from NSW Trade and Investment to help distribute messages around the investment proposals to potential investors.

Gwydir has resolved to support the mission.

Narrabri Shire Council expressed a concern that the project is to be funded by the JO that the presentation of individual projects should be funded by each Council.

Gwydir Shire Council asked the group to consider if there was a perceived pecuniary interest in approving a recommendation to endorse the expense to travel to China by member Councils.

Members agreed that there was no pecuniary interest as the decision on representation and participation of member Councils in the mission at the JO was being undertaken by individual Councils not the JO.



NAMOI COUNCILS JOINT ORGANISATION

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5.1.4 Draft Communications and Marketing Plan

A written report on progress to develop a communications and marketing plan for the project was tabled in the Business Paper.

MOTION MOVED: Gwydir Shire Council

SECONDED: Uralla Shire Council

THAT, the directions are noted.

Cr Chaffey said the intent is to provide the Board with ongoing training and information to provide the Members with Guidance on the project. Narrabri Shire Council clarified that the plan and expenditure is to be managed by the Project Sponsors.

5.1.5 SWOT Analysis for the Project

Members were asked that on receiving the update from Cr Chaffey on behalf of the working group to table any issues or concerns.

Gwydir Shire Council asked that the opportunity for a return regional visit is to be included in the project plan.

Gunnedah Shire Council asked that any MOU to be presented is to be endorsed at a future Board meeting.

Gwydir Shire Council asked that a cultural/educational exchange component is included in the MOU.

Gwydir Shire Council asked if Alex Wang the Mandarin translator employed by Tamworth Regional Council undertaking the trip. Cr Chaffey said the budget included translators and he would be seeking for this to be provided by our hosts, it would also be more cost effective to employ translators living in the region that the group intends to visit.

The EO asked if the organisational structure or lack of an organisational structure is a threat to the project. Gwydir Shire Council said that the provisions for an organisational structure to be established are currently available.

Uralla Shire Council noted that the Deputy Premier gave the commitment that the issue would be settled within 2 weeks of elections at the meetings held in Sydney in August.

Department of Premier and Cabinet said that the creditability of the organisation can only be questioned - if the organisation doesn't deliver.

Cr Chaffey the issue may be in the signing of an MOU, the JO holds the relationship and badge of Government however member Councils would need to signature a document.

The EO said if applications for funding are not successful the project will have to be delivered on JO funds.

Member Councils paused meeting proceedings as Prime TV attending the Living Centre. The EO reported that she had not organised Primer TV to attend that she understood the Living Centre management were conducting a story with Prime TV.

Gunnedah Shire Council sought the support of members to have Prime TV take some updated footage of the group meeting and that this was an opportunity for the group to release its new branding.

Members agreed to enable Prime to take footage of the meeting.

The meeting resumed thereafter.

5.2 LOCAL GOVERNMENT SKILLS STRATEGY & HR WORKING GROUP ACTIVITY

Members received a written report in the Business Paper on the activity of member Councils under the Local Government Skills Strategy Pilot; specifically item 1 which was intended to provide Councils with an avenue or opportunity to identify 17-24 year olds in the community who could undertake traineeship and apprenticeship opportunities.

MOTION MOVED: Gunnedah Shire Council

SECONDED: Walcha Council

THAT, members refer the opportunity to the JOLT group to develop a program across Councils and community enterprise.



NAMOI COUNCILS JOINT ORGANISATION

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Gwydir Shire Council asked the General Managers to provide their advice. Uralla Shire Council said it was hoping to identify two positions with a program to be coordinated by Joblink Plus. Uralla Shire Council sees the opportunity as a way to find potential employees and have them trained but not at council expense.

Tamworth Regional Council asked if there should be linkages to industry developed, that the initiative should be available to industry. The EO reported that she believed the opportunity was already available to industry.

Gunnedah Shire Council said that as the largest employers of people in our community, training of young people is a benefit to the community as a whole and gave their support to the initiative.

Gwydir Shire Council noted that this was a success for the JO, if the JO had not advocated for a new approach to skills in the region, the group may not have been selected to be part of this pilot.

Narrabri Shire Council asked who the working groups report to, is it the Board or the JOLT? Walcha Shire Council agreed that all working groups should report to JOLT.

The EO explained that the working groups are established based on regional priorities and operational activities. A working group will report to where responsibilities for these functions lie, as with the case with the International Project – the working group reports to the Board.

Gwydir Shire Council requested that if JOLT weren't happy with the reporting arrangements of working groups they should review at their next meeting.

5.3 INFRASTRUCTURE PRIORITIES AND THE ROADS AND TRANSPORT WORKING GROUP

The Roads and Transport Working Group has been working to develop the DRAFT Roads Network Pilot with NSW Roads and Maritime Services. A copy of the draft Plan was provided in **ATTACHMENT G**.

MOTION MOVED: Gunnedah Shire Council SECONDED: Walcha Council

THAT, members consider and endorse the approach, noting that the final document is to be provided to the December meeting.

Gunnedah Shire Council supported the approach and asked where/what steps would a BCA be required.

The EO said the priority was for the Board to endorse the approach and that the Board was being asked how it would like to consult with industry as the next step. This would enable work on solutions to commence with the RMS and the Regional Growth Funds where a BCA would be required. The approach is intended to build the business case for the route rather than a council piece of works.

Gunnedah Shire Council recommended that the JO consult with the Tamworth Freight Cluster and other companies. Gwydir Shire Council recommended the Livestock and Bulk Handlers Association and that the JO writes to these groups.

Uralla Shire Council said a reference map for each roads would have been beneficial. The EO reported that the pinch points have been located onto a map by RMS, however because the Living Centre computer can not access the internet, the map cannot be shown. The EO undertook to present the maps on member Council visits this month.

Walcha Council asked if the works included on the report under each highway were in priority order. The EO said no that this would be dictated by the BCA and industry consultation.

6. ADVOCACY & LEADERSHIP

6.1 SUPPORT FOR THE JO FROM THE NSW GOVERNMENT

A written report between the EO, the Chair and Mr Michael Johnsen MP was tabled in the Business Paper.

Mr Johnsen undertook to have a discussion with the Deputy Premier in relation to decisions on Joint Organisations and funding.

The Acting Chair summarised the report as noted.

ACTION 2017/10-003

Progress is to be reported to the next meeting of the Board, any decision about future action be taken then.



NAMOI COUNCILS JOINT ORGANISATION

Members of the Namoi Joint Organisation of Councils are the Gunnedah Shire Council, Gwydir Shire Council, Liverpool Plains Shire Council, Narrabri Shire Council, Tamworth Regional Council, Uralla Shire Council and Walcha Council

6.2 INVITATION FROM COMMUNITY COLLEGES AUSTRALIA

The Executive Officer has been asked to participate in a forum with Community Colleges Australia on the 25th October 2017 at the Byron Community College conference centre in Mullumbimby.

The Namoi Joint Organisation has been asked to participate because of its work with the NSW Government Local Skills Strategy and the collaboration between member Councils and as the activity was to benefit Community Colleges Australia, the benefit to the JO other than advocacy was limited.

MOTION MOVED: Gunnedah Shire Council SECONDED: Walcha Council

THAT, Community Colleges Australia is advised that the EO is not available to attend.

6.3 APPLICATIONS SUBMITTED FOR FUNDING

MOTION MOVED: Gwydir Shire Council SECONDED: Uralla Shire Council

THAT, the applications submitted for funding are noted and endorsed.

6.4 INVITATIONS TO SUBMIT TO INQUIRIES

As part of the Advocacy and Leadership function of the Board, future agendas will include invitations to Submit for Government inquiries.

The Namoi Councils Joint Organisation has been invited to make a submission for an Inquiry into support for new parents and babies in New South Wales.

This is not an area of focus for the Joint Organisation. Any member who has expertise in this area can make a submission to the Inquiry.

MOTION MOVED: Uralla Shire Council SECONDED: Walcha Council

THAT, the invitation is noted.

6.5 ADVOCACY EVENT CANBERRA

MOTION MOVED: Gunnedah Shire Council SECONDED: Uralla Council

THAT, members endorse the development of an advocacy agenda with the Commonwealth Government in 2018.

Members would like the following opportunities to promote regional and or local priorities in:

- Roads
- Inland Rail
- Airport slots Airport Security and changes to regional airport security arrangements
- Tourism
- Trade and Investment including FTAs and access to markets
- Regional Development
- NDIS
- Aged Care
- Affordable Housing
- Skills, employment
- Electricity pricing/gas
- Renewables

ACTION 2017/10-004

Members are to forward any ideas for the Canberra Advocacy trip to the EO.

7. REPORTS FROM JOLT

7.1 JO BUSINESS MODEL

The JOLT is tasked with investigating and developing recommendations in relation to the future Business Model for the JO. The feedback to JOLT from the Board is included in the table below.



NAMOI COUNCILS JOINT ORGANISATION

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INCOME OPPORTUNITY	DELIBERATIONS	OUTCOME OF DELIBERATIONS	BOARD
Membership Income	<p>Increasing current membership contributions, modelling suggests without changes to the number of existing members and if the assumption to maintain activity at \$400,000 is maintained, membership contributions would need to increase to \$57,200 - AGREED</p> <p>Consideration was also given to a population based model.</p>	<p>Members feel that the current contribution of \$30,000 is adequate.</p> <p>Without additional and demonstrated value it will be difficult to successfully obtain an increased membership contribution.</p> <p>✓ A population based model was rejected.</p> <p>The EO has since canvassed membership fees with other similar organisations, 7 of the 11 organisations that responded have a membership and population based contribution to their JO or ROC.</p>	<p>Members agreed membership fees remain at existing levels.</p>
	<p>JOLT considered seeking additional membership on two levels:</p> <ul style="list-style-type: none"> Collaborating with the New England Group at \$30,000 per additional member (\$150,000 for five additional members) Collaborating with 12 identified bordering Councils to existing members at \$30,000 (\$360,000) 	<p>By adding the New England Group of Councils additional income would need to be used on employing additional staff resources to address the needs and opportunities for that group.</p> <p>If no additional resources are provided, neither groups could see benefit from the investment as the EO's resources would be split.</p> <p>The majority of potential members surrounding the Namoi JO are already associated with a regional organisation the move could be seen as predatory.</p> <p>JOLT believes the adoption of new members may derail current momentum and activity.</p>	<p>The Board endorsed current members to approach Councils in the New England and gauge their interest in:</p> <ul style="list-style-type: none"> Amalgamating the region in size and membership Members votes are equal <p>The Chair and Deputy Chair will contact Moree Plains Shire Council.</p>



Members of the Namoi Joint Organisation of Councils are the Gunnedah Shire Council, Gwydir Shire Council, Liverpool Plains Shire Council, Narrabri Shire Council, Tamworth Regional Council, Uralla Shire Council and Walcha Council

The EO stressed that without a Business Model and direction, the current level of activity is not sustainable with the retained funds the organisation will have available at the end of the 2017-2018 financial year.

SECONDED: Gwydir Shire

SECONDED: Uralla Shire Council

THAT, the Business Model be referred back to JOLT for further work.

7.2.1 Namoi Water Alliance

SECONDED: Walcha Council

THAT, the proposed activity for the Namoi Water Alliance and expenditure for 2017-2018 is endorsed.

SECONDED: Uralla Council

7.2.3 Planning Working Group

SECONDED: Uralla Council

THAT, the proposed activity of the Planning Working Group is endorsed.

8. NOTICE OF MOTION

The Executive Officer received the following Notice of Motion from Cr Chaffey on Monday 25 September 2017.

Cr Chaffey spoke to the motion in support of coordinating Board meetings monthly meeting and sharing the meetings around the region. Sharing the meetings around the region will enable member Councils and Councillors to come and listen to the activities of the JO. A program of monthly meetings is proposed as the activity of projects such as the International Engagement Project is increasing and Sponsors wanted to ensure members remain engaged and supported in these discussions.

Uralla Shire Council asked how the additional meeting would impact General Managers.

Narrabri Shire Council spoke against the motion of monthly Board meetings but in favour of continued updates on projects.

Gwydir Shire Council spoke in support of moving projects around the region although noted that Gwydir Shire Councils were invited to attend the meeting today, however no Councillors accepted the invitation to attend

Gwydir Shire Council also noted that activity is obviously occurring at working group level which is where activity needs to occur.



NAMOI COUNCILS JOINT ORGANISATION

Members of the Namoi Joint Organisation of Councils are the Gunnedah Shire Council, Gwydir Shire Council, Liverpool Plains Shire Council, Narrabri Shire Council, Tamworth Regional Council, Uralla Shire Council and Walcha Council

Gwydir Shire Council also spoke in support of the Chair issuing a meeting notice at any time should projects require the input from the Board.

MOTION MOVED: Gunnedah Shire Council SECONDED: Tamworth Regional Council

THAT, the Namoi Joint Organisation returns to the practice of holding monthly meetings with the location of meetings to be shared among member councils.

AMENDMENT MOVED: Gwydir Shire Council SECONDED: Walcha Council

THAT, meetings of the Board remain bi-monthly and move locations.

THAT, the Executive has the ability to call a meeting when required.

9. OTHER BUSINESS

9.1 JO ACTIVITY DRAFT COMMUNIQUE FROM THE BOARD MEETING

A draft communique of decisions at the Board meeting was presented in the Business Paper.

The EO reported that the intent of a communique was to provide information about deliberations and Board decisions to staff and Councillors after each meeting.

A media release is the release of information into the public domain and where such a release will require comment from the Joint Organisation.

MOTION MOVED: Uralla Shire Council SECONDED: Gunnedah Shire Council

THAT, the communique is endorsed and released for the October meeting.

Narrabri Shire Council asked the EO to review files and find a Media Protocol endorsed by the Board previously. He believed that the Chair and the EO are authorised to distribute information in the media as required.

The EO reported that in the case of some projects, the project Sponsor may be more informed to talk on project activity in the media.

Gunnedah Shire Council asked if the JO had a social media policy.

Department of Premier and Cabinet sought confirmation that the communique could be provided to Members of Parliament, member Councils and departmental representatives.

ACTION 2017/10-005

That media releases from meetings are included on agendas.

10. NEXT MEETING

10.1 PROPOSED MEETING DATES FOR 2018

MOTION MOVED: Gwydir Shire Council SECONDED: Walcha Council

THAT, locations are to be added, dates are endorsed and dates are distributed to member Councils,

11. OTHER BUSINESS

Cr Lobsey reported on behalf of Regional Development Australia Northern Inland that funding commitments had been received from the Australian Government for its future operation and that the organisation was undertaking consultancy work across the region.

Cr Chaffey reported that training dates for the International Engagement Project would be set and distributed to Councils.

Narrabri Shire Council reported that it be noted that Council meetings were to change from 3rd to 4th Tuesday of the month.

Cr Chaffey reported that he would be attending the upcoming Murray Darling Basin Authority AGM and if any member wanted issues raised to contact him.

The meeting closed at 2.22pm.

Item 5 Monthly Technical Services Report - September 2017

FILE REFERENCE

DELIVERY PROGRAM

GOAL: 5. Organisational Management

OUTCOME: 5.1 CORPORATE MANAGEMENT

STRATEGY: 2.1.1 Plan for and develop the right assets and infrastructure - TS -external

AUTHOR Technical Services Director

DATE 18 October 2017

STAFF DISCLOSURE OF INTEREST Nil

TABLED ITEMS	Nil
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BACKGROUND

The monthly Technical Services report has been identified by Council as the process of reporting the activities carried out monthly by the Technical Services Department.

1. TECHNICAL SERVICES AND ADMINISTRATION

Technical Services infrastructure, planning, design and surveys were carried out in-house. The Technical Services staff continue to provide customer service to the Gwydir Shire residents

1.1 North West Weight of Loads Committee

It was decided at the NWWOL committee meeting held on the 03 July 2017 that the September meeting would not be held this year.

1.2 Emergency Services

Minutes of the Narrabri Moree Gwydir Joint Bush Fire Management Committee held on 12th September 2017 in Narrabri are at Attachment 1.

2. ENGINEERING SERVICES

2.1 Construction/ Rehabilitation – Regional and Local Roads

Elcombe Road

Southern staff have completed the rehabilitation of approximately 900m of Elcombe Road, 26.9km from Gwydir Highway. The project included minor realignment of a curve and widening of the road formation to 9m.

Elcombe Road – Lovers Lane

Construction has commenced on the Lovers Lane section of Elcombe Rd, with sub-base material is being carted to site. This rehabilitation project involves the widening of the formation to 9m, along with the stabilisation of both the base and sub-base courses.

North Star Road Heavy Patching

In preparation for this year's resealing program, heavy patching was carried out on segments 410 and 560 of North Star Road. Resealing of this segments in scheduled before the end of the calendar year

2.2 Works – Local, Regional and State Roads

Maintenance Grading

SR 34 River Road, SR31 Eulourie Road, SR42 Mungle Road, SR 33 Forrest Creek Road, SR234 Bonanza Road

Gravel Resheeting

SR9 I.B Bore Road, SR117 Bundaleer Road

Heavy Patching

RR7705 Heavy Patching, HW12 Gwydir Highway, SR16 Trevallyn Road, MR63 Allan Cunningham Road

Bitumen Patching

RR63 Warialda Road, HW12 Gwydir Highway, RR7705 North Star Road

Vegetation Control

HW12 Gwydir Highway SR38 Adams Scrub Road, MR462 Bruxner Way

Miscellaneous Work

Essential Energy Car Park – Private Works

Installation of Guard Rail on MR133 at Pallal Creek Bridge

Realignment of the intersection of Geddes and Stephen Street, Warialda

Coolatai – RFS Strategic Slashing Program

Slashing

HW12 Gwydir Highway, SR11 Horton Road, Warialda Airstrip, RR63 Warialda Road, MR63 Allan Cunningham Road

Private Works for Councillors and Staff

Nil Report

Self Help Program

SR6 Getta Getta Road

2.3 Roads Maintenance Council Contract – Works Orders issued by RMS

All Work Orders issued by RMS are quality assurance schedule of rates projects carried out by Council staff under the Roads Maintenance Council Contract with Roads and Maritimes Services.

Heavy patching works continue to progress on our state roads with crews finished HW12 Gwydir Highway, currently working their way back North on MR63 Allan Cunningham Road. Once heavy patching has been completed within reseal segments, seal designs will be developed and reseals will then be completed before the end of the calendar year. Resealing works will be undertaken by Fulton Hogan, who provided a very competitive tender through LGP's Vendor Panel. These works will be a full service bitumen spray sealing contract. Reseal Preparation works will also be underway over upcoming weeks in order to be ready for reseals, programmed for the end of November.

2.4 Rural Roads 2017-2018 Capital Works Program – nil report

2.5 Other Services

2.5.1 Street services continued to be maintained for vehicular, pedestrian and public conveniences.

2.5.2 Storm water drainage facilities continue to be maintained.

2.5.3 Aerodromes at Warialda and Bingara continue to be maintained and inspections are done monthly.

2.5.4 Existing quarry sources are continually being utilised and future sources are being investigated as time permits with other competing projects.

2.5.5 The radio and television towers continued to be maintained.

3. DESIGN AND ASSET SERVICES

Survey, design and soil testing is continuing for the 2017-2018 works programs. Progress is as follows:

North Star Road - Gardiners

Survey and design has been completed for the Gardiners, 34.5km and 35.8km from Warialda Road, rehabilitation project. The base station has been set up and construction is ready to commence when weather permits

North Star Road – Flaggy Creek

Design has been completed ready for construction when funding permits.

Warialda High Productivity Vehicle Bypass – Truck Wash

Plan sets are being finalised, with negotiations ongoing with RMS regarding the SH12 and Warialda Road intersections. All other aspects of the design have been completed.

Spring Street - Drainage

Survey has been conducted, with a design on the way, for the Spring Street drainage issue. All possible options will be looked at and compared.

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Chairman

SH12 and Stephen Street Intersection

Design and set out of this project was completed for construction over the school holidays.

Elcombe Road – Lover's Lane

A base station has been set up on the Elcombe Road Lover's Lane job, 41.46km to 42.52km from Gwydir Highway to Bingara. This will allow the crews to begin construction to Grade Control when weather permits.

4. FINANCIAL REPORTS – nil report

5. TOWN SERVICES – nil report

6. DEVELOPMENT AND BUILDING SERVICES

6.1 DEVELOPMENT

The Department continues to receive enquiries and provide advice on a range of planning and building matters including:

- Minor structure construction e.g. sheds
- Commercial opportunities and construction
- Basix (Building Sustainability Index)
- Bushfire requirements
- Building construction standards and requirements
- Stormwater
- Licensing and owner builder requirements
- Fees and charges

The following Construction Certificate (C/C) applications have been approved for the month.

No.	Property Description	Development/ Work	\$	C/ C
570/2009	'Tarraleah' 7445 Copeton Dam Road, Bingara	Ensuite & walk in robe	22,000	✓
01/2017	88 Maitland Street, Bingara	Storage Units	150,000	✓
25/2017	'Tiilungra' 96 Butlers Road, Bingara	Dwelling	246,000	✓
27/2017	51 Hope Street, Warialda	4 demountable buildings for short term accommodation	70,000	✓

The following Construction Certificate (C/C) applications were approved by a Private Certifier and lodged with Council during the month.

No.	Property Description	Development/ Work	\$	C/C
Nil				

6.2 ILLEGAL ACTIVITY – nil report

6.3 HEALTH

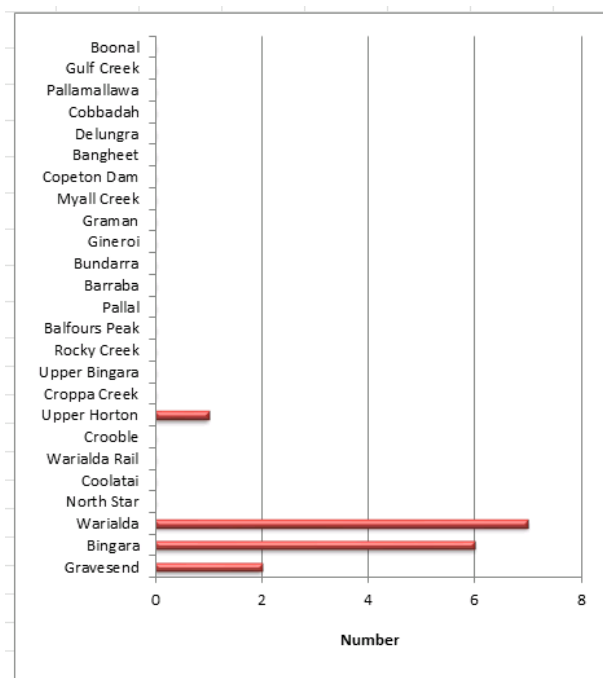
The Department continues to receive enquiries and provide advice on a range of health matters including

- Design and installation of on-site sewerage management systems
- Overgrown properties
- Food premises design and fit-out
- Food handling practices
- Mobile food vendors
- Licensing
- Water carting
- Plumbing and drainage - design and installation

Water Surveillance

The Department continues to carry out routine weekly microbiological sampling of the water supply in the towns of Warialda and Bingara, fortnightly sampling of Gravesend and monthly sampling at North Star.

Health Related Inspections for September 2017



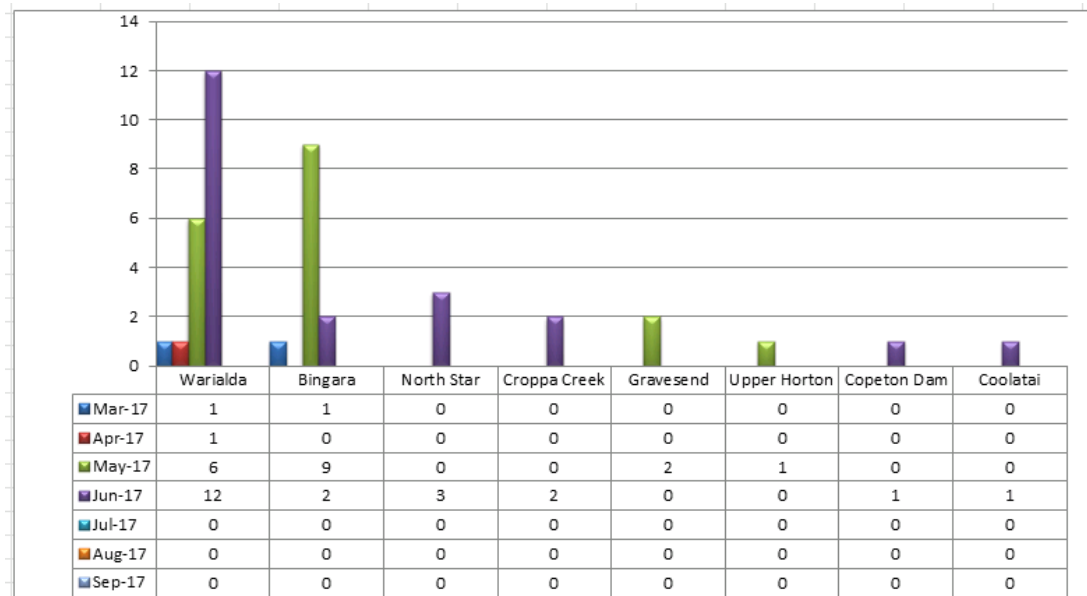
Swimming Pool Inspections

The Department continues to carry out swimming pool compliance inspections.

Cemeteries

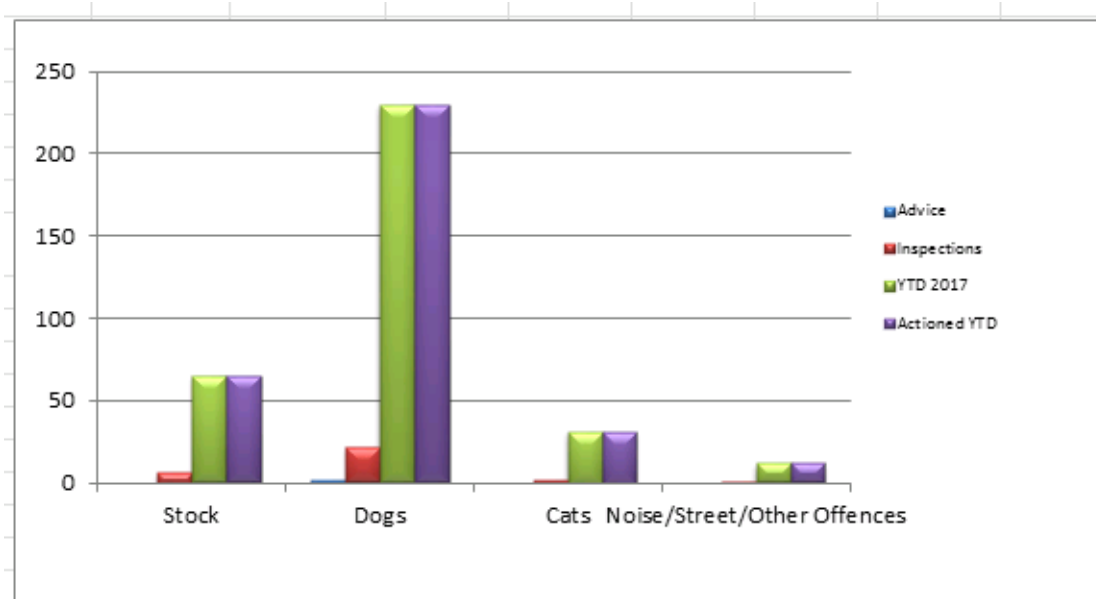
Both Warialda and Bingara Cemeteries continued to be maintained.

