NARROMINE SHIRE COUNCIL ORDINARY MEETING BUSINESS PAPER – 12 FEBRUARY 2020 REPORTS OF COMMITTEES

1. INTERNAL AUDIT COMMITTEE

The report to and minutes of the Internal Audit Committee Meeting held on 11 November 2019 at the Narromine Shire Council Chambers are attached (See Attachment No. 1).

RECOMMENDATION

That the report of the Internal Audit Committee and the recommendations from the minutes of 11 November 2019 be adopted.

2. NARROMINE RURAL FIRE SERVICE LIAISON COMMITTEE

The minutes of the Narromine Rural Fire Service Liaison Committee Meeting held on 23 January 2020 at the Narromine Shire Council Chambers are attached (See Attachment No. 2).

RECOMMENDATION

That the report of the Narromine Rural Fire Service Liaison Committee and the recommendations from the minutes of 23 January 2020 be adopted.

3. NARROMINE LOCAL TRAFFIC COMMITTEE

The report to and minutes of the Narromine Local Traffic Committee Meeting held on 3 February 2020 at the Narromine Shire Council Chambers are attached (See Attachment No. 3).

RECOMMENDATION

That the report of the Narromine Local Traffic Committee and the recommendations from the minutes of 3 February 2020 be adopted.

4. NARROMINE AUSTRALIA DAY COMMITTEE

The minutes of the Narromine Australia Day Committee Meetings held on 4 November 2019, 16 December 2019 and 13 January 2020 at the Narromine Shire Council Chambers are attached (See Attachment No. 4).

RECOMMENDATION

That the report of the Narromine Australia Day Committee and the recommendations from the minutes of 4 November 2019, 16 December 2019 and 13 January 2020 be adopted.

NARROMINE SHIRE COUNCIL ORDINARY MEETING BUSINESS PAPER – 12 FEBRUARY 2020 REPORTS OF COMMITTEES

5. ECONOMIC DEVELOPMENT GROUP COMMITTEE

The minutes of the Economic Development Group Committee Meeting held on 2 December 2019 at the Narromine Shire Council Chambers are attached (See Attachment No. 5).

RECOMMENDATION

That the report of the Economic Development Group Committee and the recommendations from the minutes of 2 December 2019 be adopted.

MINUTES OF THE NARROMINE SHIRE COUNCIL INTERNAL AUDIT COMMITTEE MEETING HELD IN COUNCIL CHAMBERS ON MONDAY 11 NOVEMBER 2019

PRESENT: Neil Maltby (Chair) – Independent External Member, Ron Gillard – Independent External Member, Cr James Craft NSC, Jane Redden - General Manager NSC, Marion Truscott - Executive Manager Corporate Governance NSC, John Sevil - Director Finance & Corporate Strategy NSC and Carolyne Marchant (Minute Taker)

Via Teleconference - Cathy Wu - Audit Office of NSW, Luke Malone - Prosperity Advisor Group and Gabriel Faponle - Crowe

1. WELCOME

The Chair welcomed everyone to the Narromine Shire Council Internal Audit Committee meeting and declared the meeting open at 12.00pm.

2. APOLOGIES

Nil

DISCLOSURES OF INTEREST

Nil

4. CONFIRMATION OF PREVIOUS MINUTES 3 JUNE 2019

RECOMMENDED Cr Craft/Ron Gillard that the Minutes of the Narromine Shire Council Internal Audit Committee Meeting held 3 June 2019 be adopted as a true and correct record of the meeting.

BUSINESS ARISING FROM MINUTES:

It was noted that due to the possible changes in legislation that the workplan be postponed until further notice.

It was noted that an Internal Audit Performance and the Internal Audit Committee Annual Report is to be placed on the agenda for the next Committee Meeting.

CONSIDERATION OF FINANCIAL STATEMENTS AND AUDITORS REPORT

RECOMMENDED Cr Craft/Ron Gillard that the Financial Statements and Auditors Report be accepted.

The Internal Audit Committee requested a Final Management Letter be provided to the Committee, as per the Engagement Plan.

It was requested that the NSW Audit Office reconsider the Rural Fire Service judgemental Misstatement given that Council does not have control of the assets and the information is provided by the Rural Fire Service and not Council.

Discussion ensued on the commentary regarding Unrestricted assets. It was suggested that movement in one restricted fund cannot account for the movement of other restricted funds. The increase in Unrestricted balances is most likely due to Capital Expenditure in Council's Water and Sewer Fund. The General Manager advised that Council will be considering the dedication of unrestricted funds to large projects, i.e. Capital Works identified in Council's Strategic Masterplans.

Cathy Wu - Audit Office of NSW and Luke Malone - Prosperity Advisor Group left the meeting at 12.40 pm

MINUTES OF THE NARROMINE SHIRE COUNCIL INTERNAL AUDIT COMMITTEE MEETING HELD IN COUNCIL CHAMBERS ON MONDAY 11 NOVEMBER 2019

- 6. CONSIDERATION OF INTERNAL AUDIT COMMITTEE MEETING REPORT (Cont'd)
 - 1. Committee Review Action Tracking Report

RECOMMENDED Cr Craft/Ron Gillard that progress with implementation of actions be noted.

2. Legislative Compliance - Exception Reporting

RECOMMENDED Cr Craft/Ron Gillard that the report be noted.

3. Draft Annual Report 2018/2019

RECOMMENDED Ron Gillard/Cr Craft that the Committee has reviewed the draft Annual Report 2018/2019 to ensure the financial information included in the Annual Report is consistent with the signed financial statements, with minor anomalies advised to Management for review and correction if necessary.

4. Insurance Arrangements

Further clarification is to be sought on the claims percentages as well as expenditure comparisons with group 10 Councils.

RECOMMENDED Cr Craft/Ron Gillard that the report be considered and accepted.

5. Discussion Paper – A New Risk Management and Internal Audit Framework

RECOMMENDED Ron Gillard/Cr Craft that Council make a submission to the Office of Local Government regarding costs, resourcing, independent review of the Committee, Councillors Non-Voting Members, ability to hold in camera sessions etc.