Food Premise Inspections/Re-inspections



Compliance and Regulatory Control

Council received complaints regarding roaming stock and dogs, noise, the keeping of animals and other concerns during the month of September 2017. These are investigated and actioned as necessary and are detailed in the following table including year to date and actioned totals:



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Chairman

6.4 ENVIRONMENTAL

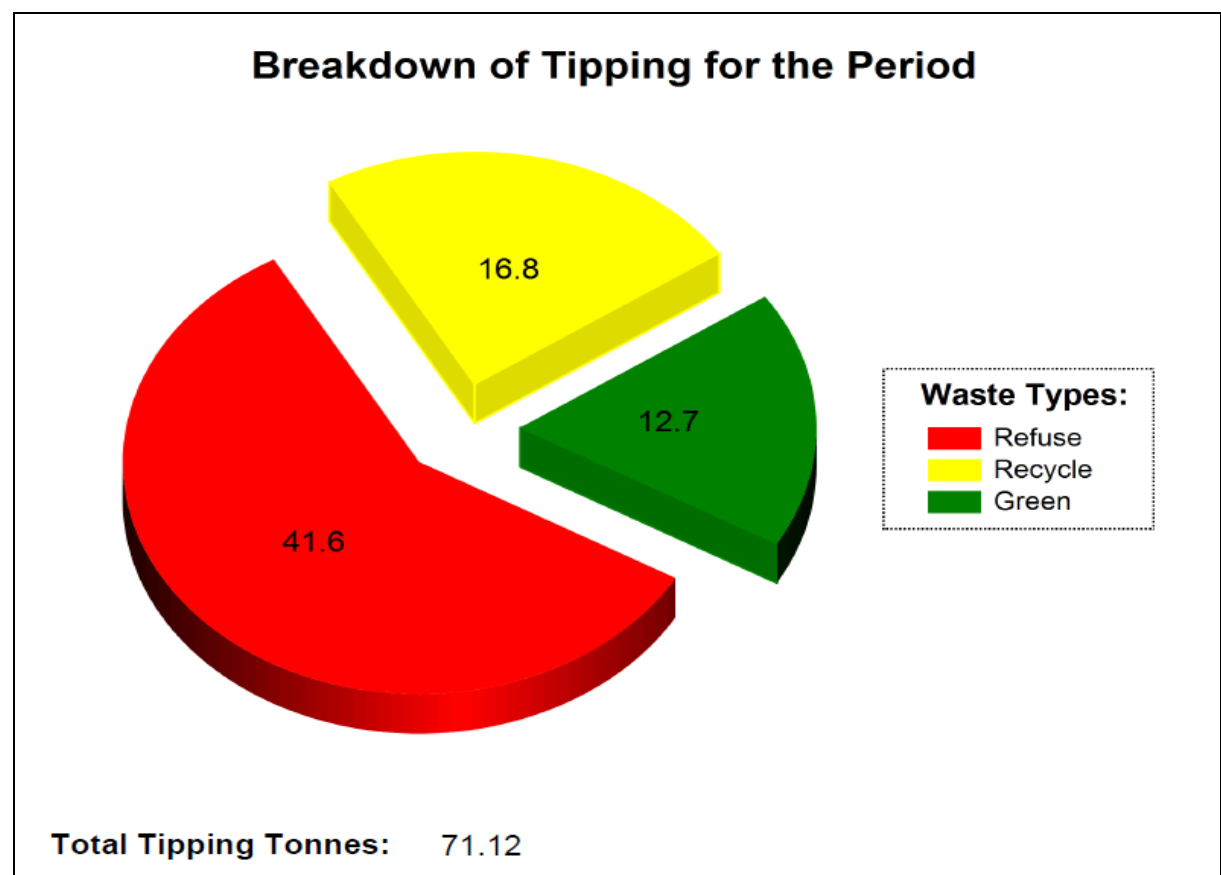
The Department continues to receive enquiries and provide advice on a range of environmental matters including:

- Air and water pollution
- Noise pollution
- Littering
- Legislation

Waste Services

- Scheduled kerbside collection of waste, recycling and green waste was carried out throughout the Shire. There were no incidents or complaints for this period.
- All Waste Recovery Centres in the Shire continue to be supervised/monitored and maintained. Staff continues to make changes to the site layout and signage to improve onsite operation and access for residents unloading waste and recyclable materials.
- There was no in house chipping for the month. Council is continuing to supply mulch from chipped green waste to residents.
- Steel continues to be stockpiled for collection at the Bingara and Warialda Waste Recovery Centre.

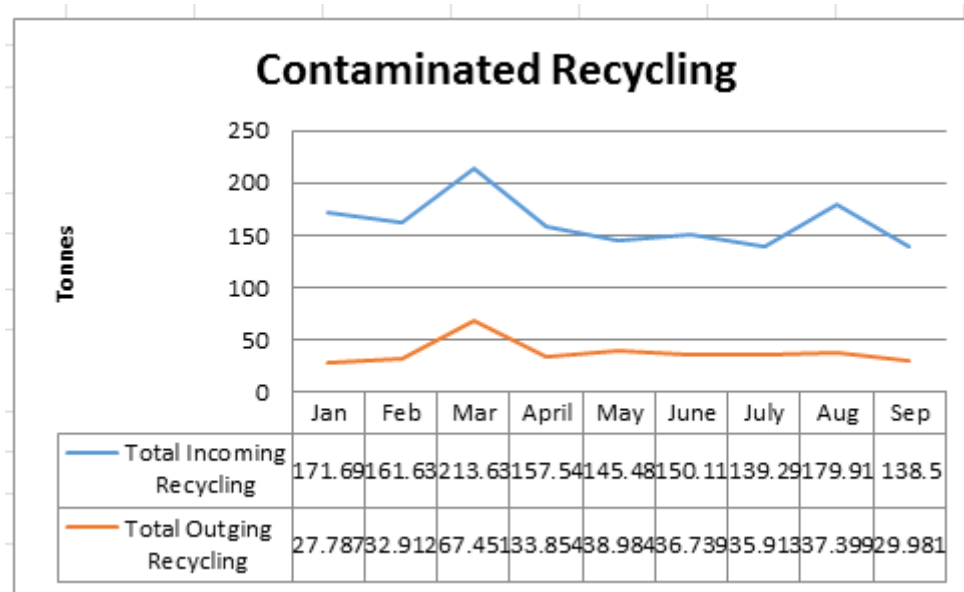
Breakdown of Waste Collection for September 2017



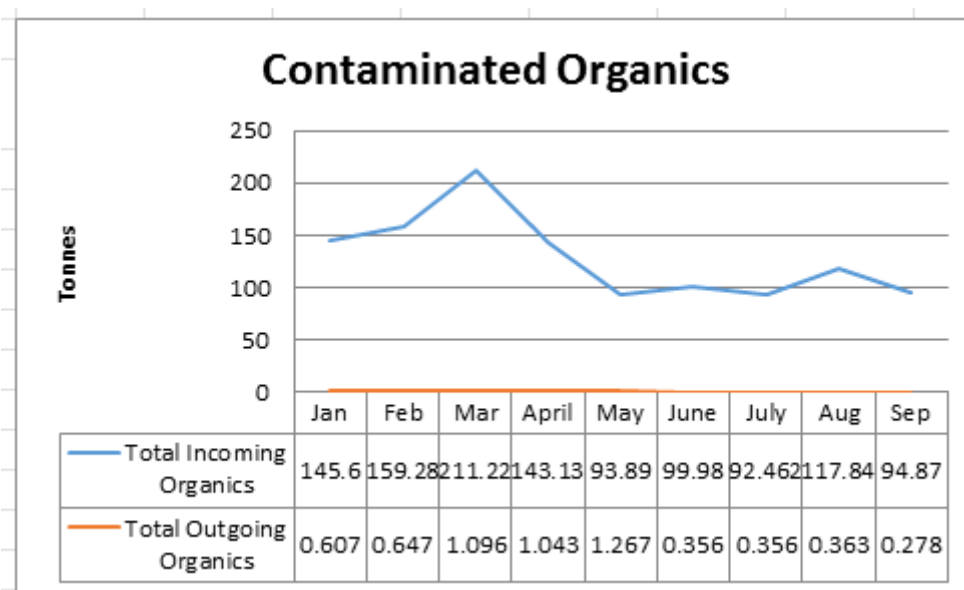
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Recycling Contamination September 2017



Organics Contamination September 2017

**6.5 NOXIOUS WEEDS CONTROL****Property Inspection Program**

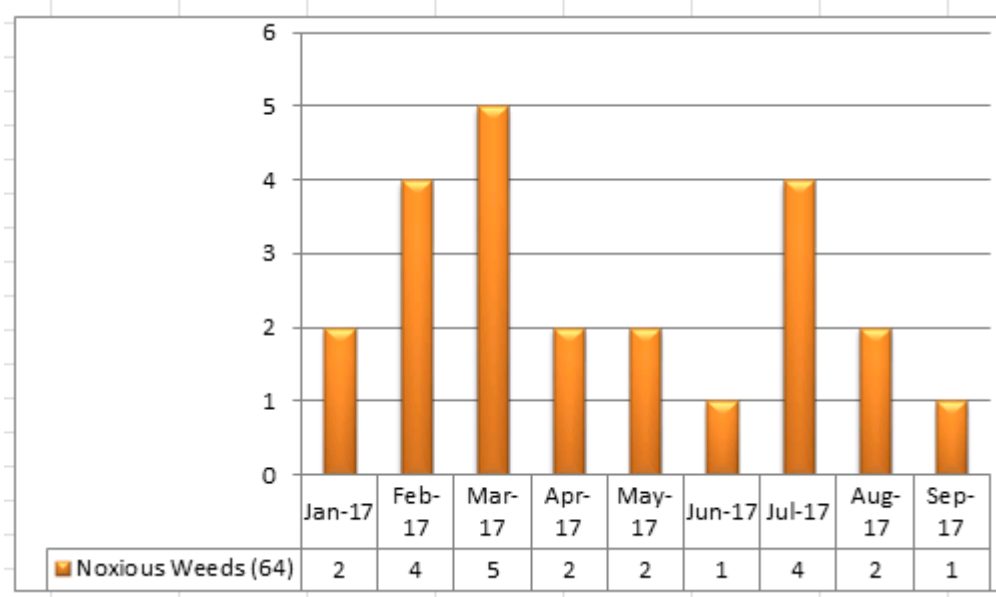
Staff continues to assist farmers and the community with:

- Funding advice
- Noxious weeds advice
- Property inspections
- Spraying of noxious weeds

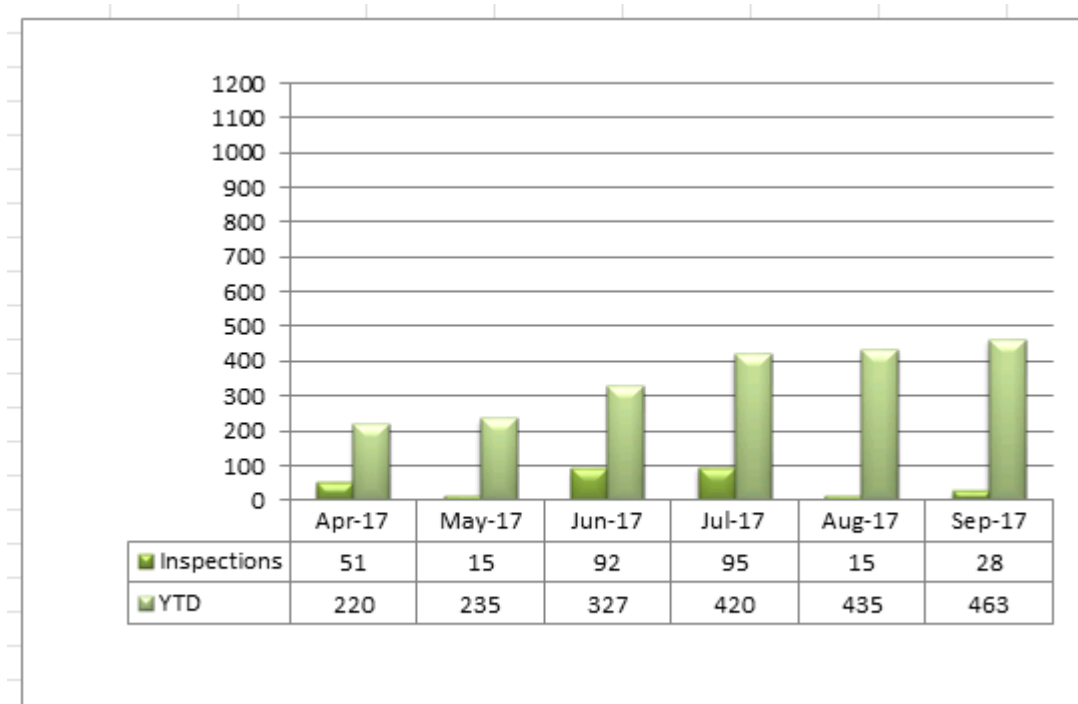
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Chairman

The following noxious weeds certificates were issued during September 2017 compared to the previous eight (8) months.



The following graph shows the noxious weeds inspections carried out in September 2017 compared to the previous five (5) months.



Noxious weeds - Inspections during September 2017

Areas Inspected	No.	Ha	Rd km	Weeds Present
Private Property High Risk areas	3	734	-	Galvanised Burr, Tiger Pear, Green Cestrum, Mimosa Bush, Common Pear, Tree Pear
Private Property High Risk Reinspection	1	2	-	African Boxthorn, Green Cestrum
Roadside Inspections High Risk	5	5	-	Tree Pear, Mimosa Bush, African Boxthorn
Waterways High Risk	-	-	-	-
Private Property	16	5350	-	Blackberry, Sweet Briar, St Johns Wort, Patersons Curse, Common Pear, Bathurst Burr, Tree Pear, Mimosa Bush, African Boxthorn
Private Property Reinspections	-	-	-	-
Private Property Waterways	1	92	-	Green Cestrum, African Boxthorn, Tiger Pear, Mimosa Bush
Roadside Inspections	5	-	120	St Johns Wort, Green Cestrum
Other Council Lands	-	-	-	-
Other Weekend Markets	-	-	-	-
Dept of Lands	2	12	-	Madeira Vine
National Parks/ Nature Reserves	-	-	-	-
NWLLS Reserves	-	-	-	-
Gravel Quarries	-	-	-	-
Other	-	-	-	-

Noxious weeds control works for September 2017

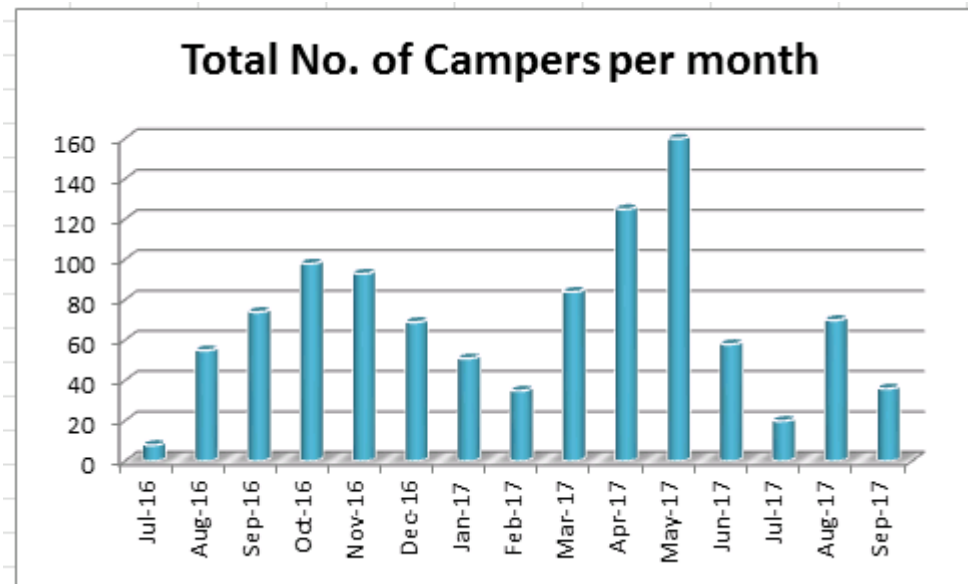
Road/Property	Locality	Weed Code	Area Ha	Road km	High Risk Road	Council Road	Other
Baroma Downs Road	Warialda	African Boxthorn	-	20	-	1	-
Gwydir Highway	Warialda	African Boxthorn	-	58	1	-	-
Bundilla Road	Gravesend	African Boxthorn	-	4	-	1	-
IB Bore Road	North Star	Harissia Cactus, Mother of Millions	-	22	-	1	-
Bingara Common (South East)	Bingara	Mother of Millions	10	-	-	-	1

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Chairman

6.6 RIVERSIDE CAMPING

Council's Compliance Officer carries out weekly checks along the river to ensure that camping is being conducted in a safe and hygienic manner. The number of campers is detailed in the following graph.



6.7 BUILDING MAINTENANCE

The Department continues to receive requests to carry out minor maintenance and these are generally dealt with in a timely manner. Otherwise the works are scheduled into maintenance staff building activities including new works for attention.

Projects Worked on during September 2017

Staff worked on the following projects during June:

- Plunkett St Warialda Water Reservoir – Repairs and maintenance.
- Bingara Landfill – Fencing.
- Heavy Vehicle Bypass land acquisition – Fencing.
- Croppa Creek Hall – Painting tea room.
- Bingara Swimming Pool – Repairs and maintenance.
- Holden Street Aged Unit – Concreted pathway to clothesline.
- Crooble Hall - Install stairs and hand rail. Paint doors and fascia

Swimming Centres

The Warialda and Bingara Swimming Pool are open for the summer season.

CONCLUSION

The activities carried out by the Technical Services Department are in line with the 2017/2018 Management Plan and otherwise as directed.

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Chairman

CONSULTATION

Consultation is carried out within the Technical Services Department during the monthly Technical Services team meetings and other relevant persons.

POLICY IMPLICATIONS Policy implications are those relating to the 2017/2018 Management Plan and the Technical Services Policies of Gwydir Shire Council.

FINANCIAL IMPLICATIONS The activities carried out by the Technical Services Department are in line with the 2017/2018 Management Plan.

OFFICER RECOMMENDATION

THAT the report be received

ATTACHMENTS

AT- Minutes of Meeting - Narrabri Moree Joint Bushfire Management Committees

COUNCIL RESOLUTION: MINUTE 349/17

THAT the Engineering Services report be received.

FURTHER that the emergency contact details for aircraft wanting to land at Warialda Airstrip during wet weather be advised to all Councillors (Ref: 350/17).

(Moved Cr D Coulton, seconded Cr Dick)

**NARRABRI/MOREE & GWYDIR
BUSH FIRE MANAGEMENT COMMITTEES
JOINT MEETING**

12 SEPTEMBER 2017

ITEM NO.	SUBJECT	PAGE NO.
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2	Confirmation of minutes of previous meetings	3
3	Business arising from the previous minutes	3
4	Correspondence	4
5	Report from Work Groups	4
6	Agency Reports	4
7	Report of Sub-Committees	6
8	Other Business	6
9	Risk Management Plan	7
10	General Business	8
	Next Meeting	8
	Task Register	9

**MINUTES OF MEETING OF NARRABRI/ MOREE & GWYDIR BUSH FIRE MANAGEMENT COMMITTEES
 HELD 12 SEPTEMBER 2017 AT NARRABRI FCC**

Meeting started at 1035 hrs

Participants:	Present	Apology
Michael Brooks – RFS	x	
Stephen Prichard – RFS	x	
Bill Pownall – RFS	x	
Daniel Gibson – RFS	x	
Shane Bradford - FRNSW left at 1330hrs	x	
Peter Nugent - FRNSW left at 1330 hrs	x	
Fergus Walker - RFS	x	
Allan Lawrence – Narrabri Shire Council left at 1330hrs	x	
Wayne Garnsey left at 1330 hrs	x	
Rodney O'Brien – Crown Lands	x	
Vicky Lyons – Crown Lands	x	
Steve Eather – GC RFS		x
Richard Scilley – RFS		x
Marty Linehan - NPWS	x	
Ray Palmer – ARTC	x	
Matthew Davidson – NW Local Land Services Left meeting at 1230hrs	x	
Stuart Dick – Gwydir Shire Council	x	
Luke McDermott – Narrabri Shire Council	x	
David Morris – Narrabri Shire Council	x	
Karen Hedges - RFS	x	
Alec Byers – RFS		x
Fiona McClymont – Moree Plains Shire Council	x	
Alisa Akins – Gwydir Shire Council	x	
Cr Dave Coulton – Gwydir Shire Council		x
Robin Trindall - RFS	x	
Cr Jim Crawford – Moree Plains Council		x

Robert Dunn – NSW Police			X
Tom Cooper – FRNSW			X
Conan Rosler - Forestry			X
Jarod Dashwood – Forestry		X	
John Tramby – Moree Plains Shire Council			X
Jim Duncan – Essential Energy – Left meeting at 1200hrs		X	
Cr Cameron Staines – Narrabri Shire Council			X
Jeff Pattison – Essential Energy			X
Gerard O'Connor – NW Local Land Services – Away for two years			X
Peter Burney - NPWS			X
Darren Raack – Narrabri Shire Council Left Early		X	

Item		Action
1. Welcome and apologies	Bill Pownall - Welcomed and thanked all attendees, the apologies were read out. Attendees introduced themselves to the meeting.	
2. Confirmation of minutes of previous meeting	Previous minutes accepted and discussed. Confirmed by Martin Linehan & Alisa Akins.	
3. Business arising from the previous minutes	<p>Discussion and clarification sought of slashing funding, work is reliant on funding. Councils have been allocated some monies. Vicky Lyons advised that their funding request was rejected, due to asset zones applied for have to be specific and risk ratings have to be allocated to each asset needed to be done. Michael advised that the Risk ratings can be updated starting with Dan Gibson today if need be.</p> <p>Fire trails – the meeting was made aware that a new Bush Fire Coordinating Committee policy is being released and the BFMCS have to advise which fire trails are being used and which are cross tenure trails, these are first priority and then other fire trails prioritised from there. Cross tenures trails may be the main priority. Marty Linehan asked would there be a subcommittee? Michael explained the procedure with fire trails. Karen Hedges explained John Kennedy is working through them and will come to this area and explain all aspects and work through these with locals in the community.</p>	

Item	Action
	Formal amalgamation of two committees – committee members were to clarify with their organisations to see if there is any objection to the amalgamation of the two committees. No objections were received from members attending the meeting. Michael Brooks will commence the process for amalgamation.
4. Correspondence	It was noted that Jason Heffernan, Assistant Commissioner requested that Farmers representatives be included on IMT's. Correspondence from March 2017 to September 2017. List attached to the minutes and the offer of more details if required.
5. Report from Work Groups	Draft Risk Plans to be discussed.
6. Agency Reports	Narrabri Shire Council - machinery has now been upgraded with bull grader blades. All machinery has also been installed with satellite tracking. NPWS – discussion has taken place with the Risk Management Planning for Mt Kaputar. Steve, Vicki and Marty have met there and are getting greater clarity, but there is work to be done. Communications up there are critical. If the Governor goes down all major resources will be lost. It was a hectic winter with 4,500 hectares treated. All training and competencies have been completed. Maps are updated. The Narrabri area will become known as the Barwon area and will increase in size and be managed out of Narrabri and the Bingara depot will now come under Narrabri. Michael Brooks queried if the conservation area in the north west of the Pilliga, will the familiarisation day continue? Marty was unsure. RFS is consulting with National Parks in the process for the area. Crown Lands - all bush fire plans are ready to go. Contact list compiled. Consent is required for HR works on Crown Lands, contact Vicky to ensure that the right approval is sort before any works are started. Forestry – plant is on strategic roads and have been there all year. Recruiting staff for the Baradine and Narrabri depots at the moment and candidates should commence shortly. Next week is the preseason fire day. Conan assessing new trucks and plant in the off season and ready now for mobilisation. Camera installed at Baradine office and available for all forestry staff 360-degree vision, clarity is better than previously. Fire tower was also upgraded earlier this year. Staff member trained for drone use and has worked with CASA, which is a bit tricky for use with smoke sighting etc. Michael Brooks advised the RFS have a subcommittee working through this issue and once aircraft are in the area, the drones are unable to be used. NW Local Land Services – travelling stock reserves work, we are guided by the RFS for their HR burns on these reserves. Question asked, are there any expectations that should be undertaken, rather than following the RFS guidelines? Michael Brooks advised that when fires are on stock reserves, the RFS treat as any other landholder. The biggest issue is farm holders ploughing outside their fence. Daniel Gibson

Item		Action
	<p>questioned if HR certificates were issued. It was advised that the process is to contact the RFS and give consent for them to conduct HR burns. Do you give discounts to farmers for grazing rights to reduce hazards? Not a common practise and not something they promote. Very clear that all roadsides are not travelling stock routes. Reference to fire breaks, we do not encourage it or allow it and request that if it is seen that the RFS notify LLS. If the LLS approached someone to graze the area, then the discount would be given, but not if they approach the LLS for an area. If an area was identified, then they would negotiate with the stock owner. At this time of the year 4-5 applicants apply for the one area. It was noted that the Newell Highway between Narrabri and Coonabarabran is a TSR but not from Narrabri to Bogabri, it is a TSR on the Old Turrawan Rd yes. LLS have other ways for HR works using small plant. It was advised that any slashing outside a fence line needs contact with LLS and with NO cultivation outside a landholder's fence line. Within the Act there are restrictions on what can be done outside the landowner's fence line. There is no approval given by LLS for that. Gerard O'Connor is also taking 2 years leave. Wayne will be the contact person.</p> <p>Karen Hedges - HR works completed around Moree and the Moree common, a burn at Ashley was undertaken with areas of Aboriginal significance not done. Rodney O'Brien questioned is it not a standard practice to check this beforehand and therefore shouldn't undertake a burn if not checked? It was noted that these procedures are followed. Bogabilia HR works will be undertaken, a lot of vacant blocks are aboriginal land blocks, an elder will work with the RSF to identify and work through the burning of identified blocks. Warialda HR works will be liaised with the community. HR works at the treatment works in Narrabri will be conducted soon, F&RNSW advised for their information.</p> <p>RFS - vehicles have been serviced. Santos have undertaken a lot of work with the RFS for BFA training. Stephen Prichard advised that the BFA training is available on line at no cost to any agency, as advised by the Heavy Plant Section. Jim Duncan advised that Essential Energy undertake that online, although the initial one has to be done face to face and then the refresher training can be done on line after that.</p> <p>Narrabri Shire Council – water is now on at Baan Baa and available. Generators at Pilliga and Gwabegar available, with automatic fuelling now available at the Narrabri Airport.</p> <p>F&RNSW – in last 5 days 4 fires have been deliberately lit in the Hinds Street area. Police have been advised. At State level staff are running through their training for property protection. On TOBAN days we coordinate requirements to ensure strike teams available for deployment if need be.</p> <p>Moree Shire Council – water tank 250,000 litre is now at the Moree airport. Bombers reload there and it is located near the terminal. New led lighting has been installed on the airstrip for night landing. Michael Brooks advised that for the emergency exercise on the 5/10 a small plane is coming on a trailer. Any agency wanting to use the aircraft on the trailer most welcome. Infill for tanks is being undertaken from the mains. Funding has been received for HR works for the Terry Hie Hie Hall. A survival map has been put up for display.</p>	

Item	Action
	<p>Essential Energy – all fire mitigation has been completed which was reported by the plane sighter. It was noted that HR works completed by Essential Energy, is conducted on a massive scale.</p> <p>ARTC – behind in updating the summer fire risk mitigation plans, due to the EIS released by the government yesterday. The restrictions of rail corridors are very stringent. Total axle load has been raised to 23 tonnes and extended the waiver of the length of trains. Bogabilla's biggest problem is the fuel depot, as it hasn't been maintained and the non-native buffalo grass is an issue. Submitted to do a HR and it was rejected, due to the fuel depot. It needs attending and cannot be left as it is. Have attempted grazing options, without success. Restricted by the environmental assessment done for the inland rail. Nothing can be done for 14 months until the paper is completed. The area for inland rail completion was explained. No fires have been started from the welding of tracks recently, due to the new processes. It was noted that slashing contractors now carry a tank of water on the tractor rather than on a trailer. In TOBANS no slashing is carried out. All level crossings have the road name applied to them now, instead of the number, if it is a property access it has the property name. Cleaning up and slashing is being undertaken in all areas, not just near the level crossings. With the inland Rail trains increasing to 1.3 km long.</p> <p>Gwydir Shire Council – HR programme advice received and bids successful. Evacuation from Killarney Gap and Copeton Dam assessed. The water line to Warialda Airport is complete. Stonefield fire shed is complete and council is ready for any new sheds. Survival maps have been displayed and are a great success. Dan Gibson – recommendation for removal of tyre pile at Warialda tip due to proximity to the hospital? Alisa Akins advised that different options have been explored and discussed, finding a contractor to take them is also difficult. Haven't had any success as of yet. Stuart Dick concurred that the tyres are an issue at each area. Vicky Lyons advised that they are in negotiations for Coolatai tip.</p> <p>Stuart Dick – Bypass for Warialda is on track and will start just after Christmas. Truck wash beside the bypass has been approved and will be there for livestock users. 260,000L of water is available to any services at Warialda Airport.</p> <p>RFS – Remote area firefighting team started and ready to be dropped into remote areas. At present there are 2 of these fire fighters in Canada assisting with fires. Stephen Prichard discussed the process of undertaking the Remote Area firefighter training.</p>
7. Report from Sub-committees	No Separate Sub-Committees within the Narrabri/Moree and Gwydir areas at this time.
8. Other business	No other concerns identified.

Item	Action
<p>9. Risk Management Plan</p>	<p>January working group formed. The Risk Plan identifies assets at risk in the area and they were given a level of risk and a treatment applied to reduce that risk. At the stage of producing maps and put out to the working group. The level of risk has increased for the Governors Tower from very high to extreme and it will get the focus of treatment. Documents ready for public consultation. Stephen Prichard sought approval for the Risk Plans to be put out for public consultation ready for the BFMIC authorisation. The meeting approved. Changes to cultural assets: could not physically identify each one individually on the maps so they have been grouped together in the risk management register and their tenure. There was a list of criteria for obtaining mitigation funding for works. Applications are done through the BRIMS portal. The plan ties to our strategies for all the villages and towns. The Community Protection Plan is a more in depth focus for towns. Michael Brooks complimented Stephen Prichard and the working group. Media Release 'Bush Fire Risk Management Planning It Affects You' composed and ready for approval. Risk Management Plan to be displayed in FCC's and in council foyers, it will also be accessible electronically. Community Protection Plans in place and are moving forward with them. Moved SP seconded ML approved for public exhibition in a week.</p> <p>Community Protection Plan – all land is treated with complete consultation and approval. Previously people could complain about any land that they have an interest in ie National Parks. Outcomes need to be achieved with approvals and safety in mind. Coolatai is now a priority.</p> <p>Maps were displayed for viewing, discussion and any questions.</p> <p>Coolatai CPP Survival and Preparation Maps discussed in a PowerPoint by Dan Gibson. Brigade members believed that Coolatai practises were reducing the fire hazard. Dan advised them that they were not following correct procedures and possibly over burning some areas. Neighbourhood SP will go in the Risk Management Plan to ensure funding can be sought. Council permission needs to be sought for these burns. Neighbourhood Safer Place location was discussed; the alternative suggested has adjoining area that RFS has no control over. The pub was suggested as a NSP, although the distance from the forest would be an issue. The community hall priority 1 and pub priority 2. Dan Gibson had concerns with it adjoining a private landholder and allowing of slashing of adjoining area to hall. Approval is required from the Assistant Commissioner to relocate a NSP to another location. It was advised that the LEMC would have previously approved the location of the NSP. It was put forwarded by Fergus Walker that it remains in the present location, seconded by Stuart Dick and ratified by the meeting.</p> <p>Coolatai tip – tyres are of great concern; council doesn't have the immediate answer council are investigating at the moment their options. Council leases the area mapped as an asset protection zone. Rodney O'Brien advised the meeting that the tip is sitting on Crown land and is not authorised to council as a tip. It was noted that there is no fence around the tip and it is open to the public at all times. Should</p>

Item		Action
	the tip be decommissioned and if not, then requires fencing and addressing all concerns? Initial council response is to keep tip open. Warralda – Post Office Road requires slashing to reduce hazard risk. Slashing required immediately in identified areas. Rodney, Crown Lands advised that these roads are technically Crown Land and are not dedicated as council roads. If council wants to take them over Crown Lands are prepared to pass them over to council for their control. Bush Fire Slashing funding for Coolatai will be used to undertake the required slashing. APZ slash 20 metres along roadside and around identified assets. Meeting will be coordinated to be held within 3 weeks with slashing to commence within 1 week, if this time frame is not suitable, liaison will be undertaken for a more suitable time for the meeting.	
10 General business	Tomorrow is looking to be a bad day. Regional meeting held yesterday requested a small multi agency IMT to open in the FCC tomorrow. National Parks will send someone, Forestry and F&RNSW will call in. Could be a TOBAN here tomorrow. Permit season still to commence on 1/10. State Emergency Bush Fire Plan on community warnings which are put out by the RFS and the levels was discussed and location of level warnings plan noted. Warning put out last year before the catastrophic day worked well with minimal complaints. Police found it blocked up their phones with calls. Emergency Service Levy – no updates received by RFS and FRNSW have not received any formal notification either. Michael Brooks thanked the meeting for their commitment.	
Date of next meeting	Next meeting to be held in March.	

Meeting finished at 1355 hrs

NARRABRI/MOREE & GWYDIR BFMC – TASK REGISTER

Task Ref #	Meeting #	Task description	Responsible	Current details (including status, outstanding issues and planned actions)	Due date
1	01/17	Distribute contact directory to committee members	RT		
2	02/17	Alisa to report to MB on what slashing has been taken at Coolatai	AA		
3	3/17	Seek BFCC approval to amalgamate	MB		
4	4/17	Display RMPs	SP		

Item 6 Executive Report - September 2017

FILE REFERENCE

DELIVERY PROGRAM

GOAL: 5. Organisational Management

OUTCOME: 5.1 CORPORATE MANAGEMENT

STRATEGY: 5.1.3 Administrative functions - GM - internal

AUTHOR General Manager

DATE 20 October 2017

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/ SUMMARY RECOMMENDATION

TABLED ITEMS Nil

BACKGROUND

This report outlines the activities undertaken within the Executive Division of the Council for the previous month.

COMMENT

Development and Building

The following Development (D/A)/Complying Development (CDC) and Development Modification (s96) applications have been approved for the period June to September 2017.

No.	Property Description	Development/ Work	\$	D/A	S96	CDC
14/2012	Lot 8 DP 1168985 Oregon Road Warialda	Modification of Consent – Subdivision		-	✓	-
15/2012	Lot 2 DP 1046316 277 Oregon Road Warialda	Modification of Consent – Subdivision		-	✓	-
11/2015	Lot 95 DP 754861 556 Onus Road Copeton	Modification of Consent – Dog Breeding Facility		-	✓	-
5/2017	Lots 3 & 7 DP 754837 4226 Copeton Dam Road Bundarra	5 Lot Subdivision	-	✓	-	-
5/2017	Lots 3 & 7 DP 754837 4226 Copeton Dam Road Bundarra	Modification of Consent – Subdivision	-	-	✓	-
10/2017	Lot 17 DP 751085 1895 Adams Scrub Road Delungra	Quarry	\$5,000	✓	-	-
12/2017	Lot 95 DP 754861 556 Onus Road Copeton	Whelping Shed	\$87,500	✓	-	-
15/2017	Lot 5 Sec 11 DP 758111 9 White Street Bingara	Dwelling with detached Carport	\$110,000	✓	-	-

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Chairman

16/2017	Lot 125 DP 39624 3582 Elcombe Road Bingara	Dwelling	\$334,423	✓	-	-
17/2017	Various Lots North Star Road North Star	North Star Motorcycle Trail Ride	\$35,000	✓	-	-
18/2017	Lot 3 Sec 19 DP 758111 18 Gwydir Terrace Bingara	Small Dwelling	\$25,000	✓	-	-
19/2017	Lot 8 Sec 54 DP 759052 36 Hope Street Wialda	RFS Sign	\$7,500	✓	-	-
20/2017	Lot 126 DP 754851 6 Gwydir Street Bingara	Dwelling Additions	\$25,000	✓	-	-
21/2017	Lot 4 DP 632020 36 Gragin Road Wialda	Garage	\$20,000	✓	-	-
22/2017	Lot A DP 91155 63 Maitland Street Bingara	Commercial - New Fuel Tank	\$30,000	✓	-	-
25/2017	Lot 52 DP 754828 96 Butlers Road Bingara	Dwelling	\$246,000	✓	-	-
26/2017	Lot 2 DP 851246 112 Maitland Street Bingara	Dwelling	\$345,000	✓	-	-
27/2017	Lot 1 DP 741182 51 Hope Street Wialda	Commercial – Short Term Accommodation Cabins	\$70,000	✓	-	-
28/2017	Lot 1 DP 456486 1973 Horton Road Upper Horton	Rural Workers Dwelling	\$321,008	✓	-	-
29/2017	Lot 32 DP 755982 Tucka Tucka Road Boonal	Quarry	\$5,000	✓	-	-
30/2017	Lot 21 DP 1120081 33 Park Lane Bingara	Two Storey Dwelling	\$443,850	✓	-	-
32/2017	Lot 258 DP 751137 3445 Gragin Road Wialda	2 Lot Rural Subdivision	\$5,000	✓	-	-
34/2017	Lot 2 DP 1147295 6 Plunkett Street Wialda	Open Shed & Retaining Wall	\$15,000	✓	-	-
35/2017	Lot 10 DP 1064274 34 Keera Street Bingara	Dwelling Additions & Alterations	\$90,000	✓	-	-
36/2017	Lot 1 DP 747231 42 Gragin Road Wialda	Garage	\$14,000	✓	-	-
37/2017	Lot 2 DP 860922 Glenesk Road Balfours Peak	2 Lot Rural Subdivision	-	✓	-	-
2/2017	Lot 5 Sec 36 DP 759052 73 Hope Street Wialda	Dwelling Additions	\$39,600	-	-	✓

The following Development (D/A)/Complying Development (CDC) and Development Modification (s96) applications remain outstanding for the period June to September 2017.

DA, CC and CDC	Property Description and Description of Work	Reason	D/A	S96	CDC
35/2015	3533 Copeton Dam Road Copeton - Extension of existing Caravan & Camping Facilities	Request Additional Information from Applicant	✓	-	-
49/2016	1470 North Star Road Wialda - Continued Occupation/Use of Worker Accommodation	Approved in Principal awaiting additional information	✓	-	-
23/2017	118 Stephen Street Wialda - Workers Accommodation	Report to Council – October 2017	✓	-	-
24/2017	1004 Adams Scrub Road Delungra - Quarry	Being Assessed	✓	-	-
31/2017	2199 Buckie Road Croppa Creek - New Main Dwelling & Conversion of Existing Dwelling to Rural Workers Cottage	Being Assessed	✓	-	-
33/2017	Oregon Road Wialda - Operate 4 Wheel Drive and Motorcycle	Request Additional Information from	✓	-	-

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Chairman

	Off-road Business	Applicant			
38/2017	756 Gineroi Road Gineroi - 1000 Head Feedlot	Being Notified & Advertised	✓	-	-
39/2017	Old Bora Road Bingara - Shipping Container	Being Assessed	✓	-	-

The following Development (D/A)/Complying Development (CDC) or Development Modification (s96) applications were approved and not previously reported to Council.

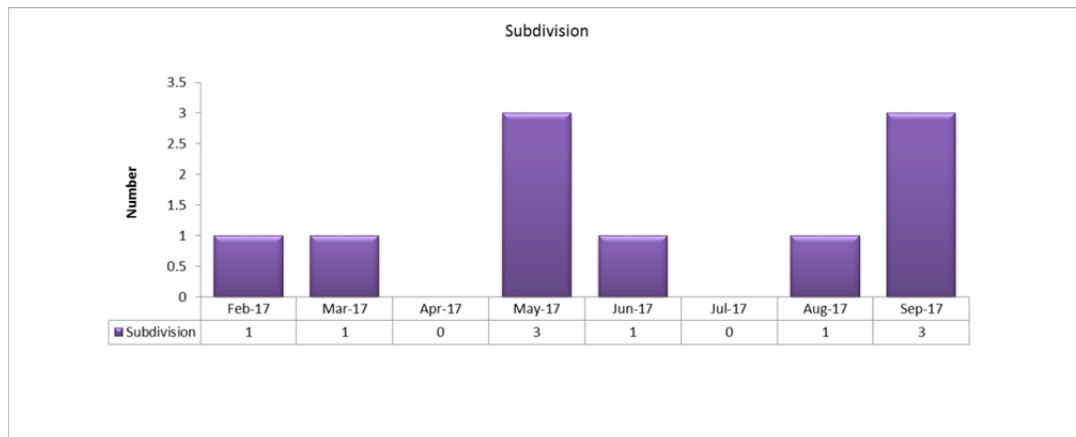
No.	Property Description	Development/ Work	\$	D/A	S96	CDC
26/2016	Lot 1 DP 753040 21-23 Maitland Street Bingara	Continued Use of ATM	\$300	✓	-	-

There were no Development (D/A)/Complying Development (CDC) and Development Modification (s96) applications refused(R)/ withdrawn (W)/ Cancelled (C) for the period June to September 2017.

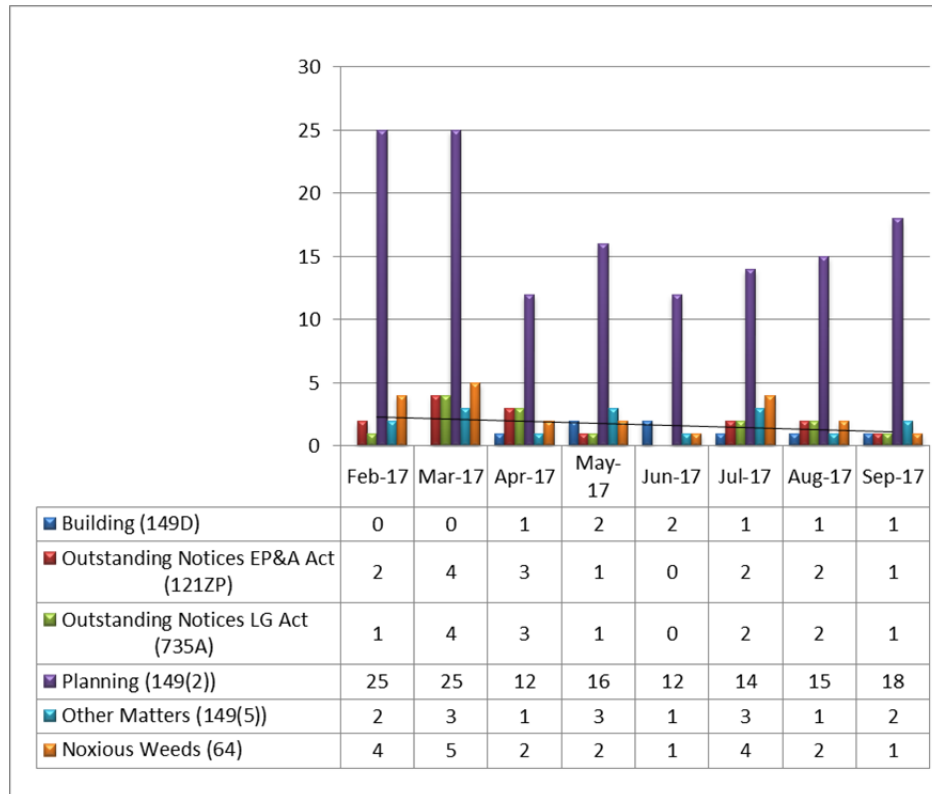
There were no Complying Development (CDC) applications approved by Private Certifiers and lodged with Council during the period June to September 2017.

There were no Development (D/A) and Complying Development (CDC) applications determined where there has been a variation in standards under SEPP 1 or clause 4.6 of Gwydir Local Environmental Plan 2013 for the period June to September 2017.

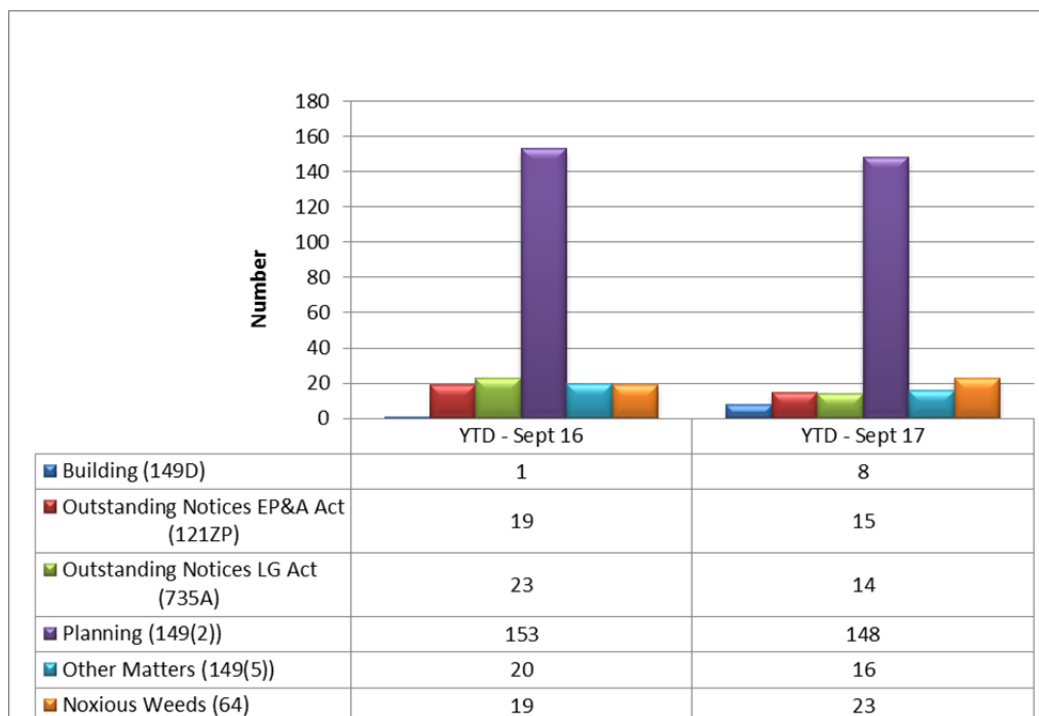
The following graph shows Subdivision Certificates issued for June, July, August and September compared to the previous four (4) months.



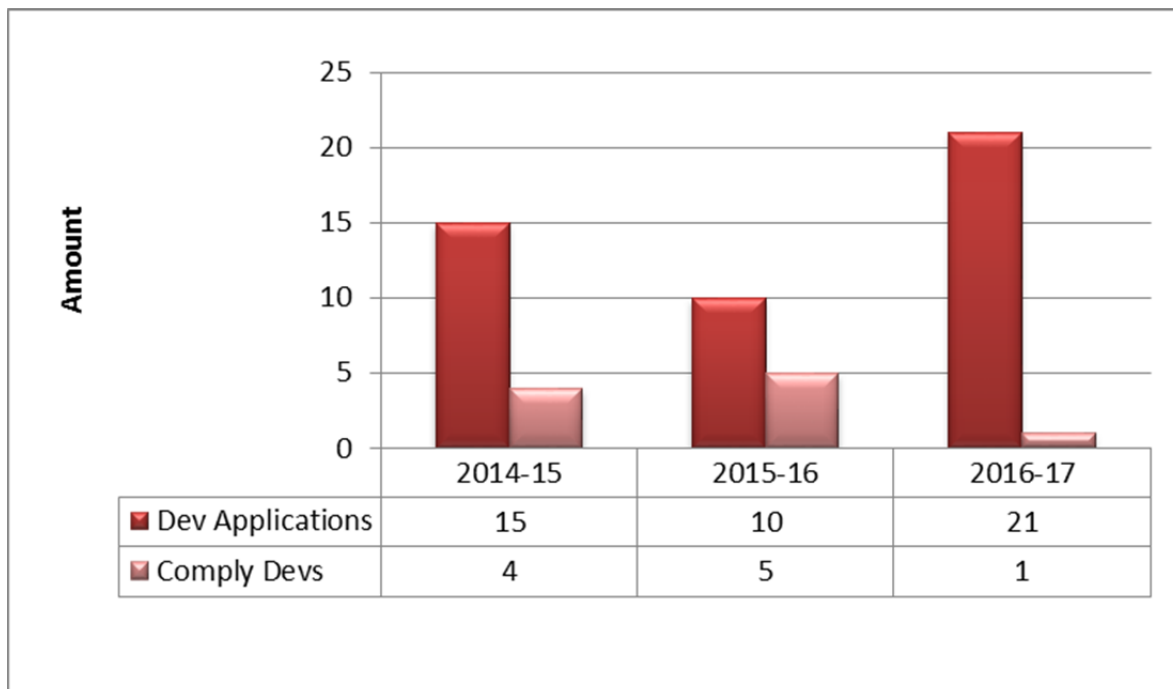
The following graph shows Conveyancing Certificates issued for June, July, August and September compared to the previous four (4) months.



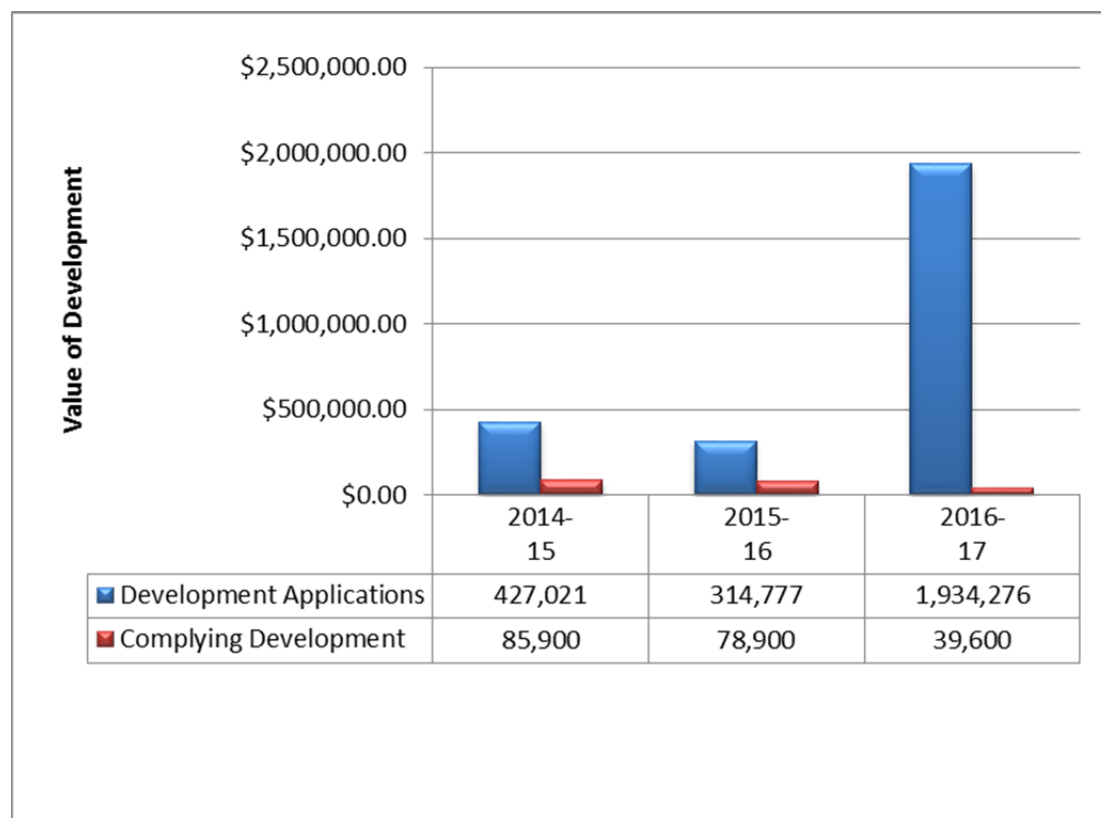
The following graph shows the number of Conveyancing Certificates issued up to and including the month of September 2017 compared with the same period in 2016.



The table below shows a comparison between total applications lodged for the months of June, July, August and September 2017 compared to the last two years (excluding private certifier lodged applications).



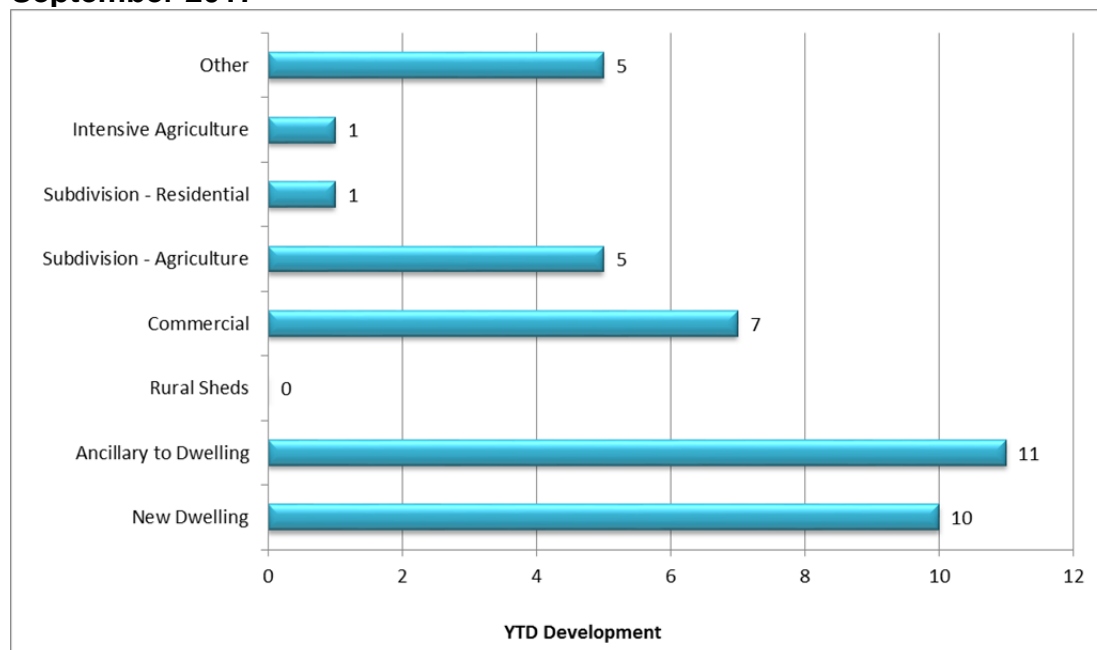
The table below shows a comparison between total applications lodged for the months of June, July, August and September 2017 compared to the last two years (excluding private certifier lodged applications).