6. Major Projects/Undertakings 2019/2020

Break for lunch 1.20pm.

The Director of Infrastructure and Engineering Services, André Pretorius arrived at 1.26pm at which time the meeting resumed.

The Director of Infrastructure and Engineering Services provided assurance to the Committee that the strategic risks identified for the projects are being addressed.

RECOMMENDED Cr Craft/Ron Gillard that the report be considered and accepted and that the Director be thanked for his presentation to the Committee.

7. Office of Local Government Circulars

RECOMMENDED Cr Craft/Ron Gillard that the report be considered and accepted.

8. ANY OTHER BUSINESS

Nil

Attachment No 1

MINUTES OF THE NARROMINE SHIRE COUNCIL INTERNAL AUDIT COMMITTEE MEETING HELD IN COUNCIL CHAMBERS ON MONDAY 11 NOVEMBER 2019

9. DATE FOR NEXT MEETING

The Internal Audit Committee meetings for 2020 will be held on Monday 9 March 2020 at 12.00 midday, 6 July 2020 and 9 November 2020.

10. CONCLUSION OF MEETING

The Chair thanked all members for attending.

There being no further business the meeting concluded at 1.52pm.

The Minutes (pages 1 to 3) were confirmed at a meeting held on the day of 2020, and are a full and accurate record of proceedings of the meeting held on 11 November 2019.

CHAIR

Attachment No 1

Narromine Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2019



General Purpose Financial Statements

for the year ended 30 June 2019

Contents	Page
1. Understanding Council's Financial Statements	3
2. Statement by Councillors & Management	4
3. Primary Financial Statements:	
Income Statement Statement of Comprehensive Income Statement of Financial Position Statement of Changes in Equity Statement of Cash Flows 4. Notes to the Financial Statements	5 6 7 8 9
4. Notes to the Financial Statements	10
5. Independent Auditor's Reports: On the Financial Statements (Sect 417 [2]) On the Financial Statements (Sect 417 [3])	76 79

Overview

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

124 Dandaloo Street Narromine NSW 2821

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

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

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

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

General Purpose Financial Statements

for the year ended 30 June 2019

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

General Purpose Financial Statements

for the year ended 30 June 2019

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 11 September 2019,

Craig Davies

Mayor

11 Septembar 2019

Dawn Collins

Councillar

11 September 2019

Jane Redden General Manager

11 September 2019

John Sevil

Responsible Accounting Officer

11 September 2019

Income Statement

for the year ended 30 June 2019

Original unaudited budget			Actual	Actua
2019	\$ '000	Notes	2019	2018
	Income from continuing operations			
	Revenue:			
8,852	Rates and annual charges	3a	8,857	8,430
2,688	User charges and fees	3b	3,063	2,988
634	Interest and investment revenue	3c	1,010	63
926	Other revenues	3d	472	532
7,691	Grants and contributions provided for operating purposes	3e,3f	7,649	7,948
3,293	Grants and contributions provided for capital purposes	3e,3f	3,390	2,83
0,200	Other income:	, ,	0,000	2,00
_	Net gains from the disposal of assets	5	43	157
_	Net share of interests in joint ventures and associates	14		
_	using the equity method		10	37
24,084	Total income from continuing operations		24,494	23,560
	Expenses from continuing operations			
7,720	Employee benefits and on-costs	4a	6,624	7,07
107	Borrowing costs	4b	93	10
4,444	Materials and contracts	4c	5,480	4,680
5,964	Depreciation and amortisation	4d	5,850	5,96
2,375	Other expenses	4e	2,543	2,89
2,010	Revaluation decrement / impairment of IPP&E	4d	249	2,000
20,610	Total expenses from continuing operations		20,839	20,72
<u> </u>				
3,474	Operating result from continuing operations		3,655	2,845
3,474	Net operating result for the year		3,655	2,845
3,474	Net operating result attributable to council		3,655	2,84
181	Net operating result for the year before grants and contr provided for capital purposes	ributions	265	1

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

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Net operating result for the year (as per Income Statement)		3,655	2,845
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain / (loss) on revaluation of IPP&E	9(a)	1,194	2,107
Total items which will not be reclassified subsequently to the operating			
result		1,194	2,107
Total other comprehensive income for the year		1,194	2,107
Total comprehensive income for the year	_	4,849	4,952
Total comprehensive income attributable to Council		4,849	4,952

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

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current assets			
Cash and cash equivalent assets	6(a)	1,659	1,035
Investments	6(b)	22,573	23,320
Receivables	7	1,921	2,074
Inventories	8a	854	1,014
Other	8b	90	115
Total current assets		27,097	27,558
Non-current assets			
Receivables	7	512	458
Infrastructure, property, plant and equipment	9(a)	309,001	302,718
Investments accounted for using the equity method	14	298	288
Total non-current assets		309,811	303,464
TOTAL ASSETS		336,908	331,022
LIABILITIES Current liabilities			
Payables	10	1,558	884
Income received in advance	10	227	186
Borrowings	10	390	385
Provisions Total current liabilities	11	1,576	1,761
Total current liabilities		3,751	3,216
Non-current liabilities			
Borrowings	10	2,858	2,494
Provisions	11	194	56
Total non-current liabilities		3,052	2,550
TOTAL LIABILITIES		6,803	5,766
Net assets		330,105	325,256
EQUITY			
Accumulated surplus	12a	136,345	132,690
Revaluation reserves	12a	193,760	192,566
Council equity interest		330,105	325,256
Total equity		330,105	325,256