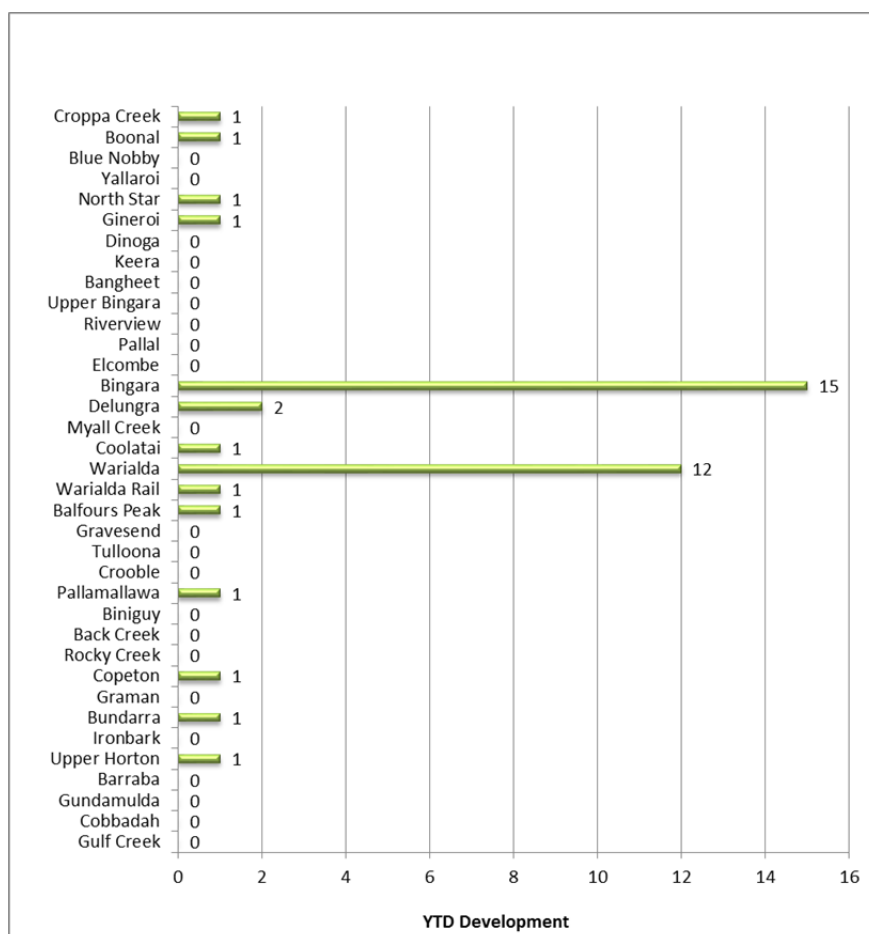
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Chairman

Development Applications received for the year by type - up to September 2017



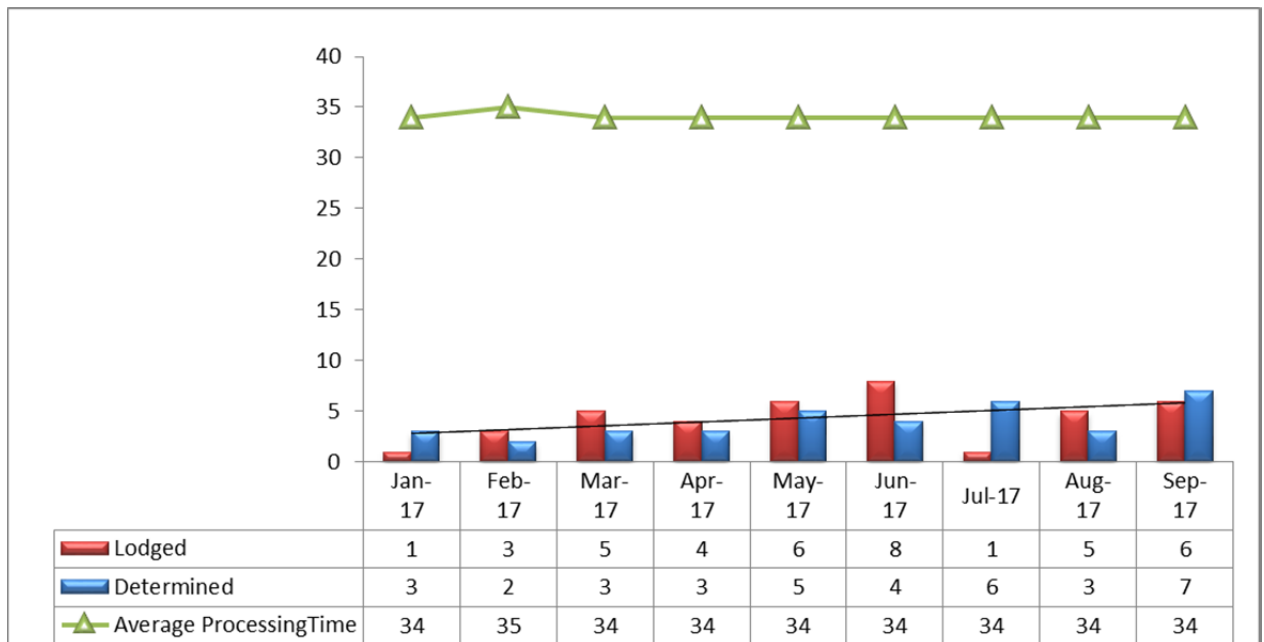
Development Applications Received for the year by locality - up to September 2017 (includes private certifier lodged applications)



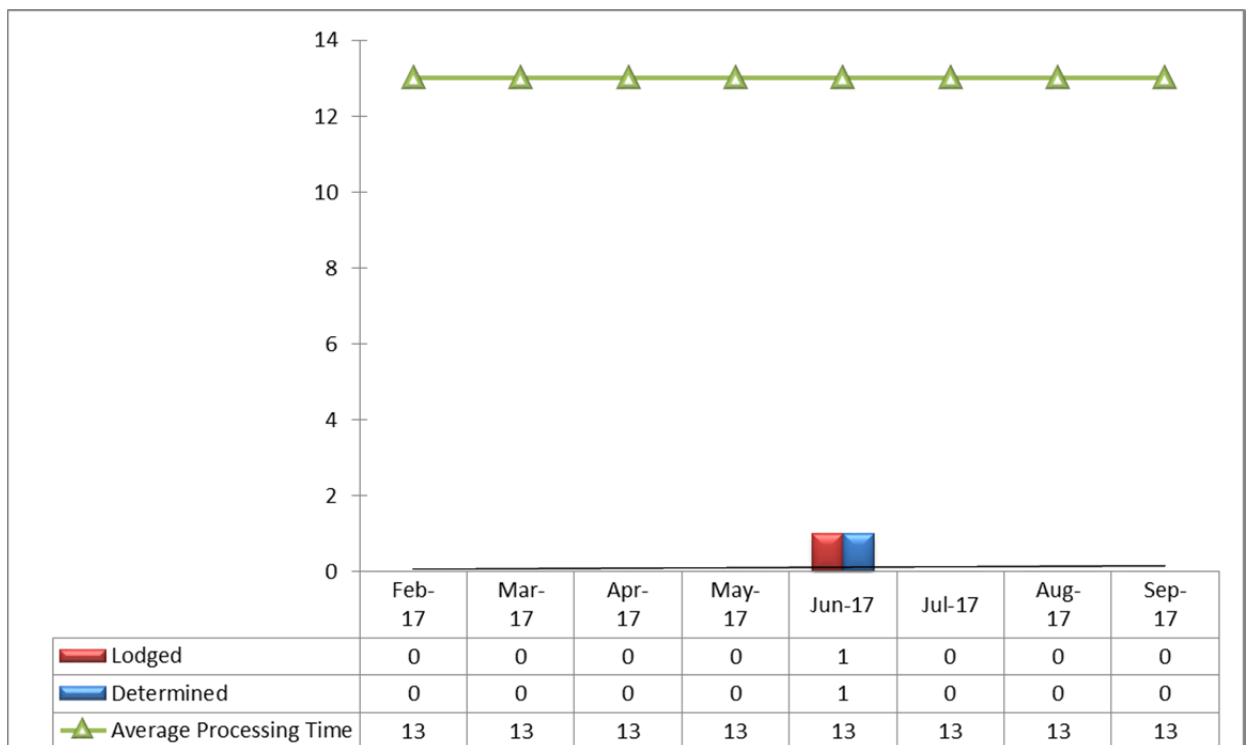
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Chairman

Development Applications – nine (9) months



Complying Development Applications – nine (9) months (excludes private certifier lodged and approved applications)



CRM – Planning and Development

Older	Current	Actioned	Unactioned
2	-	-	2

This is page number 51 of the minutes of the Ordinary Meeting held on Thursday 26 October 2017

Chairman

CARAVAN PARKS and GOVERNANCE

The statistics relating to these activities will be included into the Committee Reports commencing with the November Report.

OFFICER RECOMMENDATION

THAT the Executive report be received

ATTACHMENTS

There are no attachments for this report.

**COUNCIL RESOLUTION:
MINUTE 351/17**

THAT the Executive report be received

(Moved Cr Smith, seconded Cr Galvin)

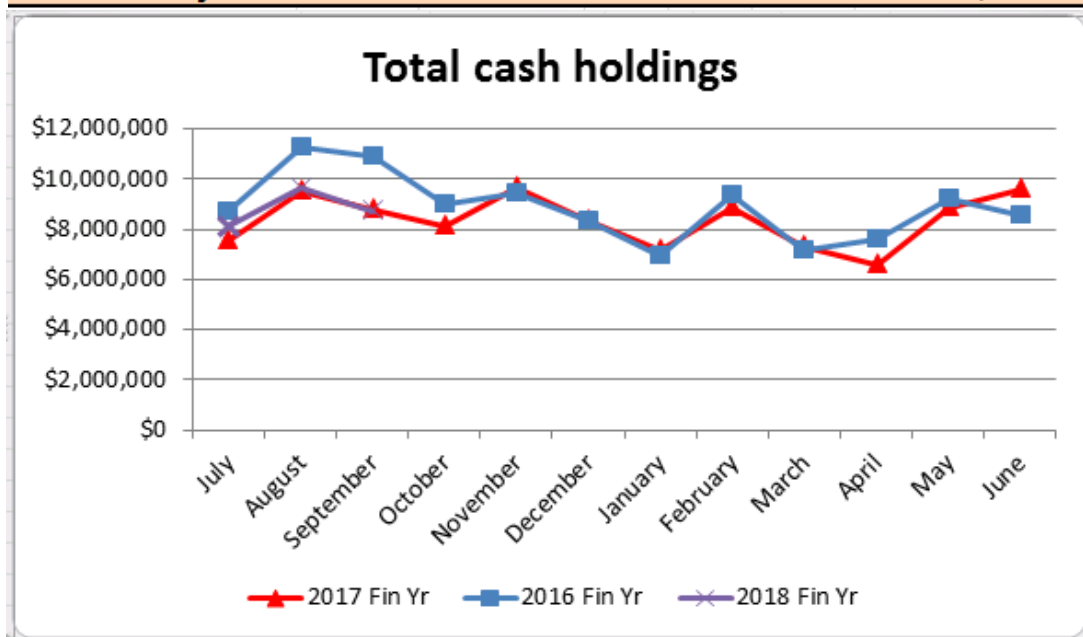
Chairman

Cash and Investments

Total Investments	
Direct Investments	\$3,000,000.00
Managed Funds	\$4,383,678.32
Grand Total Investments	\$7,383,678.32

Total Cash and Investments	
Investments	\$7,383,678.32
Cash at bank	\$1,298,262.58
Grand Total Cash and Investments	\$8,681,940.90

General Fund Cash	
Total cash and investments	\$8,681,940.90
LESS:	
Water fund*	-\$1,104,093.96
Sewer fund*	-\$3,170,721.29
Waste fund*	-\$2,240,223.25
Other restrictions:	
Employee leave entitlements*	-\$420,000.00
Carry over works in progress*	\$0.00
Asset replacement*	\$0.00
Bonds and deposits	-\$391,000.00
Unexpended grants*	-\$387,000.00
Developer contributions	-\$316,000.00
*These figures may change with end of year processing	
Discretionary General Fund Cash	\$652,902.40



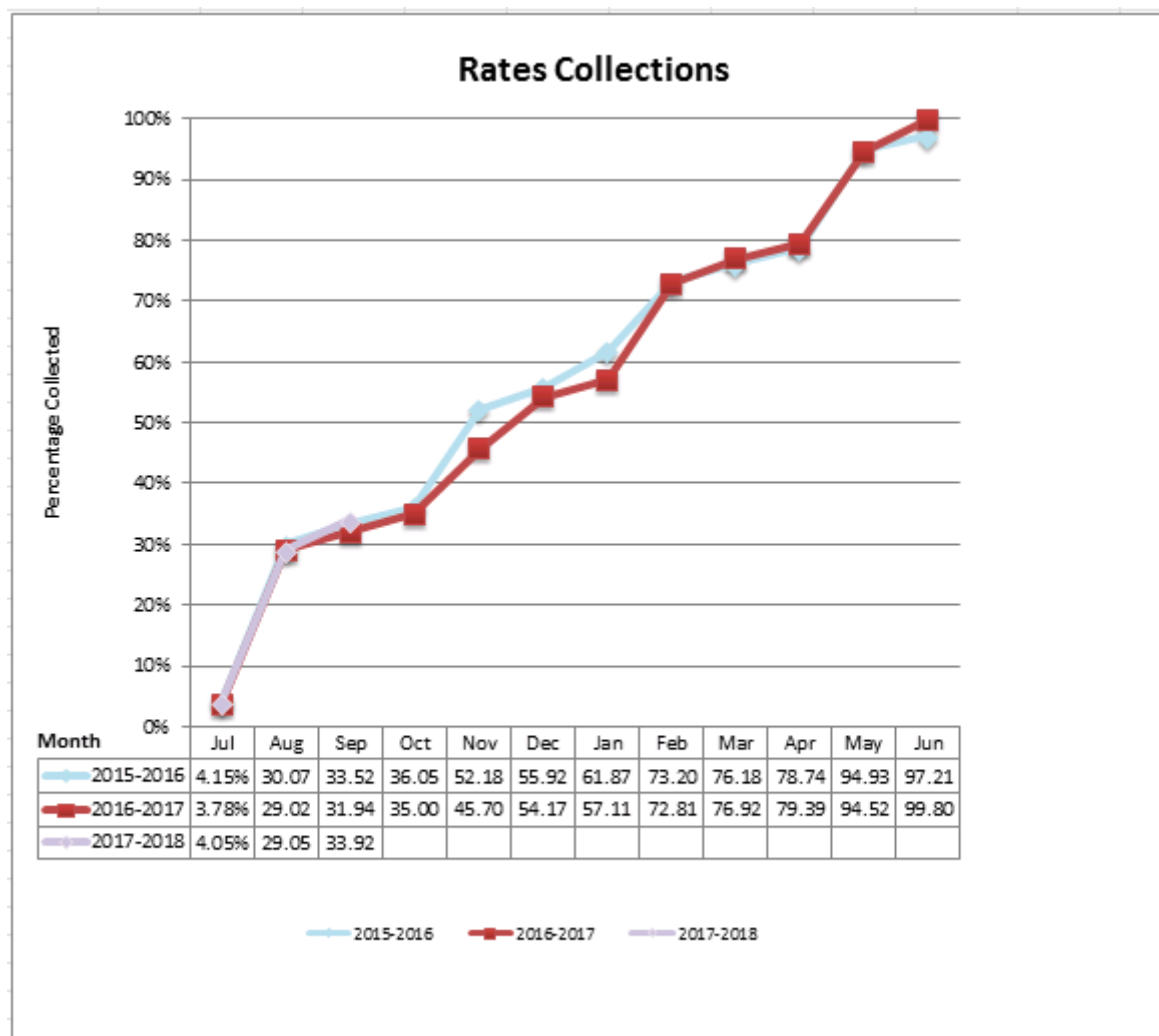
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Chairman

I, Helen Thomas, Finance Manager and Responsible Accounting Officer for Gwydir Shire Council, certify that the Council's investments have been made in accordance with the Local Government Act 1993, Local Government (General) Regulation 2005 and Council's Investment Policy (F.01.03), as amended.

RATES COLLECTIONS

The graph below represents a comparative of the percentage collections for the current year against the two previous rating years. The current years collections are up to 30th September 2017.



OFFICER RECOMMENDATION

THAT the Finance report be received

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Chairman

ATTACHMENTS

There are no attachments for this report.

**COUNCIL RESOLUTION:
MINUTE 352/17**

THAT the Finance report be received.

(Moved Cr D Coulton, seconded Cr Moore)

Item 8 Request to rename road to Batterham Lookout, Bingara

FILE REFERENCE

DELIVERY PROGRAM

GOAL: 5. Organisational Management

OUTCOME: 5.1 CORPORATE MANAGEMENT

STRATEGY: 5.1.3 Administrative functions - GM - internal

AUTHOR General Manager

DATE 20 October 2017

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/ SUMMARY RECOMMENDATION

This report recommends that the access road into Batterham Lookout remain as *Apex Lookout Road*.

TABLED ITEMS Nil

BACKGROUND

Council received a letter from a visitor to the area expressing the value of the Batterham Lookout and noting the well-constructed access road to the Lookout under difficult circumstances.

COMMENT

A request has been made to rename the road leading to the Batterham Lookout, Bingara the *Peter Rose Way* after the earthmoving contractor who the writer identified as building the road.

Unfortunately the veracity of the suggested builder cannot be determined after making enquiries and reviewing the information available within the Council's old records.

It seems clear, however, following some investigation that the road was constructed as a project of the former Bingara Apex Club and Mr. Peter Rose was involved as either a contractor (perhaps unpaid) or a member of the project team.

The road is currently named *Apex Lookout Road* and in the absence of any specific information having been received about the members who actually played any significant role in the road's construction, it is probably best to err on the side of caution and leave the road name unchanged.

The former Bingara Shire Council at the time, when the road name was allocated, was in a far better position to attribute the responsibility and acknowledge the work through the name given to the road.

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Chairman

OFFICER RECOMMENDATION

THAT Council thank Mr. Horsfall for his letter and advise him that the Council is reluctant to alter the decision of a previous Council in the absence of any specific information as to the history of the construction of Apex Lookout Road.

ATTACHMENTS

AT- Request to name access road to Batterham Lookout, Bingara

**COUNCIL RESOLUTION:
MINUTE 353/17**

THAT Council thank Mr. Horsfall for his letter and advise him that the Council is reluctant to alter the decision of a previous Council in the absence of any specific information as to the history of the construction of Apex Lookout Road.

(Moved Cr Dixon OAM, seconded Cr Galvin)

7 Crompton Street
Hamilton NSW 2303
25 September, 2017.

RECEIVED
10 OCT 2017
Gwydir Shire Council

Mr Max Eastcott
General Manager
Gwydir Shire Council
33 Maitland Street
Bingara NSW 2404

Subject: Road leading to Batterham Lookout

Dear Sir

On a recent visit to Bingara I had occasion to visit the Batterham Lookout where I experienced the breathtaking views over the township of Bingara, and the Halls Creek and Gwydir River valleys.

This exceptional lookout is considered to provide a more expansive outlook than the lookout over the City of Tamworth and should not be missed by visitors to Bingara. It is accessed from the Copeton Dam road via a steep sealed road to the summit.

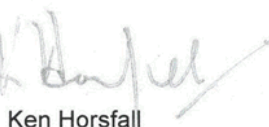
My professional interest in access roads of this nature caused me to admire its layout and construction and to reflect on the work required to complete such a difficult undertaking.

As a result of making some enquiries in the town I was informed that the road was constructed by a local earth-moving contractor, the late Peter Rose.

As rural towns need to celebrate their achievements where possible, in an environment where an aging population is causing significant decline, I felt that the work constructing this access should be recognized.

To this end I would like to suggest that the access road to Batterham Lookout could be named Peter Rose Way or similar, thus adding tourist and historical interest to the location.

Kind regards


Ken Horsfall

Item 9 Certification of 2016/2017 Annual Financial Reports

FILE REFERENCE

DELIVERY PROGRAM

GOAL: 5. Organisational Management

OUTCOME: 5.1 CORPORATE MANAGEMENT

STRATEGY: 5.1.1 Financial management and accountability systems - CFO - internal

AUTHOR Manager, Finance

DATE 23 October 2017

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/ SUMMARY RECOMMENDATION

The Annual Financial Reports for the 2016/2017 financial year have been completed and the Council's Auditor is currently examining the documents prior to issuing the audit reports. It is expected that Council's auditor will attend the November 2017 Council meeting to report on the results of the audit of the Financial Reports.

It is a requirement that Council provides certification to the accounts that they have been prepared in accordance with the following:

For the General Purpose Financial Report

The attached General Purpose Financial Report has been prepared in accordance with:

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

To the best of our knowledge and belief, this report:

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

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

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Chairman

For the Special Purpose Financial Reports

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

- NSW Government Policy Statement “Application of National Competition Policy to Local Government”.
- Department 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, Department of Environment, Climate Change and Water Guidelines.

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

- Present fairly the operating result and financial position of Council’s declared Business Activities for the year, and
- Accord with Council’s accounting and other records.

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

This report seeks the Council’s resolution to certify both the General Purpose Special Purpose Financial Reports as above.

Financial Statements presented are in draft form and may be subject to change as a result of final audit outcomes. Any changes are expected to be minor in nature.

The draft Annual Financial Reports will be tabled at the meeting.

STATUTORY ENVIRONMENT

Section 413 (2)(C) of the Local Government Act 1993

SUSTAINABILITY IMPLICATIONS

Council has shown considerable progress towards sustainability.

OFFICER RECOMMENDATION

THAT the “Council and Management Statement” be adopted and signed for the 2016/2017 Annual Financial Reports, certifying that to the best of our knowledge and belief, these reports present fairly the Council’s financial position and operating result for the year and accord with the Council’s accounting and other records.

FURTHER that the “Council and Management Statement” be adopted and signed for the 2016/2017 Special Purpose Financial Reports,

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Chairman

certifying that to the best of our knowledge and belief, these reports present fairly the Council's financial position and operating result for the year and accord with the Council's accounting and other records.

FURTHER that the reports be authorised for issue.

FURTHER that the reports be referred to Council auditors for audit.

ATTACHMENTS

AT- General Purpose Financial Statements

AT- Special Purpose Financial Statements

AT- Special Schedules

COUNCIL RESOLUTION: MINUTE 354/17

THAT the "Council and Management Statement" be adopted and signed for the 2016/2017 Annual Financial Reports, certifying that to the best of our knowledge and belief, these reports present fairly the Council's financial position and operating result for the year and accord with the Council's accounting and other records.

FURTHER that the "Council and Management Statement" be adopted and signed for the 2016/2017 Special Purpose Financial Reports, certifying that to the best of our knowledge and belief, these reports present fairly the Council's financial position and operating result for the year and accord with the Council's accounting and other records.

FURTHER that the reports be authorised for issue.

FURTHER that the reports be referred to Council auditors for audit.

(Moved Cr Dixon OAM, seconded Cr Smith)

The meeting received a modified Income Statement that outlined an alteration required by the Auditor that resulted in a revised Net operating surplus result for the year of \$3,133,000

Gwydir Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

*“To be the recognised leader in Local Government
through continuous learning and sustainability”*



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Chairman

Gwydir Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Gwydir Shire Council.
- (ii) Gwydir Shire Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

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).

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 31 October 2017. Council has the power to amend and reissue these financial statements.
-

Gwydir Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales 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 2017.

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 annual 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.

Gwydir Shire Council

General Purpose Financial Statements
for the year ended 30 June 2017

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 professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

- present fairly the Council's operating result and financial position for the year, and
- 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 26 October 2017.

Catherine Egan
Deputy Mayor

Marilyn Dixon
Councillor

Max Eastcott
General manager

Helen Thomas
Responsible accounting officer

Gwydir Shire Council

Income Statement
 for the year ended 30 June 2017

Budget ¹ 2017	\$ '000	Notes	Actual 2017	Actual 2016
Income from continuing operations				
Revenue:				
10,131	Rates and annual charges	3a	9,538	8,499
5,297	User charges and fees	3b	3,123	5,321
425	Interest and investment revenue	3c	196	238
1,590	Other revenues	3d	1,745	1,854
12,340	Grants and contributions provided for operating purposes	3e,f	12,937	11,677
682	Grants and contributions provided for capital purposes	3e,f	541	1,020
Other income:				
	Restatement of provisions	26	1,988	
30,465	Total income from continuing operations		30,068	28,609
Expenses from continuing operations				
10,180	Employee benefits and on-costs	4a	11,423	10,877
678	Borrowing costs	4b	856	802
6,313	Materials and contracts	4c	4,869	6,392
6,594	Depreciation and amortisation	4d	6,693	6,072
–	Impairment	4d	–	130
2,588	Other expenses	4e	2,470	8,036
–	Net losses from the disposal of assets	5	1,957	3,350
26,353	Total expenses from continuing operations		28,268	35,659
4,112	Operating result from continuing operations		1,800	(7,050)
Discontinued operations				
4,112	Net operating result for the year		1,800	(7,050)
4,112	Net operating result attributable to Council		1,800	(7,050)
–	Net operating result attributable to non-controlling interests		–	–
3,430	Net operating result for the year before grants and contributions provided for capital purposes		1,259	(8,070)

¹ Original budget as approved by Council – refer Note 16

Gwydir Shire Council

Statement of Comprehensive Income
 for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
Net operating result for the year (as per Income Statement)		1,800	(7,050)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	1,605	5,121
Total items which will not be reclassified subsequently to the operating result		1,605	5,121
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		1,605	5,121
Total comprehensive income for the year		3,405	(1,929)
Total comprehensive income attributable to Council		3,405	(1,929)
Total comprehensive income attributable to non-controlling interests		—	—

This statement should be read in conjunction with the accompanying notes.

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Chairman

Gwydir Shire Council

Statement of Financial Position
 as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
ASSETS			
Current assets			
Cash and cash equivalents	6a	6,517	6,451
Investments	6b	2,000	2,068
Receivables	7	1,108	1,051
Inventories	8	224	230
Other	8	10	15
Non-current assets classified as 'held for sale'	22	—	—
Total current assets		9,859	9,815
Non-current assets			
Investments	6b	1,016	—
Receivables	7	463	518
Inventories	8	—	—
Infrastructure, property, plant and equipment	9	422,553	422,664
Investments accounted for using the equity method	19	—	—
Investment property	14	—	—
Intangible assets	25	—	—
Total non-current assets		424,032	423,182
TOTAL ASSETS		433,891	432,997
LIABILITIES			
Current liabilities			
Payables	10	2,175	1,924
Income received in advance	10	204	234
Borrowings	10	1,010	948
Provisions	10	2,893	2,833
Total current liabilities		6,282	5,939
Non-current liabilities			
Payables	10	—	—
Borrowings	10	9,381	10,363
Provisions	10	2,122	3,994
Total non-current liabilities		11,503	14,357
TOTAL LIABILITIES		17,785	20,296
Net assets		416,106	412,701
EQUITY			
Retained earnings	20	278,960	277,160
Revaluation reserves	20	137,146	135,541
Other reserves	20	—	—
Council equity interest		416,106	412,701
Non-controlling equity interests		—	—
Total equity		416,106	412,701

This statement should be read in conjunction with the accompanying notes.