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

Page 8 of 84

Narromine Shire Council

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

000. \$						
	Accui	IPP&E revaluation	Total		IPP&E revaluation	Total
	sniduns sa	Leselve	ednity	sniduns	Leserve	eduny
Opening balance	132,690	192,566	325,256	129,845	190,459	320,304
Net operating result for the year	3,655	I	3,655	2,845	I	2,845
Other comprehensive income – Gain / (loss) on revaluation of IPP&E	a)	1,194	1,194	l	2,107	2,107
Other comprehensive income	I	1,194	1,194	I	2,107	2,107
Total comprehensive income	3,655	1,194	4,849	2,845	2,107	4,952
Equity – balance at end of the reporting period	136,345	193,760	330,105	132,690	192,566	325,256

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

Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget	4.000		Actual	Actual
2019	\$ '000	Notes	2019	2018
	Cash flows from operating activities			
	Receipts			
8,852	Rates and annual charges		8,803	8,090
2,688	User charges and fees		2,745	2,792
634	Investment and interest revenue received		899	690
10,985	Grants and contributions		11,566	10,414
_	Bonds, deposits and retention amounts received		5	22
_	Other		302	67
	Payments			
(7,721)	Employee benefits and on-costs		(6,815)	(7,086
(4,444)	Materials and contracts		(4,959)	(4,885
(107)	Borrowing costs		(92)	(99
(2,375)	Other		(2,348)	(3,004
	Net cash provided (or used in) operating	13b		,
8,512	activities		10,106	7,605
				,
	Cash flows from investing activities			
	Receipts			
_	Sale of investment securities		24,000	25,570
488	Sale of real estate assets		<i>-</i>	41
_	Sale of infrastructure, property, plant and equipment		230	544
	Payments			
_	Purchase of investment securities		(22,987)	(27,890)
(15,566)	Purchase of infrastructure, property, plant and equipment		(10,965)	(8,617
_	Purchase of real estate assets		(129)	(258
(15,078)	Net cash provided (or used in) investing activities		(9,851)	(10,240
(13,070)	not out in provided (or dood in, invocaning doubling		(9,001)	(10,240
	Cash flows from financing activities			
	Receipts			
752	Proceeds from borrowings and advances		752	200
	<u>Payments</u>			
(383)	Repayment of borrowings and advances		(383)	(363
369	Net cash flow provided (used in) financing activities	es	369	(163
				•
(6,197)	Net increase/(decrease) in cash and cash equivale	ents	624	(2,798
1,500	Plus: cash and cash equivalents – beginning of year	13a	1,035	3,833
1,500		13a	1,033	3,000
	Cash and cash equivalents – end of the	100		
(4,697)	year		1,659	1,035
	Additional Information:			
24,000	plus: Investments on hand – end of year	6(b)	22,573	23,320
19,303	Total cash, cash equivalents and investment	5	24,232	24,355

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

Notes to the Financial Statements

for the year ended 30 June 2019

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Basis of preparation	11
2(a)	Council functions/activities – financial information	15
2(b)	Council functions/activities – component descriptions	16
3	Income from continuing operations	18
4	Expenses from continuing operations	24
5	Gains or losses from the disposal, replacement and de-recognition of assets	28
6(a)	Cash and cash equivalent assets	29
6(b)	Investments	29
6(c)	Restricted cash, cash equivalents and investments – details	32
7	Receivables	34
8	Inventories and other assets	36
9(a)	Infrastructure, property, plant and equipment	38
9(b)	Externally restricted infrastructure, property, plant and equipment	41
10	Payables and borrowings	42
11	Provisions	44
12	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	46
13	Statement of cash flows – additional information	47
14	Interests in other entities	47
15	Commitments	50
16	Contingencies and other assets/liabilities not recognised	51
17	Financial risk management	54
18	Material budget variations	58
19	Fair Value Measurement	60
20	Related Party Transactions	66
21	Statement of developer contributions	68
22	Financial result and financial position by fund	69
23(a)	Statement of performance measures – consolidated results	71
23(b)	Statement of performance measures – by fund	72
	Additional Council disclosures (unaudited)	
23(c)	Statement of performance measures – consolidated results (graphs)	73
24	Council information and contact details	75

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 13 November 2019. Council has the power to amend and reissue these financial statements.

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

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

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

Council is a not for-profit entity.

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

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

- · Income statement
- · Statement of cash flows
- Note 18 Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cashflows.

AASB 9 Financial Instruments is effective from 1 July 2018 and has had no material impact on Council's financial statements as Council is prohibited from carrying certain types of investments including derivatives.

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Significant judgements in applying the council's accounting policies

(iv) Impairment of receivables

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

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

(b) The Trust Fund

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued not yet effective

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

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

AASB 16 Leases

AASB 16 will result (for YE 19/20 and beyond) in none of its operating leases being recognised on the balance sheet by Council (alongisde existing finance leases). AASB 16 provides optional relief for leases of low-value or for leases of less than 12 months. OLG has mandedated Councils to apply this exemption for all leases that meet the critiera.

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

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

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Council staff have reviewed all of Council's leasing arrangements over the last 12 months taking into consideration the new lease accounting rules in AASB 16 (applicable from 1/7/19).

AASB 16 will (on the whole) not affect Council's accounting for existing operating lease agreements that are in place as at 30/6/19.

At the end of this reporting period, Council has non-cancellable operating lease commitments of \$52,015 - refer Note 15.

Of these commitments, approximately \$6,636 relate to short-term leases and \$45,379 to low value leases.

Both these lease types and amounts will continue to be accounted for as they currently are (being expensed on a straight-line basis within the Income Statement).

From a financial perfromance standpoint, Council expects that net operating result will not change for the 19/20 financial year as a result of adopting the standard.

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

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

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

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Councils should assess each revenue stream but particular impact is expected for grant income and rates which are paid before the commencement of the rating period.

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

The impact of AASB15 is expected to be minimal due to revenue earned when it is received.

AASB 1058 Income of NFP Entities

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

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

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

There is not expected to be a material impact on the reported financial position, performance or cashflows of Council although some additional disclosure may be required.

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

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

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

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

The specific impacts of AASB2018-8 for Council are expected to be minimal.

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

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

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

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

		Inco	me, expenses ar Det	nd assets have ails of those fur	s and assets have been directly attributed to the following funct Details of those functions or activities are provided in Note 2(b).	ributed to the fo	Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).	s or activities.		
OUL W	Income from continuing operations	Income from g operations 2018	Expe continuing (Expenses from ntinuing operations	Operating result from continuing operations	esult from operations	Grants included in income from continuing operations 2018	Grants included in income from uing operations	Total (,	Total assets held (current and non-current)
Governance	142	I	1.059	487	(817)	(487)	22	I	I	ı
Administration	251	I	2,481	3,174	(2,230)	(3,174)	} 1	I	26,830	27,179
Public Order & Safety	140	142	559	581	(419)	(439)	I	116	271	276
Environment & Health	188	100	326	326	(138)	(226)	116	89	1,328	1,383
Community & Cultural Services	319	214	1,681	1,209	(1,362)	(666)	117	464	408	374
Planning & Development	164	209	284	192	(120)	17	I	I	173	173
Waste Management	1,712	1,482	1,548	1,113	164	369	I	27	914	631
Infrastructure	5,662	5,588	7,339	7,857	(1,677)	(2,269)	6,141	3,130	240,094	238,374
Recreational Facilities	142	1,007	1,985	1,733	(1,843)	(726)	7	661	19,122	15,904
Economic Development	36	247	338	409	(302)	(162)	25	52	56	20
Family Day Care	I	909	I	628	I	(22)	I	209	236	232
Water Supplies	2,005	2,281	1,971	1,846	34	435	15	231	21,040	20,780
Sewerage Services	1,542	1,523	1,268	1,166	274	357	I	19	25,922	25,358
General Purpose Income	12,181	10,130	I	I	12,181	10,130	3,038	4,209	I	I
Joint Ventures	10	37	I	1	10	37	I	1	298	288
Other	I	I	1	I	I	I	(23)	(105)	216	I
Total functions and activities	24,494	23,566	20,839	20,721	3,655	2,845	9,494	9,381	336,908	331,022

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

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

- Executive services provision of effective and efficient support to councillors, Council and the community.
- Legal advice and services for Council, its delegates and officers, procure adequate and appropriate insurance coverage at a minimum cost, manage claims against Council and manage litigation by and against Council.
- Provision of management accounting, financial reporting, rates, payroll, creditors, accounts receivable, cashiering, debt recovery and investments.
- Computing and support services to Council
- · Management and improvement of the quality, performance, opportunities & safety conditions of Council's staff.
- Civic administration building.

Public Order & Safety

· Co-operation and liaison with the Rural Fire Service and other Emergency Service organisations

Environment & Health

- · Protection of the environment, its enhancement and the promotion of environmental sustainability
- · Maintenance of the health standards and safety of premises that are accessible to and impact upon the community
- · Development of an innovative best practice policy to control the incidence of noxious plants
- Companion animal management and issues in relation to straying livestock

Community & Cultural Services

- · Provision of community, cultural and educational services and facilities to enhance the community's way of life
- · Provision of programs and services for young people between 12-24 years of age
- · Active participation in and co-operation with community organisations in the delivery of Aged & Disability Services
- · Provision for the development and management of a range of community facilities
- · Provision of effective public library lending, information and referral services
- Provision of quality cemetery services and memorial facilities
- Advocate for a strong cultural role in community revitalisation and identity by the encouragement & promotion of local historical, cultural and art organisations and activities

Planning & Development

- Creation of a quality environment for the community in which land use and development is planned and assessed and the social, environmental, economic, agricultural, heritage and physical wellbeing of the community is enhanced and protected
- Planning the Shire's future whilst embracing the principles of Ecologically Sustainable Development
- Assessment and determination of development applications
- · Regulatory inspections

Waste Management

- · Effective management of waste collection, minimise waste whilst encouraging commercial and residential recycling
- · Collection & recycling
- Disposal

Infrastructure

 Provision of well constructed, maintained and functional roads, drains, public buildings and associated engineering structures; including operational support, construction and maintenance, design, stormwater management and aerodromes

Notes to the Financial Statements

for the year ended 30 June 2019

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

Recreational Facilities

- · Provision of equitable access to social, cultural, sporting and recreational services and facilities
- Parks, playing fields and reserves
- Recreational buildings and infrastructure
- · Swimming Pools

Economic Development

- · Development and assistance in the implementation of strategies, programs and policies that will provide employment and a positive environment for the local economy
- Tourism & area promotion
- · Real estate development
- Saleyards and marketsExternal partnerships
- · Camping areas

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations

\$ '000	2019	2018
(a) Rates and annual charges		
Ordinary rates		
Residential	1,455	1,525
Farmland	3,248	3,178
Mining	274	268
Business	770	561
Less: pensioner rebates (mandatory)	(72)	(71)
Rates levied to ratepayers	5,675	5,461
Pensioner rate subsidies received	40	39
Total ordinary rates	5,715	5,500
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	1,109	964
Stormwater management services	52	52
Water supply services	636	588
Sewerage services	1,096	1,059
Waste management services (non-domestic)	203	228
Less: pensioner rebates (mandatory)	(22)	(21)
Annual charges levied	3,074	2,870
Pensioner subsidies received:		
– Water	21	20
- Sewerage	20	19
- Domestic waste management	27	27
Total annual charges	3,142	2,936
TOTAL RATES AND ANNUAL CHARGES	8,857	8,436

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

Accounting policy for rates and charges

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government. Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(b) User charges and fees		
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Water supply services	1,283	1,301
Sewerage services	377	371
Waste management services (non-domestic)	189	54
Total specific user charges	1,849	1,726
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	96	100
Private works – section 67	315	159
Regulatory/ statutory fees	_	1
Registration fees	12	7
Regulatory fees	16	22
Section 10.7 certificates (EP&A Act)	21	41
Section 603 certificates	10	14
Other	2	4
Impounding fees	2	_
Total fees and charges – statutory/regulatory	474	348
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Cemeteries	86	71
Community centres	5	22
Gravel pits	288	308
Recycling income (non-domestic)	66	64
Saleyards	20	20
Swimming centres	70	78
Waste disposal tipping fees	94	137
Water connection fees	8	43
Showgrounds	38	32
Macquarie family day care	_	95
Sport and fitness centre	63	41
Other	2	3
Total fees and charges – other	740	914
TOTAL USER CHARGES AND FEES	3,063	2,988