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Chairman

Statement of Changes in Equity
for the year ended 30 June 2017

This statement should be read in conjunction with the accompanying notes

Gwydir Shire Council

Statement of Cash Flows
 for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Cash flows from operating activities				
<u>Receipts:</u>				
10,131	Rates and annual charges		9,566	8,559
5,297	User charges and fees		3,144	6,266
425	Investment and interest revenue received		237	219
13,022	Grants and contributions		13,487	12,697
–	Bonds, deposits and retention amounts received		–	4
1,590	Other		2,781	3,612
<u>Payments:</u>				
(10,180)	Employee benefits and on-costs		(11,312)	(11,014)
(6,313)	Materials and contracts		(5,755)	(8,232)
(678)	Borrowing costs		(856)	(583)
–	Bonds, deposits and retention amounts refunded		(4)	–
(2,588)	Other		(2,443)	(1,951)
10,706	Net cash provided (or used in) operating activities	11b	8,845	9,577
Cash flows from investing activities				
<u>Receipts:</u>				
–	Sale of investment securities		–	932
422	Sale of infrastructure, property, plant and equipment		758	145
<u>Payments:</u>				
–	Purchase of investment securities		(948)	–
(8,851)	Purchase of infrastructure, property, plant and equipment		(7,669)	(8,597)
(8,429)	Net cash provided (or used in) investing activities		(7,859)	(7,520)
Cash flows from financing activities				
<u>Receipts:</u>				
Nil				
<u>Payments:</u>				
(912)	Repayment of borrowings and advances		(920)	(1,030)
(912)	Net cash flow provided (used in) financing activities		(920)	(1,030)
1,365	Net increase/(decrease) in cash and cash equivalents		66	1,027
5,918	Plus: cash and cash equivalents – beginning of year	11a	6,451	5,424
7,283	Cash and cash equivalents – end of the year	11a	6,517	6,451
Additional Information:				
	plus: Investments on hand – end of year	6b	3,016	2,068
	Total cash, cash equivalents and investments		9,533	8,519

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities
- Financing arrangements
- Net cash flow disclosures relating to any discontinued operations

This statement should be read in conjunction with the accompanying notes.

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Chairman

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

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n/a – not applicable

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements, which have been prepared in accordance with:

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the *Local Government Act (1993)* and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the not-for-profit sector (including local government) which are not in compliance with IFRSs, or
- (b) specifically exclude application by not-for-profit entities.

Accordingly, in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the *Local Government Act* (LGA), Regulation and Local Government Code of Accounting Practice and Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

(iii) New and amended standards adopted by Council

There have been no new accounting standards adopted in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

(iv) Early adoption of accounting standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015, except for AASB2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities, which has reduced the fair value disclosures for Level 3 assets.

For summary information relating to the effects of standards with future operative dates refer further to paragraph (ab).

(v) Basis of accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, which are all valued at fair value,
- (ii) the write down of any asset on the basis of impairment (if warranted), and
- (iii) certain classes of non-current assets (eg. infrastructure, property, plant and equipment and investment property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

(vi) Changes in accounting policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20 (d)].

(vii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this 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 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 are set out below:

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment,
- (iii) Estimated remediation provisions.

Significant judgements in applying Council's accounting policies include the impairment of receivables – Council has made significant judgements about the impairment of a number of its receivables in Note 7.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it, and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

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.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets/contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue from contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

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 undischarged at balance date, the unused grant or contribution is disclosed in Note 3 (g).

Note 3 (g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s94 of the *EPA Act 1979*.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical 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 detailed note relating to developer contributions can be found at Note 17.

User charges, fees and other income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

Sale of infrastructure, property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Interest and rents

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

Interest income from cash and investments is accounted for using the effective interest rate at the date that interest is earned.

Other income

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

(c) Principles of consolidation

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

(i) The Consolidated Fund

In accordance with the provisions of section 409(1) of the LGA 1993, 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.

The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the consolidated fund:

- * General purpose operations
- * Water supply
- * Sewerage service
- * Waste management service
- * Naroo Aged Care

Council controls a number of S355 Committees. The majority of the Committees financial figures were consolidated into Councils financial statements at year end, the results of the remainder were not known at balance date; however this is not considered material.

The committees controlled by Council are the following:

- * Bingara District Historical Society
- * Gravesend Historical Society
- * Warialda Historical Society
- * Coolatai Sports' Ground Committee
- * Croppa Creek Public Hall Management
- * Crooble Public Hall Management
- * Coolatai Public Hall Management
- * Gravesend Public Hall Management

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

* Warialda Community Culture Centre (Carinda House)
* Bingara Hatchery
* North Star Public Hall
* Warialda Sports Council

The (i) total income and expenditure from continuing operations and (ii) net assets held by these excluded committees and operations is as follows:

Total income from continuing operations	\$5, 000
Total expenditure from continuing operations	\$5, 000
Total net assets held (i.e. equity)	\$12, 000

Note:

Where actual figures are not known, best estimates have been applied.

(ii) The trust fund

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

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

Trust monies and property held by Council but not subject to the control of Council have been excluded from these statements.

A separate statement of monies held in the trust fund is available for inspection at the Council office by any person free of charge.

(iii) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Council has no interest in any joint arrangements.

Associates

Council has no interest in any associates.

County councils

Council is not a member of any county councils.

Unconsolidated structured entities

Council has no interest in any unconsolidated structured entities.

(d) Leases

All leases entered into by Council are reviewed and classified on inception date as either a finance lease or an operating lease.

Finance leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- 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 that are subject to an insignificant risk of changes in value, and

(f) Investments and other financial assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

Each classification depends on the purpose or intention for which the investment was acquired and at the time it was acquired.

Management determines each investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are 'held for trading'.

A financial asset is classified in the 'held for trading' category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading and/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the 'loans and receivables' classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Financial assets – reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

General accounting and measurement of financial instruments:

(i) Initial recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at 'fair value through profit or loss', directly attributable transactions costs.

Purchases and sales of investments are recognised on trade-date – the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent measurement

Available-for-sale financial assets and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

Loans and receivables and **held-to-maturity** investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as '**fair value through profit or loss**' category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as '**available-for-sale**' are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as '**available-for-sale**' are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Impairment

Council assesses at each balance date 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.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(iii) Types of investments

Council has an approved Investment Policy in order to invest in accordance with (and to comply with) section 625 of the *Local Government Act* and s212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its Investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation – financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding rates and annual charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (i.e. an allowance account) relating to receivables is established when objective evidence shows that Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

(i) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials are all stated at the lower of cost and net realisable value.

Cost comprises direct materials.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

(ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(j) Infrastructure, property, plant and equipment (I,PP&E)

Acquisition of assets

Council's non-current assets are continually revalued (over a 5-year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their fair value:

- **Plant and equipment**
(as approximated by depreciated historical cost)
- **Operational land** (external valuation)
- **Community land** (external valuation)
- **Land improvements**
(as approximated by depreciated historical cost)
- **Buildings – specialised/non-specialised**
(external valuation)

- **Other structures**
(as approximated by depreciated historical cost)
- **Roads assets including roads, bridges and footpaths**
(internal valuation)
- **Bulk earthworks** (internal valuation)
- **Stormwater drainage** (internal valuation)
- **Water and sewerage networks**
(internal valuation)
- **Swimming pools**
(internal valuation)
- **Other open space/recreational assets**
(internal valuation)
- **Other infrastructure**
(internal valuation)
- **Other assets**
(as approximated by depreciated historical cost)

Initial recognition

On initial recognition, an asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (i.e. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date – being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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.

Asset revaluations (including indexation)

In accounting for asset revaluations relating to infrastructure, property, plant and equipment:

- increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve,
- to the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss,
- net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income Statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water – Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5-year cycle.

Capitalisation thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant and Equipment	
Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant and Equipment	> \$1,000

Buildings and Land Improvements	
Park Furniture and Equipment	> \$2,000

Building	
- construction/extensions	100% Capitalised
- renovations	> \$10,000
Other Structures	> \$2,000

Water and Sewer Assets	
Reticulation extensions	> \$5,000
Other	> \$5,000

Stormwater Assets	
Drains and Culverts	> \$5,000
Other	> \$5,000

Transport Assets	
Road construction and reconstruction	> \$10,000
Reseal/Re-sheet and major repairs	> \$10,000
Bridge construction and reconstruction	> \$10,000

Other Infrastructure Assets	
Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000
Other Infrastructure	> \$10,000

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight-line method in order to allocate an asset's cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Estimated useful lives for Council's I,PP and E include:

- Office Equipment	3 to 20 years
- Office furniture	3 to 30 years
- Vehicles and Road Making equip	3 to 30 years
- Other plant and equipment	3 to 30 years
- Buildings	50 to 150 years
- Other Structures	10 to 100 years
- Playground equipment	15 to 25 years
- Benches, seats etc	10 to 20 years
- Dams and reservoirs	80 to 100 years
- Reticulation pipes	100 years
- Pump Stations	50 to 75 years
- Treatment Works	50 to 70 years
- Drains	80 to 100 years
- Culverts	50 to 80 years
- Flood Control Structures	80 to 100 years
- Sealed Roads : Surface	15 to 60 years
- Sealed Roads : Structure	50 to 100 years
- Unsealed roads	10 to 20 years
- Bridges	50 to 100 years
- Bulk earthworks	Infinite
- Swimming Pools	15 to 25 years
- Other Open Space/ Recreational Assets	50 to 100 years
- Other Infrastructure	50 to 100 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate) at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1 (s) on asset impairment.

Disposal and derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

Land (other than land under roads) is in accordance with Part 2 of Chapter 6 of the *Local Government Act (1993)* classified as either operational or community.

This classification of land is disclosed in Note 9 (a).

(l) 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 acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

(m) Intangible assets

Council has not classified any assets as intangible.

(n) 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.

Representations are currently being sought across state and local government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(o) Rural fire service assets

Under section 119 of the *Rural Fires Act 1997*, 'all fire fighting 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 fire fighting equipment has been purchased or constructed'.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

(p) Provisions for close down, restoration and for environmental clean-up costs – including tips and quarries

Close down, restoration and remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the 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 that are expected to arise from future disturbance.

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.

Close down, restoration and remediation 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.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the Income Statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4 (b).

Other movements in the provisions for close down, restoration and remediation 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.

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 balance sheet 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 balance sheet 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 unwind 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

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

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.

Specific information about Council's provisions relating to close down, restoration and remediation costs can be found at Note 26.

(q) Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed 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.

Where an asset is not held principally for cash-generating purposes (for example infrastructure assets) and would be replaced if the Council was deprived of it, then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill and other intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(r) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year that are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

(t) Borrowing costs

Borrowing costs are expensed as incurred.

(u) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events,
- it is more likely than not that an outflow of resources will be required to settle the obligation, and
- the amount has been reliably estimated.

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Provisions are not recognised for future operating losses.

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.

(v) Employee benefits

(i) Short-term obligations

Short-term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non-vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages and salaries, annual leave and vesting sick leave are all classified as current liabilities.

(ii) Other long-term obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how long service leave can be taken, all long service leave for employees with 4 or more years of service has been classified as current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) 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.

Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the 'Local Government Superannuation Scheme – Pool B'.

This scheme has been deemed to be a 'multi-employer fund' for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the scheme was performed by Mr Richard Boyfield, FIAA on 02/12/2016 and covers the period ended 30/06/16.

However the position is monitored annually and the actuary has estimated that as at 30 June 2017 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2017 was \$ 335,264.97.

The amount of additional contributions included in the total employer contribution advised above is \$ 426,000.00.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 335,264.97 as at 30 June 2017.

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 these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the scheme require immediate payment to correct the deficiency.

Defined contribution 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.

(iv) Employee benefit on-costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities accrued as at 30/06/16.

(w) Self-insurance

Council does not self-insure.

(x) Allocation between current and non-current assets and liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if it is not expected to be settled within the next 12 months.

In the case of inventories that are 'held for trading', these are also classified as current even if not expected to be realised in the next 12 months.

(y) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does, however, have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods and Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, i.e. they are inclusive of GST where applicable.

Investing and financing cash flows are treated on a net basis (where recoverable from the ATO), i.e. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows that are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(z) New accounting standards and Interpretations issued (not yet effective)

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2017.

Council has not adopted any of these standards early.

Apart from the AASB disclosures below, there are no other standards that are 'not yet effective' that are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Council's assessment of the impact of upcoming new standards and interpretations that are likely to have an effect are set out below.

AASB 9 – Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets and financial liabilities.

These requirements are designed to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value, and
- amortised cost (where financial assets will only be able to be measured at amortised cost when very specific conditions are met).

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Council is yet to undertake a detailed assessment of the impact of AASB 9.

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

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

AASB 15 will introduce a 5-step process for revenue recognition with the core principle of the new standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements, as well as additional disclosures.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2018.

Council is yet to undertake a detailed assessment of the impact of AASB 15.

AASB ED 260 Income of Not-for-Profit Entities

The AASB previously issued exposure draft AASB ED 260 on Income of Not-for-Profit Entities in April 2015.

The exposure draft proposed specific not-for-profit entity requirements and guidance when applying the principles of AASB 15 to income from certain transactions.

Much of the material in AASB 1004 is expected to be replaced by material included in AASB ED 260.

Specific revenue items that may considerably change are Grants and Contributions.

The most likely financial statement impact is the deferred recognition of Grants and Contributions (i.e. recognition as unearned revenue [liability]) until Council has met the associated performance obligation/s relating to the Grants or Contribution.

At this stage there is no specific date of release for a standard nor a date of applicability.

AASB16 – Leases

AASB 116 Leases replaces AASB 117 Leases and some associated lease-related Interpretations.

AASB 16 introduces a single lease accounting model (for lessees) that will require all leases to be accounted for on the balance sheet (ie. recognition of both a right-of-use asset and a corresponding lease) for all leases with a term of more than 12 months unless the underlying assets are determined to be of 'low value'. There will also be detailed disclosure requirements for all lessees.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2019.

Council is yet to undertake a detailed assessment of the accounting impacts from AASB 16. However, based on preliminary assessments, impacts from the first time adoption of the standard are likely to include:

- a significant increase in lease assets and financial liabilities recognised on the balance sheet,
- a reduction in reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities,
- lower operating cash outflows and higher financing cash flows in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

AASB2015-6 – Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

(aa) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(ab) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ac) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

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

\$ '000	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current & non-current)	
	Original budget 2017	Actual 2017	Actual 2016	Original budget 2017	Actual 2017	Actual 2016	Original budget 2017	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Functions/activities													
Governance	–	–	–	367	326	270	(367)	(326)	(270)	–	–	–	–
Administration	421	2,072	1,030	267	608	1,918	154	1,464	(888)	36	–	28,314	26,652
Public order and safety	556	414	387	1,191	979	983	(635)	(565)	(596)	312	317	2,101	1,988
Health	29	23	28	62	64	69	(33)	(41)	(41)	–	–	1,144	1,166
Environment	1,467	1,358	1,365	1,799	1,672	1,707	(332)	(314)	(342)	130	169	–	–
Community services and education	4,092	3,352	3,536	4,264	3,392	3,202	(172)	(40)	334	2,437	2,627	10,428	8,015
Housing and community amenities	310	387	373	662	536	514	(352)	(149)	(141)	20	89	8,481	8,809
Water supplies	1,694	1,401	1,463	1,327	1,528	1,159	367	(127)	304	69	24	16,599	16,839
Sewerage services	967	776	795	596	566	487	371	210	308	21	20	13,266	12,939
Recreation and culture	184	420	219	1,946	1,964	1,622	(1,762)	(1,544)	(1,403)	134	67	24,364	27,312
Mining, manufacturing and construction	40	87	98	461	448	460	(421)	(361)	(362)	–	–	643	356
Transport and communication	8,243	5,641	8,229	12,158	15,015	22,240	(3,915)	(9,374)	(14,011)	1,883	3,109	325,985	326,291
Economic affairs	474	412	426	1,253	1,170	1,028	(779)	(758)	(602)	18	13	2,566	2,630
Total functions and activities	18,477	16,343	17,949	26,353	28,268	35,659	(7,876)	(11,925)	(17,710)	5,060	6,435	433,891	432,997
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	–	–	–	–	–	–	–	–	–	–	–	–
General purpose income ¹	11,988	13,725	10,660	–	–	–	11,988	13,725	10,660	6,318	4,268	–	–
Operating result from continuing operations	30,465	30,068	28,609	26,353	28,268	35,659	4,112	1,800	(7,050)	11,378	10,703	433,891	432,997

1. Includes: rates and annual charges (incl. ex-gratia), unified general purpose grants and unrestricted interest and investment income.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

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:

GOVERNANCE

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

Includes corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

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

HEALTH

Includes immunisation, food control, health centres etc.

ENVIRONMENT

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

COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

WATER SUPPLIES

Provision of a cost effective, environmentally sensitive and ecologically sustainable water supply service. Including business plan, service delivery, customer service, demand management, infrastructure management.

SEWERAGE SERVICES

Provision of a cost effective, environmentally sensitive & ecologically sustainable sewerage service. Including business plan, service delivery, customer service, demand management, infrastructure management.

RECREATION AND CULTURE

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits, mineral resources, and abattoirs.

TRANSPORT AND COMMUNICATION

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

ECONOMIC AFFAIRS

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Rates and annual charges			
Ordinary rates			
Residential		1,147	948
Farmland		5,984	5,213
Business		188	142
Total ordinary rates		7,319	6,303
Special rates			
Nil			
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		543	536
Stormwater management services		36	36
Water supply services		589	586
Sewerage services		591	591
Waste management services (non-domestic)		460	447
Total annual charges		2,219	2,196
TOTAL RATES AND ANNUAL CHARGES		9,538	8,499

Council has used 2015 year valuations provided by the NSW Valuer General in calculating its rates.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Water supply services		471	507
Sewerage services		60	64
Total user charges		531	571
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services		6	6
Planning and building regulation		64	73
Private works – section 67		133	90
Registration fees		24	23
Section 603 certificates		13	12
Total fees and charges – statutory/regulatory		240	204
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Caravan park		334	344
Cemeteries		35	36
Gwydir Learning Region		11	29
Home and community care / community transport		80	86
Pre-school services		79	66
RMS (formerly RTA) charges (state roads not controlled by Council)		1,667	3,847
Roxy theatre		56	54
Tourism		8	8
Wow fitness		26	24
Other		–	1
Other		56	51
Total fees and charges – other		2,352	4,546
TOTAL USER CHARGES AND FEES		3,123	5,321

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		30	22
– Interest earned on investments (interest and coupon payment income)		166	216
TOTAL INTEREST AND INVESTMENT REVENUE		196	238
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		30	22
General Council cash and investments		34	36
Restricted investments/funds – external:			
Development contributions			
– Section 94		7	7
Water fund operations		18	35
Sewerage fund operations		61	78
Domestic waste management operations		22	29
Restricted investments/funds – internal:			
Internally restricted assets		24	31
Total interest and investment revenue recognised		196	238
(d) Other revenues			
Rental income – other council properties		246	252
Fines – other		12	11
Commissions and agency fees		99	102
Diesel rebate		75	115
Emergency services reimbursements		32	21
Employee related		13	37
Festivals		8	3
Insurance claim recoveries		91	72
Medical centres		1	–
Naroo		720	702
Other – governance		24	17
Sales – general		40	56
Sewer operations		3	1
Tourism		31	34
Waste management revenues		31	12
Water supplies		2	2
Other		317	417
TOTAL OTHER REVENUE		1,745	1,854

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Financial assistance	6,264	4,216	–	–
Pensioners' rates subsidies – general component	54	52	–	–
Total general purpose	6,318	4,268	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	24	24	–	–
– Sewerage	21	20	–	–
– Domestic waste management	34	36	–	–
Aged care	1,397	1,707	–	–
Employment and training programs	21	19	–	–
Family first – DOCS	115	132	–	–
Home and community care	282	310	–	–
Library	47	42	–	–
Noxious weeds	89	123	–	–
NSW rural fire services	173	238	–	75
Public halls	–	10	–	–
Street lighting	20	19	–	–
Tharawonga operational	317	256	–	–
Transport (3x3, flood works, roads to recovery)	2,048	2,550	10	573
Preschool	252	–	–	–
Other	162	284	48	17
Total specific purpose	5,002	5,770	58	665
Total grants	11,320	10,038	58	665
Grant revenue is attributable to:				
– Other funding	11,320	10,038	58	665
	11,320	10,038	58	665

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 94 – contributions towards amenities/services	–	–	35	70
Total developer contributions	–	–	35	70
Other contributions:				
RMS contributions (regional roads, block grant)	1,583	1,566	284	269
Self Help roadwork contributions	–	–	23	–
Other	34	73	141	16
Total other contributions	1,617	1,639	448	285
Total contributions	1,617	1,639	483	355
TOTAL GRANTS AND CONTRIBUTIONS	12,937	11,677	541	1,020

\$ '000	Actual 2017	Actual 2016
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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:

Unexpended at the close of the previous reporting period	703	1,140
Add: grants and contributions recognised in the current period but not yet spent:	85	10,892
Less: grants and contributions recognised in a previous reporting period now spent:	(561)	(11,329)
Net increase (decrease) in restricted assets during the period	(476)	(437)
Unexpended and held as restricted assets	227	703
Comprising:		
– Specific purpose unexpended grants	227	387
– Developer contributions	–	316
	227	703

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		8,240	8,421
Travel expenses		128	163
Employee leave entitlements (ELE)		2,141	1,545
Superannuation		1,131	1,110
Workers' compensation insurance		650	693
Fringe benefit tax (FBT)		23	38
Training costs (other than salaries and wages)		123	181
Other		316	171
Total employee costs		12,752	12,322
Less: capitalised costs		(1,329)	(1,445)
TOTAL EMPLOYEE COSTS EXPENSED		11,423	10,877
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		793	501
Total interest bearing liability costs expensed		793	501
(ii) Other borrowing costs			
Amortisation of discounts and premiums: – unwinding discount on reduced interest loan		63	82
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	26	–	219
Total other borrowing costs		63	301
TOTAL BORROWING COSTS EXPENSED		856	802

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts			
Raw materials and consumables		2,516	2,454
Contractor and consultancy costs			
– Consultants		205	139
– Domestic waste management contract		91	89
– Health services		2	7
– Pools		113	113
– Road infrastructure contractors		695	2,258
– Valuations		30	36
– Other		1,101	1,144
Auditors remuneration ⁽¹⁾		32	102
Legal expenses:			
– Legal expenses: debt recovery		75	48
– Legal expenses: other		9	2
TOTAL MATERIALS AND CONTRACTS		4,869	6,392

1. Auditor remuneration

a. During the year, the following fees were incurred for services provided by the Auditor-General:

(i) Audit and other assurance services

– Audit and review of financial statements: Auditor-General

	32	–
Remuneration for audit and other assurance services	32	–
Total Auditor-General remuneration	32	–

b. During the year, the following fees were incurred for services provided by the other Council's Auditors:

(i) Audit and other assurance services

– Audit and review of financial statements: Forsyths Chartered Accountants
 – Due diligence services

	–	91
	–	11
Remuneration for audit and other assurance services	–	102
Total remuneration of other Council's Auditors	–	102
Total Auditor remuneration	32	102

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(d) Depreciation, amortisation and impairment			
Plant and equipment		935	1,002
Office equipment		60	58
Furniture and fittings		56	56
Infrastructure:			
– Buildings – non-specialised		538	532
– Buildings – specialised		549	455
– Other structures		308	96
– Roads		3,755	3,374
– Bridges		12	11
– Footpaths		19	19
– Stormwater drainage		48	46
– Water supply network		100	99
– Sewerage network		71	70
Other assets			
– Other		9	18
Asset reinstatement costs	9 & 26	233	236
Total gross depreciation and amortisation costs		6,693	6,072
Less: capitalised costs		–	–
Total depreciation and amortisation costs		6,693	6,072
Impairment			
Infrastructure:			
– Buildings – non-specialised		–	130
Total gross impairment costs		–	130
Total impairment costs		–	130
TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED		6,693	6,202

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(e) Other expenses			
Advertising		106	72
Bad and doubtful debts		—	192
Bushfire and ses equipment		461	412
Councillor expenses – mayoral fee		26	25
Councillor expenses – councillors' fees		107	105
Councillors' expenses (incl. mayor) – other (excluding fees above)		3	12
Donations, contributions and assistance to other organisations (Section 356)		85	102
Electricity and heating		512	536
Fair value decrements – I,PP&E	9(a)	—	5,430
Insurance		743	656
Street lighting		74	78
Subscriptions and publications		100	158
Telephone and communications		253	253
Other		—	5
TOTAL OTHER EXPENSES		2,470	8,036

Note 5. Gains or losses from the disposal of assets

Property (excl. investment property)			
Proceeds from disposal – property		180	6
Less: carrying amount of property assets sold/written off		(139)	(6)
Net gain/(loss) on disposal		41	—
Plant and equipment			
Proceeds from disposal – plant and equipment		275	139
Less: carrying amount of plant and equipment assets sold/written off		(264)	(128)
Net gain/(loss) on disposal		11	11
Infrastructure			
Proceeds from disposal – infrastructure		303	—
Less: carrying amount of infrastructure assets sold/written off		(2,312)	(3,361)
Net gain/(loss) on disposal		(2,009)	(3,361)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(1,957)	(3,350)

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		2,174	–	2,223	–
Cash-equivalent assets ¹					
– Deposits at call		256	–	229	–
– Short-term deposits		4,087	–	3,999	–
Total cash and cash equivalents		6,517	–	6,451	–
Investments (Note 6b)					
– Managed funds		–	1,016	–	–
– Long term deposits		2,000	–	2,068	–
Total investments		2,000	1,016	2,068	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		8,517	1,016	8,519	–

¹ Those investments where time to maturity (from date of purchase) is < 3 mths.

Cash, cash equivalents and investments were
 classified at year end in accordance with
 AASB 139 as follows:

Cash and cash equivalents					
a. 'At Cost'		6,517	–	6,451	–
Investments					
a. 'At fair value through the profit and loss'					
– 'Designated at fair value on initial recognition'		–	1,016	–	–
b. 'Held to maturity'		2,000	–	2,068	–
Investments		2,000	1,016	2,068	–

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

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

\$ '000	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
Total cash, cash equivalents and investments	8,517	1,016	8,519	–
attributable to:				
External restrictions (refer below)	4,525	1,016	6,233	–
Internal restrictions (refer below)	3,889	–	3,459	–
Unrestricted	103	–	(1,173)	–
	8,517	1,016	8,519	–

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
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Details of restrictions

External restrictions – included in liabilities

Aged care bonds	290	–	–	290
External restrictions – included in liabilities	290	–	–	290

External restrictions – other

Developer contributions – general (A)	316	42	(316)	–
RMS (formerly RTA) contributions (B)	81	(81)	–	–
Specific purpose unexpended grants (C)	306	–	(79)	227
Water supplies (D)	1,028	–	(241)	787
Sewerage services (D)	3,002	16	–	3,018
Domestic waste management (D)	1,210	9	–	1,219
External restrictions – other	5,943	(14)	(636)	5,251
Total external restrictions	6,233	(14)	(636)	5,541

Internal restrictions

Employees leave entitlement	420	429	–	849
Deposits, retentions and bonds	101	–	(4)	97
Other waste	808	5	–	813
Working capital	2,130	–	–	2,130
Total internal restrictions	3,459	434	(4)	3,889
TOTAL RESTRICTIONS	9,692	420	(640)	9,430

- A Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
 B RMS contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
 C Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))
 D Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		331	–	359	–
Interest and extra charges		113	–	122	–
User charges and fees		147	–	189	–
Accrued revenues					
– Interest on investments		17	–	49	–
– Other income accruals		138	–	54	–
Loans to non-profit organisations		4	39	4	39
Net GST receivable		63	–	3	–
Sundry trade debtors		194	–	151	477
Other debtors		108	424	127	2
Total		1,115	463	1,058	518
Less: provision for impairment					
Sundry debtors		(7)	–	(7)	–
Total provision for impairment – receivables		(7)	–	(7)	–
<u>TOTAL NET RECEIVABLES</u>		<u>1,108</u>	<u>463</u>	<u>1,051</u>	<u>518</u>
Externally restricted receivables					
Water supply					
– Rates and availability charges		44	–	–	–
– Other		118	–	211	–
Sewerage services					
– Rates and availability charges		35	–	50	–
– Other		33	–	29	–
Domestic waste management		62	–	89	–
Total external restrictions		292	–	379	–
Internally restricted receivables					
Nil					
Unrestricted receivables		816	463	672	518
TOTAL NET RECEIVABLES		1,108	463	1,051	518

Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
 An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2016 8.50%).
 Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		224	–	230	–
Total inventories at cost		224	–	230	–
(ii) Inventories at net realisable value (NRV)					
Nil					
TOTAL INVENTORIES		224	–	230	–
(b) Other assets					
Prepayments		10	–	15	–
TOTAL OTHER ASSETS		10	–	15	–
Externally restricted assets					
Water					
Stores and materials		22	–	22	–
Total water		22	–	22	–
Sewerage					
Stores and materials		2	–	2	–
Total sewerage		2	–	2	–
Total externally restricted assets		24	–	24	–
Total internally restricted assets		–	–	–	–
Total unrestricted assets		210	–	221	–
TOTAL INVENTORIES AND OTHER ASSETS		234	–	245	–

Other disclosures

Inventory write downs

There were no amounts recognised as an expense relating to the write down of inventory balances held during the year.