Accounting policy for user charges and fees

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(c) Interest and investment revenue (including losses)		
Interest on financial assets measured at amortised cost		
 Overdue rates and annual charges (incl. special purpose rates) 	82	55
 Cash and investments 	425	582
Dividend income (other)	237	_
Fair value adjustments		
 Movements in investments at fair value through profit and loss 	266	_
TOTAL INTEREST AND INVESTMENT REVENUE	1,010	637
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	48	55
General Council cash and investments	915	405
Restricted investments/funds – external:		
Development contributions – Section 64	13	5
Water fund operations	19	102
Sewerage fund operations	15	70
Total interest and investment revenue	1,010	637

Accounting policy for interest and investment revenue

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

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

(d) Other revenues

Rental income – other council properties	214	254
Legal fees recovery – rates and charges (extra charges)	21	43
Diesel rebate	63	55
Insurance claims recoveries	4	21
Insurance rebates	56	3
Refunds of contributions	_	4
Other	114	152
TOTAL OTHER REVENUE	472	532

Accounting policy for other revenue

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,492	1,351	_	_
Financial assistance – local roads component	718	703	_	_
Payment in advance - future year allocation				
Financial assistance – general component	1,547	1,393	_	_
Financial assistance – local roads component	745	723		_
Total general purpose	4,502	4,170		_
Specific purpose				
Pensioners' rates subsidies:				
- Water	_	_	15	_
 Domestic waste management 	_	_	11	_
- Other	_	_	86	_
Water supplies	_	_	15	211
Bushfire and emergency services	116	116	_	_
Community care	_	3	_	_
Community centres	_	_	350	63
Economic development	_	52	60	_
Environmental programs	_	_	58	_
Heritage and cultural	1	_	_	_
Library	31	36	_	_
LIRS subsidy	_	_	62	_
Noxious weeds	61	68	_	_
Recreation and culture	_	_	802	661
Street lighting	46	45	_	_
Traffic route subsidy	_	_	76	_
Transport (roads to recovery)	1,105	1,251	_	_
Transport (other roads and bridges funding)	46	353	812	1,371
Black Spot grant funding	_	_	_	110
Community infrastructure grant	276	_	960	362
Family day care – child assistance	_	420	_	_
Family day care – operational	_	89	_	_
Other	3			_
Total specific purpose	1,685	2,433	3,307	2,778
<u>Total grants</u>	6,187	6,603	3,307	2,778
Grant revenue is attributable to:				
Commonwealth funding	4,475	4,656	_	_
- State funding	1,712	1,947	3,307	2,778
·g	6,187	6,603	3,307	2,778
			0,001	2,110

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(f) Contributions					
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA): Cash contributions					
S 7.12 – fixed development consent levies		33			50
Total developer contributions – cash		33			50
Total developer contributions	21	33			50
Other contributions: Cash contributions					
Dedications – subdivisions (other than by s7.11)		134	132	_	_
Recreation and culture		_	_	6	3
RMS contributions (regional roads, block grant)		1,199	1,125	77	_
Tourism		_	1	_	_
Other		49	51	_	_
Employment and training		6	_	_	_
Motor vehicle leaseback		41	36		
Total other contributions – cash		1,429	1,345	83	3
Total other contributions		1,429	1,345	83	3
<u>Total contributions</u>		1,462	1,345	83	53
TOTAL GRANTS AND CONTRIBUTIONS		7,649	7,948	3,390	2,831

Accounting policy for grants and contributions

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

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	2,553	3,519
Add: operating grants recognised in the current period but not yet spent	2,287	802
Less: operating grants recognised in a previous reporting period now spent	(1,101)	(1,768)
Unexpended and held as restricted assets (operating grants)	3,739	2.553

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations

\$ '000	2019	2018
(a) Employee benefits and on-costs		
Salaries and wages	5,638	5,178
Employee termination costs	_	41
Travel expenses	29	20
Employee leave entitlements (ELE)	547	1,262
Superannuation	731	652
Workers' compensation insurance	229	177
Fringe benefit tax (FBT)	35	25
Training costs (other than salaries and wages)	134	103
Sick leave insurance	4	12
Protective clothing	20	20
Other	22	22
Total employee costs	7,389	7,512
Less: capitalised costs	(765)	(437)
TOTAL EMPLOYEE COSTS EXPENSED	6,624	7,075
Number of 'full-time equivalent' employees (FTE) at year end	79	78

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

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

(b) Borrowing costs

(i) Interest bearing liability costs

Interest on loans	93	101
Total interest bearing liability costs expensed	93	101
TOTAL BORROWING COSTS EXPENSED	93	101

Accounting policy for borrowing costs

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(c) Materials and contracts		
Raw materials and consumables	3,083	2,918
Contractor and consultancy costs	2,215	1,577
Auditors remuneration ²	81	82
Legal expenses:		
- Legal expenses: other	30	68
Operating leases:		
 Operating lease rentals: minimum lease payments ¹ 	37	35
Other	34	6
Total materials and contracts	5,480	4,686
TOTAL MATERIALS AND CONTRACTS	5,480	4,686

Accounting policy for operating leases

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

1. Operating lease payments are attributable to:

Other	37	35
	37	35

2. Auditor remuneration

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

Total remuneration of non NSW Auditor-General audit firms

Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	73	82
Remuneration for audit and other assurance services	73	82
Total Auditor-General remuneration	73	82
Non NSW Auditor-General audit firms		
(ii) Non-assurance services		
Benchmarking advice	8	
Remuneration for non-assurance services	8	

Total Auditor remuneration

82

8

81

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2019	2018
(d) Depreciation, amortisation and impairment of			
intangible assets and IPP&E			
Depreciation and amortisation			
Plant and equipment		437	387
Office equipment		73	393
Furniture and fittings		11	17
Infrastructure:			
– Buildings – non-specialised		185	147
- Buildings - specialised		976	617
- Other structures		116	104
- Roads		2,280	2,191
- Bridges		240	243
- Footpaths		78	78
- Stormwater drainage		203	203
– Water supply network		483	616
– Sewerage network		439	433
– Swimming pools		50	41
- Other open space/recreational assets		130	139
- Other infrastructure		11	10
Other assets:			
– Aerodrome		138	226
Intangible assets		_	119
Total depreciation and amortisation costs		5,850	5,964
Impairment / revaluation decrement of IPP&E			
Infrastructure:			
- Buildings - specialised		116	_
- Other infrastructure		8	_
Intangible assets		125	_
Total IPP&E impairment / revaluation decrement costs /			
(reversals) charged to Income Statement		249	_
TOTAL DEPRECIATION, AMORTISATION AND			
IMPAIRMENT / REVALUATION DECREMENT FOR			
INTANGIBLES AND IPP&E		6,099	5,964
THE TOTAL OF THE PARTY OF THE P			0,004

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

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(e) Other expenses		
Advertising	78	117
Bad and doubtful debts	57	20
Bank charges	30	36
Child care – carers payments	_	432
Computer software charges	112	159
Contributions/levies to other levels of government	111	_
 Emergency services levy (includes FRNSW, SES, and RFS levies) 	9	11
- Macquarie regional library	381	367
 NSW fire brigade levy 	32	32
– NSW rural fire service levy	223	229
Councillor expenses – mayoral fee	26	25
Councillor expenses – councillors' fees	107	102
Councillors' expenses (incl. mayor) – other (excluding fees above)	43	37
Donations, contributions and assistance to other organisations (Section 356)	58	52
Election expenses	_	49
Electricity and heating	395	380
Insurance	383	383
Office expenses (including computer expenses)	58	78
Postage	19	5
Street lighting	201	146
Subscriptions and publications	99	128
Telephone and communications	55	73
Valuation fees	53	29
Other	13	5
Total other expenses	2,543	2,895

Accounting policy for other expenses

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Notes	2019	2018
Plant and equipment	9(a)		
Proceeds from disposal – plant and equipment		230	544
Less: carrying amount of plant and equipment assets sold/written off		(187)	(571)
Net gain/(loss) on disposal		43	(27)
Real estate assets held for sale	8		
Proceeds from disposal – real estate assets		_	411
Less: carrying amount of real estate assets sold/written off		_	(227)
Net gain/(loss) on disposal			184
Investments	6(b)		
Proceeds from disposal/redemptions/maturities – investments		24,000	25,570
Less: carrying amount of investments sold/redeemed/matured		(24,000)	(25,570)
Net gain/(loss) on disposal			_
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS	_	43	157

Accounting policy for disposal of assets

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
Cash and cash equivalents		
Cash on hand and at bank	1,659	107
Cash-equivalent assets		
- Deposits at call	_	928
Total cash and cash equivalents	1,659	1,035

Accounting policy for cash and cash equivalents

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

Note 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Investments				
a. 'Financial assets at fair value through profit and loss'				
- 'Held for trading'	5,573	_	_	_
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	17,000	_	23,320	_
<u>Total Investments</u>	22,573	_	23,320	_
TOTAL CASH ASSETS, CASH				
EQUIVALENTS AND INVESTMENTS	24,232		24,355	
Financial assets at fair value through the profit and	loss			
Managed funds	5,523	_	_	_
Unlisted equity securities	50	_	_	_
Total	5,573			
Financial assets at amortised cost / held to maturity	<i>(</i> (2018)			
Long term deposits	17,000	_	23,320	_
Total	17,000		23,320	_

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

Accounting policy for investments

Accounting policy under AASB 9 – applicable from 1 July 2018

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income – equity instruments

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

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

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

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

Accounting policy under AASB 139 - applicable for 2018 comparatives only

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

(b) Held to maturity investments

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

(c) Loans and receivables

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

(d) 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 are 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. Assets in this category are held at fair value with changes in fair value taken to other comprehensive income.

Recognition and de-recognition

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

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

Impairment of financial assets

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

Impairment of available for sale investments

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Total cash, cash equivalents and investments	24,232		24,355	
attributable to:				
External restrictions	11,602	_	13,410	_
Internal restrictions	8,311	_	7,690	_
Unrestricted	4,319	_	3,255	_
	24,232		24,355	
\$ '000			2019	2018
Details of restrictions				
External restrictions – included in liabilities				
Specific purpose unexpended loans – general			_	5
External restrictions – included in liabilities				5
External restrictions – other				
Developer contributions – general			299	259
Developer contributions – water fund			144	141
Developer contributions – sewer fund			77	75
Specific purpose unexpended grants			1,452	2,058
Water supplies			2,151	4,062
Sewerage services			6,387	5,439
Domestic waste management			842	926
Board of control			142	105
OROC			38	205
OROC – Unexpended Grants			70	135
External restrictions – other			11,602	13,405
Total external restrictions			11,602	13,410