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class	as at 30/6/2016			Asset movements during the reporting period						as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	2,616	–	2,616	(704)	–	–	–	–	–	1,912	–	1,912
Plant and equipment	15,929	7,533	8,396	1,335	2	(264)	(935)	(85)	–	16,151	7,718	8,433
Office equipment	1,081	759	322	–	29	–	(60)	–	–	1,124	833	291
Furniture and fittings	1,215	381	834	–	13	–	(56)	3	–	1,254	460	794
Land:												
– Operational land	5,296	–	5,296	–	81	(139)	–	41	–	5,279	–	5,279
– Community land	2,597	–	2,597	–	–	–	–	(40)	–	2,557	–	2,557
Infrastructure:												
– Buildings – non-specialised	33,120	7,428	25,692	210	37	(343)	(538)	(1,195)	–	31,346	7,483	23,863
– Buildings – specialised	28,560	4,517	24,043	329	99	–	(549)	1,138	–	30,176	5,116	25,060
– Other structures	4,657	418	4,239	155	7	(1)	(308)	–	–	4,817	725	4,092
– Roads	321,063	38,688	282,375	4,814	625	(1,805)	(3,755)	–	–	323,492	41,238	282,254
– Bridges	38,547	370	38,177	–	–	–	(12)	–	–	38,547	381	38,166
– Footpaths	3,188	466	2,722	–	–	–	(19)	–	–	3,188	485	2,703
– Stormwater drainage	3,704	2,384	1,320	–	–	–	(48)	–	17	3,755	2,466	1,289
– Water supply network	16,471	5,138	11,333	352	53	(163)	(100)	100	134	16,993	5,284	11,709
– Sewerage network	12,423	3,260	9,163	268	–	–	(71)	38	121	12,954	3,435	9,519
Swimming pools	2,679	47	2,632	–	–	–	–	–	–	2,679	47	2,632
Other assets:												
– Other	183	18	165	–	–	–	(9)	–	–	183	27	156
Reinstatement, rehabilitation and restoration assets (refer Note 20):												
– Tip assets	2,548	1,880	668	–	–	–	(217)	–	1,010	1,462	–	1,462
– Quarry assets	371	297	74	–	–	–	(16)	–	323	398	16	382
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	496,248	73,584	422,664	6,759	946	(2,715)	(6,653)	–	1,605	498,267	75,714	422,553

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Financial Statements 2017

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

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

\$ '000 Class of asset	Actual 2017			Actual 2016		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	123	—	123	395	—	395
Plant and equipment	514	74	440	587	116	471
Land						
– Operational land	148	—	148	148	—	148
Buildings	3,483	432	3,051	3,438	369	3,069
Other structures	170	13	157	170	8	162
Infrastructure	16,993	5,284	11,709	16,471	5,138	11,333
Total water supply	21,431	5,803	15,628	21,209	5,631	15,578
Sewerage services						
WIP	89	—	89	147	—	147
Plant and equipment	81	1	80	101	52	49
Land						
– Operational land	284	—	284	284	—	284
Buildings	114	29	85	114	28	86
Other structures	129	8	121	129	2	127
Infrastructure	12,954	3,435	9,519	12,423	3,260	9,163
Total sewerage services	13,651	3,473	10,178	13,198	3,342	9,856
Domestic waste management						
WIP	12	—	12	8	—	8
Plant and equipment	14	4	10	13	3	10
Land						
– Operational land	192	—	192	192	—	192
Buildings	30	1	29	30	1	29
Other structures	371	54	317	350	40	310
Infrastructure	1,461	—	1,461	2,548	1,880	668
Total DWM	2,080	59	2,021	3,141	1,924	1,217
TOTAL RESTRICTED I,PP&E	37,162	9,335	27,827	37,548	10,897	26,651

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

\$ '000	Notes	Actual 2017	Actual 2016
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Impairment losses recognised in the Income Statement:

Lowes service station impairment in excess of revaluation reserve.
 Impairment of fuel tank due to leaks — (130)

IMPAIRMENT OF ASSETS – GAINS/(LOSSES) in P/L 4(d) — (130)

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		6	–	20	–
Accrued expenses:					
– Interest on bonds and deposits		79	–	89	–
– Other expenditure accruals		243	–	193	–
Security bonds, deposits and retentions		97	–	101	–
Aged Care Deposits and Bonds		1,637	–	1,489	–
Payments received in advance		41	–	–	–
Other		72	–	32	–
Total payables		2,175	–	1,924	–
Income received in advance					
Payments received in advance		204	–	234	–
Total income received in advance		204	–	234	–
Borrowings					
Loans – secured ¹		1,010	9,381	948	10,363
Total borrowings		1,010	9,381	948	10,363
Provisions					
Employee benefits:					
Annual leave		1,136	–	1,041	–
Long service leave		1,757	263	1,792	147
Sub-total – aggregate employee benefits		2,893	263	2,833	147
Asset remediation/restoration (future works)	26	–	1,859	–	3,847
Total provisions		2,893	2,122	2,833	3,994
TOTAL PAYABLES, BORROWINGS AND PROVISIONS					
		6,282	11,503	5,939	14,357
(i) Liabilities relating to restricted assets					
		2017		2016	
		Current	Non-current	Current	Non-current
Externally restricted assets					
Water		98	2,213	191	2,419
Sewer		47	5	61	2
Other		290	–	290	–
Liabilities relating to externally restricted assets		435	2,218	542	2,421
Internally restricted assets					
Nil					
Total liabilities relating to restricted assets		435	2,218	542	2,421
Total liabilities relating to unrestricted assets		5,847	9,285	5,397	11,936
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		6,282	11,503	5,939	14,357

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 15.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions (continued)

	Actual 2017	Actual 2016
\$ '000		

(ii) Current liabilities 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.

Provisions – employees benefits	2,377	2,550
Payables – security bonds, deposits and retentions	982	1,340
	3,359	3,890

Note 10b. Description of and movements in provisions

Class of provision	2016	2017				
	Opening balance as at 1/7/16	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	Closing balance as at 30/6/17
Annual leave	1,041	95	–	–	–	1,136
Long service leave	1,939	81	–	–	–	2,020
Asset remediation	3,847	(1,988)	–	–	–	1,859
TOTAL	6,827	(1,812)	–	–	–	5,015

- Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	6,517	6,451
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		6,517	6,451
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		1,800	(7,050)
Adjust for non-cash items:			
Depreciation and amortisation		6,693	6,072
Net losses/(gains) on disposal of assets		1,957	3,350
Non-cash capital grants and contributions		(23)	–
Impairment losses recognition – I,PP&E		–	130
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Write offs relating to the fair valuation of I,PP&E		–	5,430
Unwinding of discount rates on reinstatement provisions		–	219
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(2)	1,187
Decrease/(increase) in inventories		6	222
Decrease/(increase) in other assets		5	18
Increase/(decrease) in payables		(14)	(526)
Increase/(decrease) in other accrued expenses payable		50	(29)
Increase/(decrease) in other liabilities		185	691
Increase/(decrease) in employee leave entitlements		176	(137)
Increase/(decrease) in other provisions		(1,988)	–
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		8,845	9,577

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Non-cash investing and financing activities			
Other dedications		23	–
Total non-cash investing and financing activities		23	–
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		100	100
Credit cards/purchase cards		50	50
Total financing arrangements		150	150

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
 Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

Loans are secured by a mortgage over future years rate revenue only.

Note 12. Commitments for expenditure

(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

Warialda Bypass Project	500	–
Warialda Truck Wash	100	–
Total commitments	600	–

These expenditures are payable as follows:

Within the next year	400	–
Later than one year and not later than 5 years	200	–
Total payable	600	–

Sources for funding of capital commitments:

Unrestricted general funds	600	–
Total sources of funding	600	–

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

Nil

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2017	Indicator 2017	Prior periods 2016 2015		Benchmark
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	3,216	10.89%	2.57%	-25.89%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	29,527				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	16,590	55.17%	55.62%	57.51%	>60.00%
Total continuing operating revenue ⁽¹⁾	30,068				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	5,018	2.02x	2.11x	2.22x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	2,488				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	10,765	6.06x	4.21x	3.35x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,776				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	444	4.42%	5.32%	6.18%	<10% Rural
Rates, annual and extra charges collectible	10,049				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	8,517	4.80 mths	4.5 mths	4.6 mths	> 3 mths
Payments from cash flow of operating and financing activities	1,774				

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

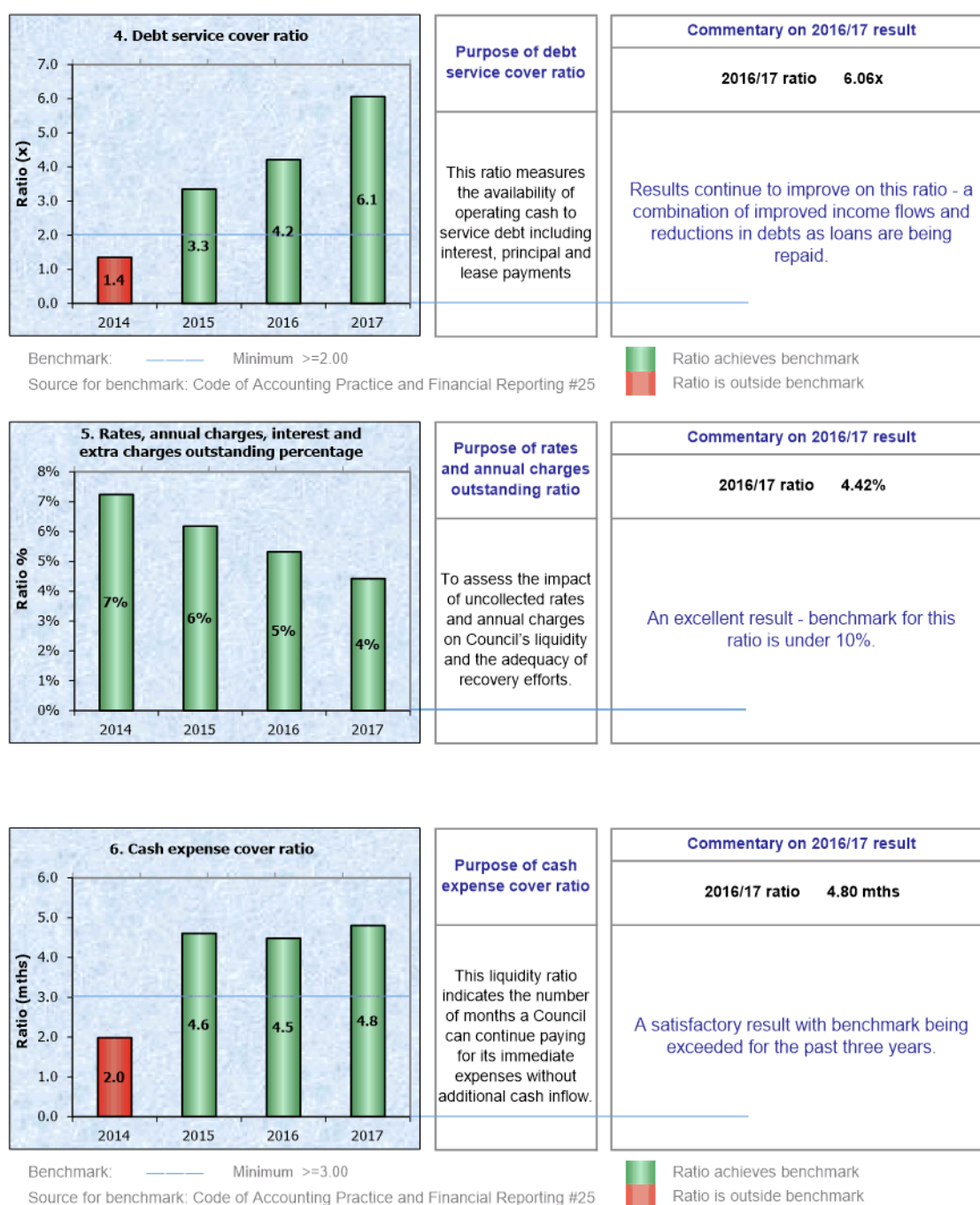
Note 13a(ii). Local government industry indicators – graphs (consolidated)

<p>1. Operating performance ratio</p> <p>Benchmark: Minimum $\geq 0.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 ratio 10.89%</p> <p>The continued improvement in this ratio, which is now above benchmark is pleasing to note.</p>
<p>2. Own source operating revenue ratio</p> <p>Benchmark: Minimum $\geq 60.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 ratio 55.17%</p> <p>Performance has been affected by reduced levels of RMS contract works in recent years. If Financial Assistance Grants is included as discussed in the latest State Governments Fit for The Future discussions, Gwydir would meet this benchmark.</p>
<p>3. Unrestricted current ratio</p> <p>Benchmark: Minimum ≥ 1.50 Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 ratio 2.02x</p> <p>Results are satisfactory, being above benchmark for the past three years.</p>

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 13b. Statement of performance measurement – indicators (by fund)

\$ '000	Local government industry indicators – by fund						
	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2017	2016	2017	2016	2017	2016	
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	11.55%	2.06%	-11.65%	-1.91%	27.06%	26.11%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	52.00%	51.92%	95.07%	98.29%	97.29%	97.49%	>60.00%
Total continuing operating revenue ⁽¹⁾							
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾	2.02x	2.11x	9.91x	6.60x	65.70x	50.54x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)							

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.
(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 13b. Statement of performance measurement – indicators (by fund) (continued)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2017	2016	2017	2016	2017	2016	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	6.89x	4.80x	1.03x	0.89x	96.33x	295.00x	>2x
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	4.16%	5.55%	6.82%	0.00%	5.55%	7.89%	<10% Rural
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	2.89	3.60	7.64	6.28	73.91	33.32	> 3 months
Payments from cash flow of operating and financing activities	x12 months	x12 months	x12 months	x12 months	x12 months	x12 months	

Notes

- (1) Refer to Notes at Note 13a(i) above.
- (5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

Risk management

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

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

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

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

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

	Carrying value		Fair value	
	2017	2016	2017	2016
Financial assets				
Cash and cash equivalents	6,517	6,451	8,517	6,451
Investments				
– 'Designated at fair value on initial recognition'	1,016	–	1,016	–
– 'Held to maturity'	2,000	2,068	–	2,068
– 'Loans and receivables'	–	–	–	1,569
Receivables	1,571	1,569	1,571	–
Total financial assets	11,104	10,088	11,104	10,088
Financial liabilities				
Payables	2,175	1,924	2,175	1,924
Loans/advances	10,391	11,311	10,391	11,311
Total financial liabilities	12,566	13,235	12,566	13,235

Fair value is determined as follows:

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

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

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

The risks associated with the investments held are:

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

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

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

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

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2017				
Possible impact of a 1% movement in interest rates	73	73	(73)	(73)
2016				
Possible impact of a 1% movement in interest rates	63	63	(63)	(63)

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

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

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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.

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

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

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

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

A profile of Council's receivables credit risk at balance date follows:

	2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	90%	50%	70%	34%
Overdue	10%	50%	30%	66%
	100%	100%	100%	100%
(ii) Ageing of receivables – value				
Rates and annual charges		Other receivables	Rates and annual charges	Other receivables
Current	298	620	359	402
< 1 year overdue	33	578	–	706
1 – 2 years overdue	–	5	–	–
2 – 5 years overdue	–	44	–	110
	331	1,247	359	1,217
(iii) Movement in provision for impairment of receivables			2017	2016
Balance at the beginning of the year			7	7
Balance at the end of the year			7	7

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(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.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2017									
Trade/other payables	97	2,078	—	—	—	—	—	2,175	2,175
Loans and advances	—	967	1,077	1,154	1,116	980	5,097	10,391	10,391
Total financial liabilities	97	3,045	1,077	1,154	1,116	980	5,097	12,566	12,566
2016									
Trade/other payables	101	1,823	—	—	—	—	—	1,924	1,924
Loans and advances	—	948	1,000	1,049	1,007	893	6,414	11,311	11,311
Total financial liabilities	101	2,771	1,000	1,049	1,007	893	6,414	13,235	13,235

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 the diversification of borrowing types, maturities and interest rate structures.

The following interest rates were applicable to Council's borrowings at balance date:

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	2,175	0.00%	1,924	0.00%
Loans and advances – fixed interest rate	10,391	6.14%	11,311	6.14%
	<u>12,566</u>		<u>13,235</u>	

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 11 February 2016.

While the Income Statement included in this General Purpose Financial Report 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.

Note that for variations* of budget to actual :

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2017 Budget	2017 Actual	2017 Variance*	
REVENUES				
Rates and annual charges	10,131	9,538	(593)	(6%) U
User charges and fees	5,297	3,123	(2,174)	(41%) U
State road contract works original budget overstated \$1.61m				
Interest and investment revenue	425	196	(229)	(54%) U
Investment holdings did not recover as anticipated. Also contributing was continued suppressed interest rates.				
Other revenues	1,590	1,745	155	10% F
Operating grants and contributions	12,340	12,937	597	5% F
Capital grants and contributions	682	541	(141)	(21%) U
Error in estimating RFS grants \$111k.				

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 Variance*	
EXPENSES				
Employee benefits and on-costs	10,180	11,423	(1,243)	(12%) U
The unfavourable variance is largely a result of a change in the mix of capital vs operational expenditure.				
Borrowing costs	678	856	(178)	(26%) U
An error occurred in estimating costs for Naroo Zero Real Interest Rate loan.				
Materials and contracts	6,313	4,869	1,444	23% F
An error in estimation for RMS contract works \$568k Plant expenses over estimated by \$275k				
Depreciation and amortisation	6,594	6,693	(99)	(2%) U
Other expenses	2,588	2,470	118	5% F
Net losses from disposal of assets	–	1,957	(1,957)	0% U

Budget variations relating to Council's Cash Flow Statement include:

Cash flows from operating activities	10,706	8,845	(1,861)	(17.4%) U
User fees and charges less than budgeted				
Cash flows from investing activities	(8,429)	(7,859)	570	(6.8%) F
Investment rate were not as high as anticipated and less investments than budgeted				
Cash flows from financing activities	(912)	(920)	(8)	0.9% U

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year Cash	Non-cash	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
S94 not under plans	316	35	-	7	(365)	7	-	-
Total contributions	316	35	-	7	(365)	7	-	-

S94 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	Opening balance	Contributions received during the year Cash	Non-cash	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
Roads	316	35	-	7	(365)	7	-	-
Total	316	35	-	7	(365)	7	-	-

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised

Contingent Liabilities

1. The Community Mutual Group

Council provides bank guarantees to the value of \$232, 408.07 to provide additional assistance to borrowers for home loans relating to properties within the local government area. The guarantees are provided to The Community Mutual Group.

2. 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 of claims incurred but not reported to June 30 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.

3. 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 of APRA.

These further equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

4. Local Government Superannuation Scheme – Pool B

The Local Government Superannuation Scheme – Pool B (the scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under

AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ended 30 June 2017 was \$335, 364.97. However, the position is monitored annually and the actuary has estimated that as at the 30th June 2017 a deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of additional contributions included in the total employer contribution advised above is \$426,000. The additional contributions remitted during the year are included in the total employer contributions set out in the beginning of this paragraph.

The share of this deficient that can be broadly attributed to the employer was estimated to be in the order of \$364, 289.08 as at 30 June 2017.

5. 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.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 19. Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
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(a) Retained earnings

Movements in retained earnings were as follows:

Balance at beginning of year (from previous years audited accounts)	277,160	283,503
a. Other comprehensive income (excl. direct to reserves transactions)	–	–
b. Net operating result for the year	1,800	(7,050)
c. Transfers between equity	–	707
Balance at end of the reporting period	278,960	277,160

(b) Revaluation reserves

(i) Reserves are represented by:

Infrastructure, property, plant and equipment revaluation reserve	137,146	135,541
Total	137,146	135,541

(ii) Reconciliation of movements in reserves:

Infrastructure, property, plant and equipment revaluation reserve

– Opening balance	135,541	131,127
– Revaluations for the year	9(a) 1,605	5,121
– Transfer to retained earnings for asset disposals	–	(707)
– Balance at end of year	137,146	135,541

TOTAL VALUE OF RESERVES

137,146	135,541
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(iii) 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.

(c) Correction of error/s relating to a previous reporting period

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

(d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 21. Financial result and financial position by fund

Income Statement by fund \$ '000	Actual 2017	Actual 2017	Actual 2017	Actual 2017
Continuing operations	Waste	Water	Sewer	General¹
Income from continuing operations				
Rates and annual charges	1,069	642	628	7,486
User charges and fees	—	667	60	2,588
Interest and investment revenue	46	21	64	65
Other revenues	31	2	3	1,709
Grants and contributions provided for operating purposes	34	24	21	12,858
Grants and contributions provided for capital purposes	—	45	—	496
Other income				
Share of interests in joint ventures and associates using the equity method	—	—	—	—
Total income from continuing operations	1,180	1,401	776	25,202
Expenses from continuing operations				
Employee benefits and on-costs	432	376	261	10,354
Borrowing costs	7	176	—	673
Materials and contracts	657	415	171	4,105
Depreciation and amortisation	233	185	80	6,195
Impairment	—	—	—	—
Other expenses	7	199	54	2,210
Net losses from the disposal of assets	1	163	—	1,793
Total expenses from continuing operations	1,337	1,514	566	25,330
Operating result from continuing operations	(157)	(113)	210	(128)
Discontinued operations				
Net profit/(loss) from discontinued operations	—	—	—	—
Net operating result for the year	(157)	(113)	210	(128)
Net operating result attributable to each council fund	(157)	(113)	210	(128)
Net operating result attributable to non-controlling interests	—	—	—	—
Net operating result for the year before grants and contributions provided for capital purposes	(157)	(158)	210	(624)

¹ General fund refers to all Council's activities other than Water, Sewer and Waste
 NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between
 the funds.

Gwydir Shire Council

Notes to the Financial Statements
 as at 30 June 2017

Note 21. Financial result and financial position by fund (continued)

Statement of Financial Position by fund \$ '000	Actual 2017	Actual 2017	Actual 2017	Actual 2017
ASSETS	Waste	Water	Sewer	General¹
Current assets				
Cash and cash equivalents	2,033	787	3,018	679
Investments	–	–	–	2,000
Receivables	70	162	68	808
Inventories	–	22	2	200
Other	–	–	–	10
Total current assets	2,103	971	3,088	3,697
Non-current assets				
Investments	–	–	–	1,016
Receivables	–	–	–	463
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	2,021	15,628	10,178	394,726
Investments accounted for using the equity method	–	–	–	–
Investment property	–	–	–	–
Intangible assets	–	–	–	–
Total non-current assets	2,021	15,628	10,178	396,205
TOTAL ASSETS	4,124	16,599	13,266	399,902
LIABILITIES				
Current liabilities				
Payables	–	–	–	2,175
Income received in advance	–	–	–	204
Borrowings	7	76	–	927
Provisions	27	22	47	2,797
Total current liabilities	34	98	47	6,103
Non-current liabilities				
Payables	–	–	–	–
Borrowings	65	2,207	–	7,109
Provisions	1,462	6	5	649
Total non-current liabilities	1,527	2,213	5	7,758
TOTAL LIABILITIES	1,561	2,311	52	13,861
Net assets	2,563	14,288	13,214	386,041
EQUITY				
Retained earnings	1,984	12,736	12,413	251,827
Revaluation reserves	579	1,552	801	134,214
Total equity	2,563	14,288	13,214	386,041

¹ General Fund refers to all Council's activities other than Water, Sewer and Waste

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 22. 'Held for sale' non-current assets and disposal groups

\$ '000

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 31/10/17.

Events that occur after the reporting period represent one of two types:

(i) Events that provide evidence of conditions that existed at the reporting period

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

(ii) Events that provide evidence of conditions that arose after the reporting period

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

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

Note 24. Discontinued operations

Council has not classified any of its operations as 'discontinued'.

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/operation	Estimated year of restoration	NPV of provision	
		2017	2016
Tip remediation	2022-2057	1,461	3,358
Quarry remediation	2018-2061	398	489
Balance at end of the reporting period	10(a)	1,859	3,847

Under AASB 116 – Property, Plant and Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

- the timing of future rehabilitation works
- the final costs of rehabilitation works - this may be affected by actual line item costs which are estimated on current costs and potential changes in estimates due to changes imposed by legislation.

Reconciliation of movement in provision for year:

Balance at beginning of year	3,847	3,628
Amounts capitalised to new or existing assets:		
Effect of a change in other calculation estimates used	(1,988)	–
Amortisation of discount (expensed to borrowing costs)	–	219
Total – reinstatement, rehabilitation and restoration provision	1,859	3,847

Changes in estimates

Major factors influencing the reduction in rehabilitation provisions include:

- The exclusion of capping from Tip rehabilitation liability estimates - after consideration, this has been deemed an ongoing operational expense rather than an end of life rehabilitation cost.
- Revisions in lifespan of existing operations from 2018-2026 to 2022-2057 for Tips and from 2018-2028 to 2018 - 2061 for Quarries

Amount of expected reimbursements

Of the above provisions for reinstatement, rehabilitation and restoration works, those applicable to garbage services and waste management are able to be funded through future charges incorporated within Council's annual domestic waste management charge.

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities (continued)

\$ '000

Provisions for close down and restoration and for 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, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

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.

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.

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.

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

2017	Fair value measurement hierarchy			Total
	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements				
Infrastructure, property, plant and equipment				
Plant & Equipment	—	—	8,433	8,433
Office Equipment	—	—	291	291
Furniture & Fittings	—	—	794	794
Operational Land	—	—	5,279	5,279
Community Land	—	—	2,557	2,557
Buildings Specialised	—	—	25,060	25,060
Buildings Non-Specialised	—	—	23,863	23,863
Other Structures	—	—	4,092	4,092
Roads	—	—	282,254	282,254
Bridges	—	—	38,166	38,166
Footpaths	—	—	2,703	2,703
Stormwater Drainage	—	—	1,289	1,289
Water Supply Network	—	—	11,709	11,709
Sewerage Network	—	—	9,519	9,519
Swimming Pools	—	—	2,632	2,632
Other	—	—	156	156
Tip Asset	—	—	1,462	1,462
Quarry Asset	—	—	382	382
Total infrastructure, property, plant and equipment	—	—	420,641	420,641

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values: (continued)

Fair value measurement hierarchy		Total			
Level 1	Level 2		Level 3		
Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs			
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant & Equipment	2013	—	—	8,396	8,396
Office Equipment	2013	—	—	322	322
Furniture & Fittings	2013	—	—	834	834
Operational Land	2013	—	—	5,296	5,296
Community Land	2016	—	—	2,597	2,597
Buildings Specialised	2013	—	—	24,043	24,043
Buildings Non-Specialised	2013	—	—	25,692	25,692
Other Structures	2016	—	—	4,239	4,239
Roads	2015	—	—	282,375	282,375
Bridges	2015	—	—	38,177	38,177
Footpaths	2015	—	—	2,722	2,722
Stormwater Drainage	2015	—	—	1,320	1,320
Water Supply Network	2012	—	—	11,333	11,333
Sewerage Network	2012	—	—	9,163	9,163
Swimming Pools	2016	—	—	2,632	2,632
Other	2016	—	—	165	165
Tip Asset	2015	—	—	668	668
Quarry Asset	2015	—	—	74	74
Total infrastructure, property, plant and equipment		—	—	420,048	420,048

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

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

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Land & Buildings

Highest and best use

There were no assets valued where it was assumed that the highest and best use was other than its current use.