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
Internal restrictions		
Administration building	8	33
Aerodrome development	147	153
Alkane community contributions	106	87
Alkane environmental monitoring	92	69
Alkane roads contribution	_	55
Alkane Tomingley water tank project	80	60
Carry over works	1,600	1,340
Cemetery improvements	26	26
Community hall upgrades	_	34
Council buildings	62	52
Depot improvements	62	62
Drainage construction	322	122
Economic development reserve	12	12
Election expenses	32	19
Employees leave entitlement	545	545
FAGS advance grant	2,287	2,116
Family day care		199
Footpaths	16	5
Industrial land - Aerodrome	752	_
Irrigation System Establishment	72	72
IT strategy	129	129
Kerb and gutter	210	238
Land development	499	499
Library improvements	133	140
Medical centre	144	91
Natfly	4	4
Office equipment	7	21
OHS	102	84
Parks Amenities	95	95
Plant and vehicle replacement	95	306
·		
Playground Equipment	76	50
Playground Fencing	33	33
Playground shade	49	49
Pound improvements	8	16
Public amenities upgrade	45	35
Quarries	264	484
Showground improvements		1
Softfall Establishment	73	73
Sporting Facility Upgrades	54	146
Sports centre upgrades	35	25
Stormwater – levee bank	2	2
Street lighting	9	9
Street tree planting/irrigation	7	9
Swimming facilities upgrades	42	25
Tomingley - Dicken Park Landscaping	5	
Trangie Historical Group	1	1
Wetlands development	46	46
Youth education activities	18	18
Total internal restrictions	8,311	7,690
TOTAL RESTRICTIONS	19,913	21,100

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables

Purpose Rates and annual charges 670 Interest and extra charges 62 User charges and fees 842 Accrued revenues - - Interest on investments 51 Government grants and subsidies - Net GST receivable 259 Other debtors 88 Total 1,972 Less: provision of impairment (18) Interest and extra charges (33) User charges and fees (18) Total provision for impairment – receivables (51) TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply Rates and availability charges 50 Other 293 Sewerage services - Rates and availability charges 129 Other 160 Domestic waste management 145	276 55 181 - - - 512	623 133 528 110 527 141 36 2,098	Non-current 269 47 142 458
Rates and annual charges 670 Interest and extra charges 62 User charges and fees 842 Accrued revenues 51 Interest on investments 51 Government grants and subsidies – Net GST receivable 259 Other debtors 88 Total 1,972 Less: provision of impairment (18) Interest and extra charges (33) User charges and fees (18) Total provision for impairment – receivables (51) TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply Rates and availability charges 50 Other 293 Sewerage services Rates and availability charges 129 Other 160	55 181 - - - 512 - -	133 528 110 527 141 36 2,098	47 142 — — —
Interest and extra charges	55 181 - - - 512 - -	133 528 110 527 141 36 2,098	47 142 — — —
User charges and fees Accrued revenues - Interest on investments Government grants and subsidies Net GST receivable Other debtors Total Less: provision of impairment Interest and extra charges User charges and fees Total provision for impairment - receivables (51) TOTAL NET RECEIVABLES Lexternally restricted receivables Water supply Rates and availability charges Other Sewerage services Rates and availability charges	181 - - - 512	528 110 527 141 36 2,098	142 - - - -
Accrued revenues - Interest on investments Government grants and subsidies Net GST receivable Other debtors Total Less: provision of impairment Interest and extra charges User charges and fees Total provision for impairment - receivables (51) TOTAL NET RECEIVABLES Lexternally restricted receivables Water supply Rates and availability charges Other Sewerage services Rates and availability charges	512 - - - - - -	110 527 141 36 2,098	- - -
- Interest on investments Government grants and subsidies Net GST receivable Other debtors Total Less: provision of impairment Interest and extra charges User charges and fees Total provision for impairment - receivables TOTAL NET RECEIVABLES Externally restricted receivables Water supply Rates and availability charges Other Sewerage services Rates and availability charges Rates and availability charges Rates and availability charges Other 129 Cother	- - -	527 141 36 2,098	- - - - 458
Government grants and subsidies Net GST receivable Other debtors Total Less: provision of impairment Interest and extra charges User charges and fees Total provision for impairment – receivables TOTAL NET RECEIVABLES Externally restricted receivables Water supply Rates and availability charges Other Sewerage services Rates and availability charges	- - -	527 141 36 2,098	458
Net GST receivable 259 Other debtors 88 Total 1,972 Less: provision of impairment Interest and extra charges (33) User charges and fees (18) Total provision for impairment – receivables (51) TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply 80 Rates and availability charges 50 Other 293 Sewerage services 129 Rates and availability charges 129 Other 160	- - -	141 36 2,098	458
Other debtors 88 Total 1,972 Less: provision of impairment Interest and extra charges (33) User charges and fees (18) Total provision for impairment – receivables (51) TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply – Rates and availability charges 50 Other 293 Sewerage services 129 Rates and availability charges 129 Other 160	- - -	36 2,098	
Total 1,972 Less: provision of impairment Interest and extra charges (33) User charges and fees (18) Total provision for impairment – receivables (51) TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply – Rates and availability charges 50 – Other 293 Sewerage services 129 – Other 160	- - -	2,098	458 -
Less: provision of impairment Interest and extra charges (33) User charges and fees (18) Total provision for impairment – receivables (51) TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply – Rates and availability charges 50 – Other 293 Sewerage services 129 – Other 160	- - -	_	456
Interest and extra charges User charges and fees Total provision for impairment – receivables (51) TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply - Rates and availability charges - Other 293 Sewerage services - Rates and availability charges - Other 129 - Other 160	- - - - -	(24)	-
User charges and fees Total provision for impairment – receivables (51) TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply Rates and availability charges Other 293 Sewerage services Rates and availability charges 129 Other 160		(24)	_
Total provision for impairment – receivables (51) TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply Rates and availability charges 50 Other 293 Sewerage services Rates and availability charges 129 Other 160		(24)	_
TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply Rates and availability charges Other Sewerage services Rates and availability charges 129 Other 160			
TOTAL NET RECEIVABLES 1,921 Externally restricted receivables Water supply - Rates and availability charges - Other 293 Sewerage services - Rates and availability charges 129 - Other 160	<u> </u>		
Externally restricted receivables Water supply - Rates and availability charges 50 - Other 293 Sewerage services - Rates and availability charges 129 - Other 160	510	(24)	
Water supply - Rates and availability charges 50 - Other 293 Sewerage services - Rates and availability charges 129 - Other 160	312	2,074	458
Rates and availability chargesOther129160	5 194	40 272	24 178
– Other 160	39	86	66
	39	178	00
	- 56	68	43
Other	00	00	40
- Unspent grants -	_	466	_
Total external restrictions 7777	294	1,110	311
Unrestricted receivables 1,144	218	964	147
TOTAL NET RECEIVABLES1,921	512	2,074	458
\$ '000		2019	2018
Movement in provision for impairment of receivables			
Balance at the beginning of the year (calculated in accordance with	AASB 139)	24	_
+ new provisions recognised during the year		28	24
Balance at the end of the period		52	24

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables (continued)

Accounting policy for receivables

Recognition and measurement

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Accounting policy under AASB 139 applicable for 2018 comparatives only

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

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly.