Valuation techniques and inputs.

Asset	Level of valuation input	Valuation technique	Gross (RC or MV) (\$, 000)	Accumulated Depreciation (\$,000)	Fair Value (\$, 000)
Land					
Saleable land	3	Market	-	-	-
Non saleable land	3	Cost	-	-	-
Total			-	-	-
Buildings (cost approach)					
Specialised buildings	3	Cost	-	-	-
Total			-	-	-
Buildings (market/income approach)					
Residential Buildings	3	Market	-	-	-
Total			-	-	-

Valuation techniques

Plant & Equipment, Office equipment, Furniture & Fittings and Other Structures

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 assets. Examples of assets within the classes are as follows:

*Plant & Equipment	Trucks, tractors, ride-on-mowers, earthmoving equipment and motor vehicles.
*Office Equipment	Electronic whiteboards and computer equipment
*Furniture & Fittings	Chairs, desks and filing cabinets.
*Other structures	Fences, small sheds, water tanks and street bins

The key unobservable inputs to the valuations are the remaining useful life and residual value. Council reviews the value of these

Community land

All valuations of Community land are based upon the land valuations issued by the Valuer-General on a regular basis.

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Valuation techniques used to derive fair values - land and buildings

The council engages external, independent and qualified valuers to determine the fair value of the entities land and buildings on a regular basis. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim evaluation using appropriate indices.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period and discussed between the Director of Corporate Services, Asset & Risk Manager, valuation team, Council and Audit Committee. As part of this process the team presents a report that explains the reasons for the fair value movements.

As at 30 June 2013 a comprehensive revaluation was undertaken for all asset classes subject to revaluation by APV Valuers and Asset Management.

The main level 3 inputs used are derived and evaluated as follows –

- Cost for land restricted in use (non-saleable) – estimate cost to replace the existing land if council had to acquire it on the open
- Relationship between asset consumption rating scale and the level of consumed service potential – Under the cost approach the
- The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then

(i) Recurring fair value measurements

The following methods are used to determine the fair value measurements.

Land

Level 2 valuation inputs were used to value land held in freehold title (investment and noninvestment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

There were also some parks and reserves for which there was no observable market evidence of sales prices for comparable sites in close proximity. These were subsequently valued at the level 3 valuation input hierarchy by using the professional judgment of a Registered Valuer who adjusted the price per square metre of sales from sites not in close proximity which provided only a low level of comparability.

Buildings and investment properties

Level 2 valuation inputs

These were used to determine the fair value of a range of properties. This included the bulk of residential properties. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Level 3 valuation inputs

Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional

Gwydir Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

(ii) Non-recurring fair value measurements

Land and buildings classified as held for sale during the reporting period was measured at the lower of the carrying amount and the greater of the value in use and fair values less cost to sell. The fair value of these assets was also determined using the sales comparison approach.

Infrastructure assets

Highest and best use

There were no assets valued where it was assumed that the highest and best use was other than its current use.

Valuation techniques used to derive fair values - land and buildings

Recurring fair value measurements

The following methods are used to determine the fair value measurements.

Infrastructure assets

Level 3 valuation inputs

Infrastructure assets were valued using the cost approach using professionally qualified internal staff. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The unit rates were based on inputs such as estimates of residual value, useful life, pattern of consumption and asset condition and required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Swimming Pools

This is a new class of asset and the fair value amount has been derived from assets originally classed in Other Structures. Swimming pools were valued as part of Other Structures on 30 June 2011 by APV Valuers. The valuation was based upon the depreciated replacement cost approach and unobservable inputs such as estimated patterns of consumption, residual value, asset condition and useful life require extensive professional judgement and rely on the experience of the valuer. The unobservable inputs place this class of asset at level 3. This has been no change to the valuation process during the reporting period.

Open Space and Recreation

This asset class comprises of lighting, benches, bbq's, seating and any other asset relating to open spaces and recreation that where in the Other Structures class of asset. These assets were valued as part of the Other Structures valuation. The market value approach was utilised on a number of assets where there was sufficient market evidence. For some assets the valuation was based upon the depreciated replacement cost approach and unobservable inputs such as estimated patterns of consumption, residual value, asset condition and useful life require extensive professional judgement and rely on the experience of the valuer. The unobservable inputs place this class of asset at Level 3. The last valuation was undertaken on 30 June 2011 by APV Valuers.

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

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Water System Assets

This class of assets includes water mains & reticulation, reservoirs, pumping stations and treatment works. The valuation is based on Modern Engineering Equivalent Replacement Asset (MEERA) and standard unit costs. The reference rates are obtained from the NSW Reference Rates Tables issued by NSW Office of Water. The last valuation was undertaken on 30 June 2013. The unobservable inputs are useful life, patterns of consumption, condition ratings, remaining life and residuals which rely on the skill and experience of the valuer. There has been no change to the valuation process during the reporting period.

Sewer System Assets

This class of assets includes sewer mains & reticulation, pumping stations, treatment works and ancillary. The valuation is based on Modern Engineering Equivalent Replacement Asset (MEERA) and standard unit costs. The reference rates are obtained from the NSW Reference Rates Tables issued by NSW Office of Water. The last valuation was undertaken on 30 June 2013. The unobservable inputs are useful life, patterns of consumption, condition ratings, remaining life and residuals which rely on the skill and experience of the valuer. There has been no change to the valuation process during the reporting period.

Roads, Bridges, Bulk Earthworks and other Infrastructure Assets

This class of asset includes roads, culverts, bridges, footpaths, kerb & gutter, bulk earthworks and causeways. The valuation of the infrastructure assets has been undertaken internally by Council's Engineering Department by experienced Engineers. This valuation relies on key unobservable inputs such as unit rates, gross replacement cost, condition ratings, pattern of consumption, useful life and residual value. The valuation process also relied on the skill and experience of the Engineers. The key unobservable inputs and no active market places this asset category at Level 3. The last valuation was undertaken internally by Council's Engineers on 30 June 2012. There has been no change to the valuation process during the reporting year.

Stormwater Drainage

This class of assets includes culverts, mains, open drains, trash screens, GPT. The valuation is based on Modern Engineering Equivalent Replacement Asset (MEERA) and standard unit costs. The reference rates are obtained from the NSW Reference Rates Tables issued by NSW Office of Water. The last valuation was undertaken on 30 June 2013. The unobservable inputs are useful life, patterns of consumption, condition ratings, remaining life and residuals which rely on the skill and experience of the valuer. There has been no change to the valuation process during the reporting period.

Remediation Assets

This class of asset includes the various landfill sites within the local government areas. Restoration, cell capping, leachate collection and site closures have been recognised as significant costs for the remediation assets. In particular the closing of a landfill site will include preparation, final cell capping, site re-vegetation and leachate management. The key unobservable inputs are discount rate, estimated costs, legislative requirements, timing of remediation and indexation of labour costs. There has been no change to the valuation process during the reporting period however the lifespan of the landfill sites had been adjusted to reflect the correct timeframe. Also included in this group are the various gravel pits (quarries) operated by Council. The remediation cost include final site management and works to comply with environmental requirements. The key unobservable inputs are discount rate, estimated costs, legislative requirements, timing of remediation and indexation of labour costs. There has been no change to the valuation process during the reporting period however the timing of remediation and indexation of labour costs has been adjusted to correctly reflect the current situation.

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

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

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

	Operational Land	Community Land	Buildings & Other	Roads	Total
Opening balance – 1/7/15	4,670	8,404	52,539	283,207	348,820
Transfers from/(to) another asset class	401	(401)	49	–	49
Purchases (GBV)	232	–	557	5,811	6,600
Disposals (WDV)	(6)	–	–	(3,269)	(3,275)
Depreciation and impairment	–	–	(1,213)	(3,374)	(4,587)
Revaluation Decrements to P&L	–	(5,406)	(24)	–	(5,430)
Revaluation Increments to Equity	–	–	2,165	–	2,165
Closing balance – 30/6/16	5,297	2,597	54,073	282,375	344,342
Transfers from/(to) another asset class	41	–	(57)	–	(16)
Purchases (GBV)	81	–	837	5,439	6,357
Disposals (WDV)	(139)	(40)	(344)	(1,805)	(2,328)
Depreciation and impairment	–	–	(1,395)	(3,755)	(5,150)
Revaluation Decrements to P&L	–	–	–	–	–
Revaluation Increments to Equity	–	–	–	–	–
Closing balance – 30/6/17	5,280	2,557	53,114	282,254	343,205

	Bridges	Footpaths	Stormwater Drainage	Water Supply Network	Total
Opening balance – 1/7/15	38,189	2,742	1,332	11,014	53,277
Transfers from/(to) another asset class	–	–	–	3	3
Purchases (GBV)	–	–	17	334	351
Disposals (WDV)	–	–	–	(92)	(92)
Depreciation and impairment	(11)	(19)	(46)	(99)	(175)
Revaluation Increments to Equity	–	–	19	170	189
Closing balance – 30/6/16	38,178	2,723	1,322	11,330	53,553
Transfers from/(to) another asset class	–	–	–	100	100
Purchases (GBV)	–	(19)	(48)	405	338
Disposals (WDV)	–	–	–	(163)	(163)
Depreciation and impairment	(12)	–	–	(100)	(112)
Revaluation Increments to Equity	–	–	17	134	151
Closing balance – 30/6/17	38,166	2,704	1,291	11,706	53,867

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

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

	Sewerage Network	Other Assets	Tip Assets	Plant and Equipment	Total
Opening balance – 1/7/15	9,074	325	888	9,905	20,192
Transfers from/(to) another asset class	–	(52)	–	–	(52)
Purchases (GBV)	28	–	–	888	916
Disposals (WDV)	–	–	–	(128)	(128)
Depreciation and impairment	(70)	(34)	(220)	(1,116)	(1,440)
Revaluation Increments to Equity	135	–	–	–	135
Closing balance – 30/6/16	9,167	239	668	9,549	19,623
Transfers from/(to) another asset class	38	–	–	(85)	(47)
Purchases (GBV)	268	–	–	1,337	1,605
Disposals (WDV)	–	–	–	(264)	(264)
Depreciation and impairment	(71)	(25)	(217)	(935)	(1,248)
Revaluation Increments to Equity	121	323	1,010	–	1,454
Closing balance – 30/6/17	9,523	537	1,461	9,602	21,123

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.

Class	Fair value (30/6/17) \$'000	Valuation technique/s	Unobservable inputs
I,PP&E			
Plant and equipment	8,433	Cost	Gross Replacement Costs, Useful Life, Residual Value
Office equipment	291	Cost	Gross Replacement Costs, Useful Life, Residual Value
Furniture and fittings	794	Cost	Gross Replacement Costs, Useful Life, Residual Value
Operational land	5,279	Relevant sales in the area	Land Value
Community land	2,557	Land Values issued by Valuer General	Land Value
Buildings specialised	25,060	Depreciated Replacement Cost	Replacement Costs, Useful Life, Residual Value, Asset Condition

Gwydir Shire Council

Notes to the Financial Statements
 for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

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

Class	Fair value (30/6/17) \$'000	Valuation technique/s	Unobservable inputs
I, PP&E (continued)			
Buildings non-specialised	23,863	Depreciated Replacement Cost	Replacement Costs, Useful Life, Residual Value, Asset Condition
Other structures	4,092	Depreciated Replacement Cost	Replacement Costs, Useful Life, Residual Value, Asset Condition
Roads	282,254	Unit Rates and Condition Assessment	Replacement Costs, Useful Life, Residual Value, Asset Condition
Bridges	38,166	Unit Rates and Condition Assessment	Replacement Costs, Useful Life, Residual Value, Asset Condition
Footpaths	2,703	Unit Rates and Condition Assessment	Replacement Costs, Useful Life, Residual Value, Asset Condition
Stormwater drainage	1,289	Modern Engineering Equivalent Replacement Assets (MEERA) and Standard unit costs	Replacement Costs, Useful Life, Residual Value, Asset Condition
Water supply network	11,709	Modern Engineering Equivalent Replacement Assets (MEERA) and Standard unit costs	Replacement Costs, Useful Life, Residual Value, Asset Condition
Sewerage network	9,519	Depreciated Replacement Cost	Replacement Costs, Useful Life, Residual Value, Asset Condition
Swimming pools	2,632	Depreciated Replacement Cost	Gross Replacement Costs, Useful Life, Residual Value
Other	156	Depreciated Replacement Cost	Gross Replacement Costs, Useful Life, Residual Value
Tip asset	1,462	Unit Rates and Condition Assessment	Replacement Costs, Useful Life, Residual Value, Asset Condition
Quarry asset	382	Unit Rates and Condition Assessment	Replacement Costs, Useful Life, Residual Value, Asset Condition

(5). Highest and best use

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

Gwydir Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 28. Related party disclosures

\$ '000

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:

	Actual 2017
Compensation:	
Short-term benefits	824
Post-employment benefits	102
Total	926

b. Other transactions with KMP and their related parties

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

Nature of the transaction	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
Employee Expenses relating to close family members of KMP	\$'000 107	\$'000 –	Council staff award	\$'000 –	\$'000 –
Supply of Gravel cartage	125	–	7 days on invoice	–	–

c. Other related party transactions

Nil

Gwydir Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

*“To be the recognised leader in Local Government
through continuous learning and sustainability”*



This is page number 140 of the minutes of the Ordinary Meeting held on Thursday 26 October 2017

Chairman

Gwydir Shire Council

Special Purpose Financial Statements
for the year ended 30 June 2017

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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).

Gwydir Shire Council

Special Purpose Financial Statements
for the year ended 30 June 2017

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 financial 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.

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

Signed in accordance with a resolution of Council made on 26 October 2017.

Catherine Egan
Mayor

Marilyn Dixon
Councillor

Max Eastcott
General manager

Helen Thomas
Responsible accounting officer

Gwydir Shire Council

Income Statement of Council's Water Supply Business Activity
 for the year ended 30 June 2017

\$ '000	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	642	630
User charges	663	767
Fees	4	4
Interest	21	35
Grants and contributions provided for non-capital purposes	24	24
Other income	2	2
Total income from continuing operations	1,356	1,462
Expenses from continuing operations		
Employee benefits and on-costs	376	389
Borrowing costs	176	166
Materials and contracts	415	413
Depreciation, amortisation and impairment	185	190
Water purchase charges	—	—
Loss on sale of assets	163	92
Calculated taxation equivalents	—	—
Debt guarantee fee (if applicable)	14	15
Other expenses	199	241
Total expenses from continuing operations	1,528	1,506
Surplus (deficit) from continuing operations before capital amounts	(172)	(44)
Grants and contributions provided for capital purposes	45	1
Surplus (deficit) from continuing operations after capital amounts	(127)	(43)
Surplus (deficit) from discontinued operations	—	—
Surplus (deficit) from all operations before tax	(127)	(43)
Less: corporate taxation equivalent (30%) [based on result before capital]	—	—
SURPLUS (DEFICIT) AFTER TAX	(127)	(43)
Plus opening retained profits	12,811	12,839
Plus/less: prior period adjustments	38	—
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	—	—
– Debt guarantee fees	14	15
– Corporate taxation equivalent	—	—
Less:		
– Tax equivalent dividend paid	—	—
– Surplus dividend paid	—	—
Closing retained profits	12,736	12,811
Return on capital %	0.0%	0.8%
Subsidy from Council	368	188
Calculation of dividend payable:		
Surplus (deficit) after tax	(127)	(43)
Less: capital grants and contributions (excluding developer contributions)	(45)	(1)
Surplus for dividend calculation purposes	—	—
Potential dividend calculated from surplus	—	—

Gwydir Shire Council

Income Statement of Council's Sewerage Business Activity
 for the year ended 30 June 2017

\$ '000	Actual 2017	Actual 2016
Income from continuing operations		
Access charges	628	631
User charges	60	64
Fees	—	1
Interest	64	78
Grants and contributions provided for non-capital purposes	21	20
Profit from the sale of assets	—	39
Other income	3	1
Total income from continuing operations	776	834
Expenses from continuing operations		
Employee benefits and on-costs	261	253
Borrowing costs	—	—
Materials and contracts	171	181
Depreciation, amortisation and impairment	80	77
Loss on sale of assets	—	1
Calculated taxation equivalents	—	—
Debt guarantee fee (if applicable)	—	—
Other expenses	54	105
Total expenses from continuing operations	566	617
Surplus (deficit) from continuing operations before capital amounts	210	217
Grants and contributions provided for capital purposes	—	1
Surplus (deficit) from continuing operations after capital amounts	210	218
Surplus (deficit) from discontinued operations	—	—
Surplus (deficit) from all operations before tax	210	218
Less: corporate taxation equivalent (30%) [based on result before capital]	(63)	(65)
SURPLUS (DEFICIT) AFTER TAX	147	153
Plus opening retained profits	12,196	11,978
Plus/less: prior period adjustments	7	—
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	—	—
– Debt guarantee fees	—	—
– Corporate taxation equivalent	63	65
Less:		
– Tax equivalent dividend paid	—	—
– Surplus dividend paid	—	—
Closing retained profits	12,413	12,196
Return on capital %	2.1%	2.2%
Subsidy from Council	32	—
Calculation of dividend payable:		
Surplus (deficit) after tax	147	153
Less: capital grants and contributions (excluding developer contributions)	—	(1)
Surplus for dividend calculation purposes	147	152
Potential dividend calculated from surplus	74	76

Gwydir Shire Council

Income Statement of Council's Other Business Activities
 for the year ended 30 June 2017

	Waste business activity Category 2		Narooma aged care Category 2	
\$ '000	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Income from continuing operations				
Access charges	1,069	1,045	—	—
Rentals	—	—	716	698
Fees	—	4	—	—
Interest	46	59	—	—
Grants and contributions provided for non-capital purposes	34	36	1,397	1,707
Investment revenues	—	—	6	6
Other income	31	12	4	4
Total income from continuing operations	1,180	1,156	2,123	2,415
Expenses from continuing operations				
Employee benefits and on-costs	432	425	1,819	1,975
Borrowing costs	7	7	351	125
Materials and contracts	657	742	416	425
Depreciation, amortisation and impairment	233	416	144	101
Loss on sale of assets	1	—	—	—
Debt guarantee fee (if applicable)	—	—	16	22
Other expenses	7	37	102	79
Total expenses from continuing operations	1,337	1,627	2,848	2,727
Surplus (deficit) from continuing operations before capital amounts	(157)	(471)	(725)	(312)
Grants and contributions provided for capital purposes	—	—	—	40
Surplus (deficit) from continuing operations after capital amounts	(157)	(471)	(725)	(272)
Surplus (deficit) from discontinued operations	—	—	—	—
Surplus (deficit) from all operations before tax	(157)	(471)	(725)	(272)
Less: corporate taxation equivalent (30%) [based on result before capital]	—	—	—	—
SURPLUS (DEFICIT) AFTER TAX	(157)	(471)	(725)	(272)
Plus opening retained profits	(764)	(293)	655	1,060
Plus/less: prior period adjustments	2,905	—	(627)	—
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	—	—	—	—
– Debt guarantee fees	—	—	16	22
– Corporate taxation equivalent	—	—	—	—
Add:				
– Subsidy paid/contribution to operations	—	—	—	(155)
Less:				
– TER dividend paid	—	—	—	—
– Dividend paid	—	—	—	—
Closing retained profits	1,984	(764)	(681)	655
Return on capital %	-7.4%	-38.1%	-6.5%	-3.2%
Subsidy from Council	198	488	510	302

Gwydir Shire Council

Statement of Financial Position – Council's Water Supply Business Activity
 as at 30 June 2017

\$ '000	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	787	778
Investments	–	250
Receivables	162	211
Inventories	22	22
Other	–	–
Non-current assets classified as held for sale	–	–
Total current assets	971	1,261
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	15,628	15,578
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Total non-current assets	15,628	15,578
TOTAL ASSETS	16,599	16,839
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	36
Income received in advance	–	–
Borrowings	76	62
Provisions	22	93
Total current liabilities	98	191
Non-current liabilities		
Payables	–	–
Borrowings	2,207	2,418
Provisions	6	1
Total non-current liabilities	2,213	2,419
TOTAL LIABILITIES	2,311	2,610
NET ASSETS	14,288	14,229
EQUITY		
Retained earnings	12,736	12,811
Revaluation reserves	1,552	1,418
Other reserves	–	–
Council equity interest	14,288	14,229
Non-controlling equity interest	–	–
TOTAL EQUITY	14,288	14,229

Gwydir Shire Council

Statement of Financial Position – Council's Sewerage Business Activity
 as at 30 June 2017

\$ '000	Actual 2017	Actual 2016
ASSETS		
Current assets		
Cash and cash equivalents	3,018	1,502
Investments	–	1,500
Receivables	68	79
Inventories	2	2
Other	–	–
Non-current assets classified as held for sale	–	–
Total current Assets	3,088	3,083
Non-current assets		
Investments	–	–
Receivables	–	–
Inventories	–	–
Infrastructure, property, plant and equipment	10,178	9,856
Investments accounted for using equity method	–	–
Investment property	–	–
Intangible assets	–	–
Total non-current assets	10,178	9,856
TOTAL ASSETS	13,266	12,939
LIABILITIES		
Current liabilities		
Bank overdraft	–	–
Payables	–	–
Income received in advance	–	–
Borrowings	–	3
Provisions	47	58
Total current liabilities	47	61
Non-current liabilities		
Payables	–	–
Borrowings	–	2
Provisions	5	–
Total non-current liabilities	5	2
TOTAL LIABILITIES	52	63
NET ASSETS	13,214	12,876
EQUITY		
Retained earnings	12,413	12,196
Revaluation reserves	801	680
Other reserves	–	–
Council equity interest	13,214	12,876
Non-controlling equity interest	–	–
TOTAL EQUITY	13,214	12,876

Gwydir Shire Council

Statement of Financial Position – Council's Other Business Activities
 as at 30 June 2017

	Waste business activity Category 2		Naroo aged care Category 2	
\$ '000	Actual 2017	Actual 2016	Actual 2017	Actual 2016
ASSETS				
Current assets				
Cash and cash equivalents	2,033	1,768	290	290
Investments	–	250	–	–
Receivables	70	89	56	63
Aged care bonds	–	–	–	–
Total Current Assets	2,103	2,107	346	353
Non-current assets				
Investments	–	–	–	–
Receivables	–	–	387	443
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	2,021	1,218	5,712	5,801
Investment property	–	–	–	–
Total non-current assets	2,021	1,218	6,099	6,244
TOTAL ASSETS	4,124	3,325	6,445	6,597
LIABILITIES				
Current liabilities				
Bank overdraft	–	–	1,919	848
Payables	–	1	–	–
Income received in advance	–	–	–	–
Borrowings	7	6	192	189
Aged care bonds	–	–	1,637	1,489
Provisions	27	73	–	–
Total current liabilities	34	80	3,748	2,526
Non-current liabilities				
Payables	–	–	–	–
Borrowings	65	72	3,256	3,295
Aged care bonds	–	–	–	–
Provisions	1,462	3,358	–	–
Other Liabilities	–	–	117	117
Total non-current liabilities	1,527	3,430	3,373	3,412
TOTAL LIABILITIES	1,561	3,510	7,121	5,938
NET ASSETS	2,563	(185)	(676)	659
EQUITY				
Retained earnings	1,984	(764)	(681)	654
Revaluation reserves	579	579	5	5
Other reserves	–	–	–	–
Council equity interest	2,563	(185)	(676)	659
Non-controlling equity interest	–	–	–	–
TOTAL EQUITY	2,563	(185)	(676)	659

Gwydir Shire Council

Special Purpose Financial Statements
for the year ended 30 June 2017

Contents of the notes accompanying the financial statements

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Gwydir Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in the SPFS, unless otherwise stated, 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 the SPFS have been prepared in accordance with:

- the Local Government Act (1993) NSW,
- the Local Government (General) Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to 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 government policy statement, *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 standards for disclosure. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

Nil

Category 2

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

Gwydir Water Supply -

Comprising the whole of the operations and net assets of the water supply systems servicing the towns of Bingara, Warialda, Gravesend and North Star.

Gwydir Sewerage Services -

Comprising the whole of the operations and assets of the sewerage reticulation and treatment systems servicing the towns of Bingara and Warialda

Naroo Aged Care Facility -

Comprising the whole of the operations and assets of the aged care facility located at Warialda.

Gwydir Waste Management Services -

Comprising the whole of the operations and assets of the waste management service carried out by the

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

Gwydir Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

(i) Taxation-equivalent charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council-nominated business activities and are reflected in these 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 – 30%

Land tax – the first **\$482,000** of combined land values attracts **0%**. For that valued from \$482,001 to \$2,947,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,947,000, a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the Best-Practice Management of Water Supply and Sewerage 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 in the Best-Practice Management of Water Supply and Sewerage Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance against the Best-Practice Management of Water Supply and Sewerage 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 each reported business activity.

While 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 or 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 30%.

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

Since this 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 Council's General Purpose Financial Statements.

The 30% rate applied is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

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

Gwydir Shire Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

(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 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 rate of return on capital 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 2.38% at 30/6/17.

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

(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.

The dividend, calculated and approved in accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2017 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best-Practice Management of Water Supply and Sewerage Guidelines, a Dividend Payment Form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

Gwydir Shire Council

Notes to the Special Purpose Financial Statements
 for the year ended 30 June 2017

Note 2. Water supply business
 best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2017

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	14,000
(ii)	Number of assessments multiplied by \$3/assessment	4,860
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	4,860
(iv)	Amounts actually paid for tax equivalents	

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	—
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	43,740
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	(253,000)

2017 Surplus	(172,000)	2016 Surplus	(44,000)	2015 Surplus	(37,000)
		2016 Dividend	—	2015 Dividend	—

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	— Complying charges [item 2 (b) in table 1]	YES
	— DSP with commercial developer charges [item 2 (e) in table 1]	NO
	— If dual water supplies, complying charges [item 2 (g) in table 1]	
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

Gwydir Shire Council

Notes to the Special Purpose Financial Statements
 for the year ended 30 June 2017

Note 2. Water supply business
 best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2017

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	1,338
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	47.12%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	9,458,272
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	862
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	443
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	0.00%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	45

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

Gwydir Shire Council

Notes to the Special Purpose Financial Statements
 for the year ended 30 June 2017

Note 3. Sewerage business
 best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2017

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i) Calculated tax equivalents	<input type="text" value="—"/>
(ii) Number of assessments multiplied by \$3/assessment	<input type="text" value="3,825"/>
(iii) Amounts payable for tax equivalents [lesser of (i) and (ii)]	<input type="text" value="—"/>
(iv) Amounts actually paid for tax equivalents	<input type="text"/>

2. Dividend from surplus

(i) 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	<input type="text" value="73,500"/>
(ii) Number of assessments x (\$30 less tax equivalent charges per assessment)	<input type="text" value="38,250"/>
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015	<input type="text" value="469,700"/>

2017 Surplus	<input type="text" value="147,000"/>	2016 Surplus	<input type="text" value="151,900"/>	2015 Surplus	<input type="text" value="170,800"/>
		2016 Dividend	<input type="text" value="—"/>	2015 Dividend	<input type="text" value="—"/>

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	<input type="text" value="38,250"/>
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	<input type="text"/>
(vi) Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	<input type="text"/>

3. Required outcomes for 4 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i) Completion of strategic business plan (including financial plan)	<input type="text" value="YES"/>
(ii) Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	<input type="text" value="YES"/>
Complying charges (a) Residential [item 2 (c) in table 1]	<input type="text" value="YES"/>
(b) Non-residential [item 2 (c) in table 1]	<input type="text" value="YES"/>
(c) Trade waste [item 2 (d) in table 1]	<input type="text" value="YES"/>
DSP with commercial developer charges [item 2 (e) in table 1]	<input type="text" value="NO"/>
Liquid trade waste approvals and policy [item 2 (f) in table 1]	<input type="text" value="YES"/>
(iii) Complete performance reporting form (by 15 September each year)	<input type="text" value="YES"/>
(iv) a. Integrated water cycle management evaluation	<input type="text" value="YES"/>
b. Complete and implement integrated water cycle management strategy	<input type="text" value="YES"/>

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Chairman

Gwydir Shire Council

Notes to the Special Purpose Financial Statements
 for the year ended 30 June 2017

Note 3. Sewerage business
 best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)		2017
National Water Initiative (NWI) financial performance indicators		
NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000 715
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000 10,097,982
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000 406
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000 192
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	% 0.00%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000 –
National Water Initiative (NWI) financial performance indicators Water and sewer (combined)		
NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000 1,957
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	% 2.30%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000 635
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	% 0.00%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000 –
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	% 0.00%

Gwydir Shire Council

Notes to the Special Purpose Financial Statements
 for the year ended 30 June 2017

Note 3. Sewerage business
 best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2017

National Water Initiative (NWI) financial performance indicators
 Water and sewer (combined)

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	-5.53%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): 370 Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: 63 Interest expense (w4a + s4a) – interest income (w9 + s10)		6
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	52
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	45

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
 - refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

Gwydir Shire Council

SPECIAL SCHEDULES

for the year ended 30 June 2017

*"To be the recognised leader in Local Government
through continuous learning and sustainability"*



This is page number 158 of the minutes of the Ordinary Meeting held on Thursday 26 October 2017

Chairman

Gwydir Shire Council

Special Schedules for the year ended 30 June 2017

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¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Gwydir Shire Council

Special Schedule 1 – Net Cost of Services
 for the year ended 30 June 2017

\$'000				
Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,114	148	–	(966)
Administration	1,523	(138)	6	(1,655)
Public order and safety				
Fire service levy, fire protection, emergency services	811	263	129	(419)
Beach control	–	–	–	–
Enforcement of local government regulations	48	9	–	(39)
Animal control	117	22	–	(95)
Other	156	–	–	(156)
Total public order and safety	1,132	294	129	(709)
Health	65	23	–	(42)
Environment				
Noxious plants and insect/vermin control	210	104	–	(106)
Other environmental protection	–	34	–	34
Solid waste management	1,338	1,180	–	(158)
Street cleaning	338	–	–	(338)
Drainage	–	–	–	–
Stormwater management	70	40	–	(30)
Total environment	1,956	1,358	–	(598)
Community services and education				
Administration and education	832	684	–	(148)
Social protection (welfare)	144	111	–	(33)
Aged persons and disabled	3,215	2,487	–	(728)
Children's services	87	70	–	(17)
Total community services and education	4,278	3,352	–	(926)
Housing and community amenities				
Public cemeteries	59	63	–	4
Public conveniences	120	–	–	(120)
Street lighting	74	20	–	(54)
Town planning	19	59	35	75
Other community amenities	302	210	–	(92)
Total housing and community amenities	574	352	35	(187)
Water supplies	3,028	1,412	45	(1,571)
Sewerage services	1,133	790	–	(343)

Gwydir Shire Council

Special Schedule 1 – Net Cost of Services (continued)
 for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	241	48	—	(193)
Museums	36	—	—	(36)
Art galleries	—	—	—	—
Community centres and halls	372	23	6	(343)
Performing arts venues	283	57	—	(226)
Other performing arts	—	—	—	—
Other cultural services	—	—	—	—
Sporting grounds and venues	298	152	—	(146)
Swimming pools	228	—	—	(228)
Parks and gardens (lakes)	667	86	3	(578)
Other sport and recreation	40	44	—	4
Total recreation and culture	2,165	410	9	(1,746)
Fuel and energy	—	—	—	—
Agriculture	—	—	—	—
Mining, manufacturing and construction				
Building control	510	37	—	(473)
Other mining, manufacturing and construction	22	41	—	19
Total mining, manufacturing and const.	532	78	—	(454)
Transport and communication				
Urban roads (UR) – local	359	—	—	(359)
Urban roads – regional	23	—	—	(23)
Sealed rural roads (SRR) – local	2,824	—	—	(2,824)
Sealed rural roads (SRR) – regional	2,373	1,578	284	(511)
Unsealed rural roads (URR) – local	2,191	2,048	23	(120)
Unsealed rural roads (URR) – regional	—	—	—	—
Bridges on UR – local	1	—	—	(1)
Bridges on SRR – local	6	—	—	(6)
Bridges on URR – local	28	—	—	(28)
Bridges on regional roads	8	—	—	(8)
Parking areas	2	—	—	(2)
Footpaths	35	—	—	(35)
Aerodromes	13	—	—	(13)
Other transport and communication	1,496	1,698	10	212
Total transport and communication	9,359	5,324	317	(3,718)
Economic affairs				
Camping areas and caravan parks	474	348	—	(126)
Other economic affairs	935	63	—	(872)
Total economic affairs	1,409	411	—	(998)
Totals – functions	28,268	13,814	541	(13,913)
General purpose revenues ⁽¹⁾		13,725		13,725
Share of interests – joint ventures and associates using the equity method	—	—	—	—
NET OPERATING RESULT ⁽²⁾	28,268	27,539	541	(188)

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

(2) As reported in the Income Statement

Gwydir Shire Council

Special Schedules 2017

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)
 for the year ended 30 June 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth Government	150	2,700	2,850	–	150	–	–	56	–	2,700	2,700
NSW Treasury Corporation	–	–	–	–	–	–	–	737	–	–	–
Other State Government	–	–	–	–	–	–	–	–	–	–	–
Public subscription	–	–	–	–	–	–	–	–	–	–	–
Financial institutions	798	7,663	8,461	–	770	–	–	–	–	7,691	7,691
Other	–	–	–	–	–	–	–	–	–	–	–
Total loans	948	10,363	11,311	–	920	–	–	793	–	10,391	10,391
Other long term debt											
Ratepayers advances	–	–	–	–	–	–	–	–	–	–	–
Government advances	–	–	–	–	–	–	–	–	–	–	–
Finance leases	–	–	–	–	–	–	–	–	–	–	–
Deferred payments	–	–	–	–	–	–	–	–	–	–	–
Total long term debt	–	–	–	–	–	–	–	–	–	–	–
Total debt	948	10,363	11,311	–	920	–	–	793	–	10,391	10,391

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.
 This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Gwydir Shire Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
 for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	96	64
b. Engineering and supervision	18	16
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	84	79
d. Maintenance expenses	158	170
– Reservoirs		
e. Operation expenses	6	5
f. Maintenance expenses	34	14
– Pumping stations		
g. Operation expenses (excluding energy costs)	107	108
h. Energy costs	155	171
i. Maintenance expenses	21	26
– Treatment		
j. Operation expenses (excluding chemical costs)	23	20
k. Chemical costs	61	70
l. Maintenance expenses	66	77
– Other		
m. Operation expenses	31	18
n. Maintenance expenses	2	–
o. Purchase of water	–	–
3. Depreciation expenses		
a. System assets	318	165
b. Plant and equipment	18	25
4. Miscellaneous expenses		
a. Interest expenses	142	166
b. Revaluation decrements	–	–
c. Other expenses	78	296
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	1,418	1,490

Gwydir Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
 for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges		
a. Access (including rates)	533	502
b. Usage charges	475	410
7. Non-residential charges		
a. Access (including rates)	109	128
b. Usage charges	187	358
8. Extra charges	3	4
9. Interest income	18	31
10. Other income	7	6
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	45	–
b. Grants for pensioner rebates	24	24
c. Other grants	–	–
12. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	1
13. Total income	1,401	1,464
14. Gain (or loss) on disposal of assets	(96)	–
15. Operating result	(113)	(26)
15a. Operating result (less grants for acquisition of assets)	(158)	(26)

Gwydir Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
 for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	443	334
d. Plant and equipment	–	–
17. Repayment of debt	154	186
18. Totals	597	520
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	1,364	1,349
b. Residential (unoccupied, ie. vacant lot)	–	160
c. Non-residential (occupied)	250	241
d. Non-residential (unoccupied, ie. vacant lot)	6	32
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 44,538	\$ 45,691

Gwydir Shire Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
 as at 30 June 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	—	—	—
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	787	—	787
26. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	44	—	44
c. User charges	118	—	118
d. Other	—	—	—
27. Inventories	22	—	22
28. Property, plant and equipment			
a. System assets	—	15,188	15,188
b. Plant and equipment	—	440	440
29. Other assets	—	—	—
30. Total assets	971	15,628	16,599
LIABILITIES			
31. Bank overdraft	—	—	—
32. Creditors	—	—	—
33. Borrowings	76	2,207	2,283
34. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	22	6	28
35. Total liabilities	98	2,213	2,311
36. NET ASSETS COMMITTED	873	13,415	14,288
EQUITY			
37. Accumulated surplus			12,809
38. Asset revaluation reserve			1,479
39. Other reserves			—
40. TOTAL EQUITY			14,288
Note to system assets:			
41. Current replacement cost of system assets			15,187,567
42. Accumulated current cost depreciation of system assets			(5,729,295)
43. Written down current cost of system assets			9,458,272

Gwydir Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
 for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	68	57
b. Engineering and supervision	–	–
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	1	1
b. Maintenance expenses	27	38
– Pumping stations		
c. Operation expenses (excluding energy costs)	39	41
d. Energy costs	11	12
e. Maintenance expenses	20	17
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	148	146
g. Chemical costs	–	7
h. Energy costs	25	28
i. Effluent management	–	–
j. Biosolids management	2	2
k. Maintenance expenses	48	44
– Other		
l. Operation expenses	11	27
m. Maintenance expenses	6	–
3. Depreciation expenses		
a. System assets	79	73
b. Plant and equipment	–	4
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	81	120
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	566	617

Gwydir Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
 for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges (including rates)	559	513
7. Non-residential charges		
a. Access (including rates)	62	111
b. Usage charges	–	–
8. Trade waste charges		
a. Annual fees	7	7
b. Usage charges	60	64
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	3	3
10. Interest income	61	75
11. Other income	3	2
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	21	20
c. Other grants	–	–
13. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	1
14. Total income	776	796
15. Gain (or loss) on disposal of assets	–	39
16. Operating result	210	218
16a. Operating result (less grants for acquisition of assets)	210	218

Gwydir Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
 for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	192	28
d. Plant and equipment	–	–
18. Repayment of debt	3	1
19. Totals	195	29
Non-operating funds employed		
20. Proceeds from disposal of assets	–	–
21. Borrowing utilised	–	–
22. Totals	–	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	1,101	1,086
b. Residential (unoccupied, ie. vacant lot)	–	129
c. Non-residential (occupied)	173	135
d. Non-residential (unoccupied, ie. vacant lot)	1	15
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 38,281	\$ 37,866

Gwydir Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
 as at 30 June 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	—	—	—
b. Special purpose grants	—	—	—
c. Accrued leave	—	—	—
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	3,018	—	3,018
27. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	35	—	35
c. User charges	33	—	33
d. Other	—	—	—
28. Inventories	2	—	2
29. Property, plant and equipment			
a. System assets	—	10,098	10,098
b. Plant and equipment	—	80	80
30. Other assets	—	—	—
31. Total assets	3,088	10,178	13,266
LIABILITIES			
32. Bank overdraft	—	—	—
33. Creditors	—	—	—
34. Borrowings	—	—	—
35. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	47	5	52
36. Total liabilities	47	5	52
37. NET ASSETS COMMITTED	3,041	10,173	13,214
EQUITY			
38. Accumulated surplus			12,484
39. Asset revaluation reserve			730
40. Other reserves			—
41. TOTAL EQUITY			13,214
Note to system assets:			
42. Current replacement cost of system assets			13,570,316
43. Accumulated current cost depreciation of system assets			(3,472,334)
44. Written down current cost of system assets			10,097,982

Gwydir Shire Council

Notes to Special Schedules 3 and 5 for the year ended 30 June 2017

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contributions for water supply or sewerage services received by Council under Section 565 of the *Local Government Act*.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Gwydir Shire Council

Special Schedules 2017

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'000												
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	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings – non-specialised	59	–	350	350	23,864	31,345	42%	56%	2%	0%	0%
	Buildings – specialised	50	–	381	381	25,059	30,176	61%	39%	1%	0%	-1%
	Sub-total	109	–	731	731	48,923	61,521	51.3%	47.7%	1.5%	0.0%	-0.5%
Other structures	Other structures	98	–	75	75	4,092	4,818	64%	28%	8%	0%	0%
	Sub-total	98	–	75	75	4,092	4,818	64.0%	28.0%	8.0%	0.0%	0.0%
Roads	Sealed roads	4,990	–	1,390	1,390	185,569	216,525	44%	46%	6%	4%	0%
	Unsealed roads	1,704	–	803	803	94,158	103,857	85%	5%	4%	3%	3%
	Bridges	10	–	6	6	38,165	38,547	47%	49%	4%	0%	0%
	Footpaths	266	–	15	15	2,703	3,188	2%	21%	60%	17%	0%
	Kerb & Guttering	–	–	16	16	2,528	3,111	12%	54%	17%	14%	3%
	Sub-total	6,970	–	2,230	2,230	323,123	365,228	55.3%	34.5%	5.8%	3.5%	0.9%

Gwydir Shire Council

Special Schedules 2017

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000												
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	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Water supply network	532	–	370	370	11,709	16,977	50%	39%	3%	8%	0%
	Sub-total	532	–	370	370	11,709	16,977	50.0%	39.0%	3.0%	8.0%	0.0%
Sewerage network	Sewerage network	2,456	–	158	158	9,519	12,954	8%	50%	0%	42%	0%
	Sub-total	2,456	–	158	158	9,519	12,954	8.0%	50.0%	0.0%	42.0%	0.0%
Stormwater drainage	Stormwater drainage	2,307	–	22	22	1,289	3,755	1%	99%	0%	0%	0%
	Sub-total	2,307	–	22	22	1,289	3,755	1.0%	99.0%	0.0%	0.0%	0.0%
Open space/ recreational assets	Swimming pools	16	–	–	–	2,632	2,679	0%	0%	100%	0%	0%
	Sub-total	16	–	–	–	2,632	2,679	0.0%	0.0%	100.0%	0.0%	0.0%
TOTAL – ALL ASSETS		12,488	–	3,586	3,586	401,287	467,932	52.6%	37.1%	5.5%	4.2%	0.6%

Notes:

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

Infrastructure asset condition assessment 'key'

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

Gwydir Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
 for the year ended 30 June 2017

\$ '000	Amounts 2017	Indicator 2017	Benchmark	Prior periods 2016	2015
Infrastructure asset performance indicators * consolidated					
1. Infrastructure renewals ratio					
Asset renewals ⁽¹⁾	6,128	113.48%	>= 100%	102.48%	21.30%
Depreciation, amortisation and impairment	5,400				
2. Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	12,488	3.11%	< 2%	3.05%	5.01%
Net carrying amount of infrastructure assets	401,287				
3. Asset maintenance ratio					
Actual asset maintenance	3,586	1.00	> 1.00	1.00	0.93
Required asset maintenance	3,586				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	—	0.00%		0.00%	
Gross replacement cost	467,932				

Notes

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

⁽¹⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Gwydir Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
 for the year ended 30 June 2017

<p>1. Infrastructure renewals ratio</p> <p>Ratio %</p> <p>2014 2015 2016 2017</p> <p>74% 21% 102% 113%</p>	<p>Purpose of asset renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>2016/17 Ratio 113.48%</p>
<p>Benchmark: 100.00%</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Ratio achieves benchmark</p> <p>Ratio is outside benchmark</p>	
<p>2. Infrastructure backlog ratio</p> <p>Ratio %</p> <p>2014 2015 2016 2017</p> <p>21.83% 5.01% 3.05% 3.11%</p>	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>2016/17 Ratio 3.11%</p>
<p>Benchmark: 2.00%</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Ratio achieves benchmark</p> <p>Ratio is outside benchmark</p>	
<p>3. Asset maintenance ratio</p> <p>Ratio (x)</p> <p>2014 2015 2016 2017</p> <p>1.04 0.93 1.00 1.00</p>	<p>Purpose of asset maintenance ratio</p> <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>2016/17 Ratio 1.00 x</p>
<p>Benchmark: 1.00</p> <p>Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Ratio achieves benchmark</p> <p>Ratio is outside benchmark</p>	
<p>4. Cost to bring assets to agreed service level</p> <p>Ratio %</p> <p>2016 2017</p> <p>0% 0%</p>	<p>Purpose of agreed service level ratio</p> <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>2016/17 Ratio 0.00%</p>

Gwydir Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
 for the year ended 30 June 2017

\$ '000	Benchmark	Water 2017	Sewer 2017	General ⁽¹⁾ 2017
Infrastructure asset performance indicators by fund				
1. Infrastructure renewals ratio				
Asset renewals ⁽²⁾				
Depreciation, amortisation and impairment				
	>= 100%	352.00%	377.46%	105.34%
	prior period:	337.37%	40.00%	106.20%
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard				
Net carrying amount of infrastructure assets				
	< 2%	4.54%	25.80%	2.50%
	prior period:	4.90%	24.94%	2.47%
3. Asset maintenance ratio				
Actual asset maintenance				
Required asset maintenance				
	> 1.00	1.00	1.00	1.00
	prior period:	1.00	1.00	1.00
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council				
Gross replacement cost		0.00%	0.00%	0.00%

Notes

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

⁽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.

Gwydir Shire Council

Special Schedule 8 – Permissible Income Calculation
 for the year ended 30 June 2018

\$'000		Calculation 2016/17	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	6,505	7,503
Plus or minus adjustments ⁽²⁾	b	10	(6)
Notional general income	c = (a + b)	6,515	7,497
Permissible income calculation			
Special variation percentage ⁽³⁾	d	30.00%	0.00%
Or rate peg percentage	e	0.00%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	(719)	—
Plus special variation amount	h = d x (c – g)	1,739	—
Or plus rate peg amount	i = c x e	—	112
Or plus Crown land adjustment and rate peg amount	j = c x f	—	—
Sub-total	k = (c + g + h + i + j)	7,535	7,609
Plus (or minus) last year's carry forward total	l	22	53
Less valuation objections claimed in the previous year	m	—	—
Sub-total	n = (l + m)	22	53
Total permissible income	o = k + n	7,556	7,663
Less notional general income yield	p	7,503	7,662
Catch-up or (excess) result	q = o – p	53	1
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	—	—
Less unused catch-up ⁽⁵⁾	s	—	—
Carry forward to next year	t = q + r – s	53	1

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*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.

Item 9 Further Motion to 2017 LGNSW Conference in December

FILE REFERENCE

DELIVERY PROGRAM

GOAL: 4. Proactive Regional and Local Leadership

OUTCOME: 4.1 WE ARE AN ENGAGED & CONNECTED COMMUNITY

STRATEGY: 4.2.1 Build strong relationships and shared responsibilities - GM - external

AUTHOR General Manager

DATE 23 October 2017

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/ SUMMARY RECOMMENDATION

TABLED ITEMS	Nil
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BACKGROUND

The Council has already submitted the following motions for consideration at the LGNSW Annual Conference:

THAT LGNSW make representation to the NSW Government to establish a specific offence relating to the use of Remotely Piloted Aircraft (RPA) to use RPAs in a manner that infringes on the privacy of neighbouring properties with appropriate penalties; and;

THAT the LGNSW Annual Conference call on the Minister for Primary Industries to expedite the review of the *Animal Welfare Code of Practice – Breeding dogs and cats* to incorporate the recommended improvements put forward by both the NSW Companion Animals Taskforce Report (2012) and the Joint Select Committee on Companion Animal Breeding Practices in New South Wales (2015).

COMMENT

Following discussion with the Mayor, an additional motion has been submitted although it may not make the Conference Agenda due to its late submission.

However, it canvases an issue of some importance. The current Local Government Minister also has responsibility for the Environment which, disproportionately, seems to occupy her time to the detriment of the local government portfolio.

It is requested that the Council endorses an additional motion be put forward to the 2017 LGNSW Conference:

THAT 2017 LGNSW Annual Conference urges the Premier to appoint a Minister for Local Government without the distraction of any other portfolio responsibilities.

OFFICER RECOMMENDATION

THAT the 2017 LGNSW Annual Conference urges the Premier to appoint a Minister for Local Government without the distraction of any other portfolio responsibilities.

ATTACHMENTS

There are no attachments for this report.

**COUNCIL RESOLUTION:
MINUTE 355/17**

THAT the 2017 LGNSW Annual Conference urges the Premier to appoint a Minister for Local Government without the distraction of any other portfolio responsibilities.

(Moved Cr Smith, seconded Cr Galvin)

Item 10 Request from Gravesend Community Group Inc.

FILE REFERENCE

DELIVERY PROGRAM

GOAL: 4. Proactive Regional and Local Leadership

OUTCOME: 4.1 WE ARE AN ENGAGED & CONNECTED COMMUNITY

STRATEGY: 4.1.2 Enable broad, rich and meaningful engagement to occur - GM - external

AUTHOR General Manager

DATE 23 October 2017

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/ SUMMARY RECOMMENDATION

This report is seeking the views of the Council on the request from the Gravesend Community Group Inc. regarding the retention of any funds received from the sale of the former Anglican Church in Gravesend to be allocated to Gravesend projects.

TABLED ITEMS Nil

BACKGROUND

The attached letter outlines the request and the rationale behind the request.

OFFICER RECOMMENDATION

For consideration

ATTACHMENTS

AT- Letter

**COUNCIL RESOLUTION:
MINUTE 356/17**

THAT any funds collected from the sale of the Gravesend Museum Building be quarantined for the Gravesend Community.

FURTHER that an appropriate survey form be sent to each resident of Gravesend to determine how the funds should be spent and other matters of concern to residents of Gravesend.

(Moved Cr D Coulton, seconded Cr Dick)

This is page number 180 of the minutes of the Ordinary Meeting held on Thursday 26 October 2017

Chairman

Gravesend Community Group Incorporated Inc 9897742

21 October 2017

The General Manager
Gwydir Shire Council
Locked Bag 5
BINGARA NSW 2404

Dear Mr Eastcott

RE: PROPOSED SALE OF OLD CHURCH IN GRAVESEND

The Gravesend Community Group Incorporated has recently been advised that the Old Church located in Gravesend and owned by the Council is to be put up for sale.

On behalf of the Gravesend Community, we request that the proceeds of the sale of the Old Church be retained within our community, and utilised for the restoration of the Gravesend Town Hall.

In support of this request, the following is a brief history of the community use of the Old Church building.

The old church building was built in 1909 and was situated to the east of Moffett Street for many years. It was moved by a truck from Inverell which drove it along the Gwydir Highway past the shops to its present-day site during the early 1950's and serviced our community up to the 1990's. Also in recent times it was used as a base for the historical society and as a Museum.

A concert was held in July 1909 in aid of the Building Fund of the Church of England. The community enjoyed the night with the Warialda Musical Society who contributed to the concert.

Through the years there were many weddings, christening and funerals held in the church. It also played a big part in the community during the two world wars. In March 1944, during Bishop Moyes visit to this part of the Diocese he dedicated several gifts to the memory of deceased members of the congregation. At Gravesend an oak Bishop's seat, was dedicated in memory of the late John Thomas Daley.

As a community, we feel that the Gravesend Town Hall will be an ideal venue and focal point for the Gravesend district. Its position in the centre of the main street gives exposure to passing travellers and would invite them to stop and learn about the history of the district. It would also create patronage for our businesses and thus, help to grow the viability of our community generally.

Added benefits to the refurbishment of the Gravesend Town Hall would be its utilisation as a hub where Council could hold a meeting/information session for the local community. The emergency services could base themselves in the hall in times of need (whether it be due to fire, flood or accidents

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Chairman

Gravesend Community Group
Incorporated
Inc 9897742

on the Gwydir Highway). It would be a great venue as an emergency evacuation/assembly point as it has a kitchen and toilet facilities. It is ideal as an all-weather venue for events such as concerts,

Australia Day activities, ANZAC Day services, fitness programmes, larger school events which require the use of a stage, and could be hired out for private functions.

On behalf of the Gravesend Community Group, I request that due consideration be given to our request to utilise the proceeds of the sale of the Old Church building, to help preserve an historical building within our town centre and thus assist in making Gravesend a "must stop" place on the tourist route.

We thank you for reviewing this proposal and eagerly await Council's granting of our request.

Regards

Pat Withers
President

Cr Geoff Smith

Rebuilding NSW Grant (Ref: 357/17)

Cr Smith requested an update on this grant application.

Cr Stuart Dick

Warialda Recreation Ground (Ref: 358/17)

Cr Dick requested that the drainage at this ground be investigated as the rain water pooled during a recent storm event in an area that should be quite easily drained to the adjacent creek.

The matter will be investigated.

Cr Jim Moore

Sight Distance at the T Intersection of Alan Cunningham Way and the Gwydir Highway turning right from Bingara towards Warialda (Ref: 359/17)

Cr Moore requested that this intersection be inspected for safety and whether the removal or trimming of several trees would improve the operation of the corner.

Cr Jim Moore

Fencing around wading pool at Warialda Pool (Ref: 360/17)

Cr Moore requested a quote for the completion of this fencing in order to seek funding.

Cr Jim Moore

Possible relocation of old playground equipment from Captain Cook Park Warialda to a suitable location at Warialda Rail (Ref: 361/17)

Cr Moore advised the meeting that he has requested the Council's staff to explore this possibility.

Cr Marilyn Dixon OAM

Untidy Properties (Ref: 362/17)

Cr Dixon requested the staff to encourage certain property owners, especially in Byrnes Lane and Bywong Street, Bingara to tidy up their yards as it presents an unacceptable problem for neighbouring properties.

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Chairman

Cr Tiffany Galvin

Pink Breakfast (Ref: 363/17)

Cr Galvin advised the meeting that the fundraising breakfast was a great success and commended all the people who volunteered on the day to make it a success. This was the tenth year and over \$30,000 has been raised during this period.

Cr Catherine Egan

November Council Meetings (Ref: 364/17)

The issue of whether to hold the November Committee Meetings was discussed due to the absence of several Councillors and staff at the Roads and Transport Congress in November. It was agreed that there will be no Committee Meetings in November.

Also it was agreed that a Christmas function will be held following the November Council Meeting on 23rd November 2017. The meeting will commence at 2 pm preceded by an inspection of the accommodation unit above the National Australia Bank at 1 pm.

Cr Catherine Egan

Caravanning Event (Ref: 365/17)

Cr Egan advised the meeting that the event over the last weekend at the Bingara Showground was a great success.

General Manager

Roxy Café (Ref: 366/17)

The General Manager advised the meeting that the staff want to explore any option available to open the Roxy Café on at least two or three days a week, including weekends, to meet the obvious need being exhibited by visitors to enter the café. The service would revolve around coffee, tea etc. and minimal food that is easily prepared. The meeting was agreeable to a trial period being approved to establish the viability of the project.

Meeting closed 12:50 pm