An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired.

When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Accounting policy under AASB 9 applicable from 1 July 2018

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

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

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

Rates and annual charges outstanding are secured against the property.

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

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

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Inventories				
(i) Inventories at cost				
Real estate for resale	600	_	471	_
Stores and materials	254	_	543	_
Total inventories at cost	854		1,014	_
TOTAL INVENTORIES	854		1,014	
(b) Other assets				
Prepayments	90	_	115	_
TOTAL OTHER ASSETS	90		115	_

(i) Other disclosures

\$ '000	Notes	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Details for real estate development					
Residential		499	_	404	_
Industrial/commercial		101	_	67	_
Total real estate for resale	_	600		471	_
(Valued at the lower of cost and net realisable value) Represented by:					
Acquisition costs		348	_	313	_
Development costs		252	_	158	_
Total costs	_	600		471	
Total real estate for resale	_	600		471	
Movements:					
Real estate assets at beginning of the year		471	_	439	_
– Purchases and other costs		129	_	259	_
- WDV of sales (expense)	5	_	_	(227)	_
Total real estate for resale	_	600		471	_

(b) Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2019	2018
Real estate for resale	538	471
	538	471

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets (continued)

Accounting policy for inventories and other assets

Raw materials and stores, work in progress and finished goods

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

Inventory held for distribution

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

Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Notes to the Financial Statements

for the year ended 30 June 2019

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

		as at 30/6/2018				Asset movements during the reporting period	its during the re	sporting period				as at 30/6/2019	
000.	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals 1	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / loss / revaluation decrements (recognised in P/L)	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	2,196	I	2,196	164	I	I	I	I	(460)	I	1,900	I	1,900
Plant and equipment	7,723	(3,796)	3,927	831	304	(115)	(437)	I	I	I	8,023	(3,627)	4,396
Office equipment	1,264	(781)	483	43	I	I	(73)	I	I	I	1,097	(821)	276
Furniture and fittings	300	(254)	46	I	I	I	(11)	I	I	I	300	(265)	35
Land:													
 Operational land 	4,150	I	4,150	I	I	I	I	I	I	I	4,150	I	4,150
 Community land 	1,758	I	1,758	I	I	I	I	I	I	I	1,758	I	1,758
Infrastructure:													
 Buildings – non-specialised 	5,573	(2,547)	3,026	I	29	I	(185)	I	I	I	5,602	(2,732)	2,870
 Buildings – specialised 	32,721	(16,177)	16,544	1,093	I	I	(926)	(116)	I	I	33,613	(16,953)	16,660
Other structures	3,249	(1,008)	2,241	1,179	I	I	(116)	I	229	202	4,762	(1,256)	3,506
- Roads	229,331	(35,964)	193,367	2,970	516	I	(2,280)	I	80	I	232,828	(38,253)	194,575
- Bridges	25,524	(6,372)	19,152	I	I	1	(240)	I	I	I	25,524	(6,615)	18,909
Footpaths	3,404	(1,621)	1,783	83	I	1	(78)	1	I	I	3,488	(1,699)	1,789
 Stormwater drainage 	20,423	(6,913)	13,510	230	45	1	(203)	I	151	I	20,698	(7,116)	13,582
 – Water supply network 	26,932	(12,383)	14,549	1,698	248	1	(483)	1	I	225	29,309	(13,072)	16,237
 Sewerage network 	27,208	(8,679)	18,529	368	12	I	(439)	I	I	289	28,024	(9,264)	18,760
- Swimming pools	2,712	(1,065)	1,647	929	82	I	(20)	I	I	(23)	3,427	(1,214)	2,213
 Other open space/recreational assets 	3,610	(1,908)	1,702	1,054	83	I	(130)	1	I	182	4,840	(1,949)	2,891
 Other Infrastructure 	386	(149)	237	38	I	I	(11)	(8)	I	I	414	(149)	265
Other assets:													
– Aerodrome	15,849	(12,308)	3,541	27	I	I	(138)	I	I	319	16,278	(12,542)	3,736
– Intangibles	449	(119)	330	I	I	I	I	I	I	I	864	(515)	349
Remediation Assets	I	I	I	I	144	I	I	I	I	I	144	I	144
Total Infrastructure, property, plant and equipment	414,762	(112,044)	302,718	10,334	1,463	(115)	(5,850)	(124)	ı	1,194	427,043	(118,042)	309,001

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

Page 38 of 84

Financial Statements 2019

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

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

		as at 30/6/2017			Asset	Asset movements during the reporting period	the reporting pe	riod			as at 30/6/2018	
000. \$	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals 1	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	3,491	I	3,491	144	I	I	I	(1,438)	I	2,196	I	2,196
Plant and equipment	7,684	(4,095)	3,589	1,282	I	(571)	(387)	41	I	7,723	(3,796)	3,927
Office equipment	1,003	(387)	616	236	24	I	(393)	I	I	1,264	(781)	483
Furniture and fittings	300	(237)	63	I	I	I	(17)	I	I	300	(254)	46
Land:												
 Operational land 	3,818	I	3,818	I	I	I	I	I	333	4,150	I	4,150
 Community land 	1,874	I	1,874	I	I	I	I	I	(116)	1,758	I	1,758
Infrastructure:												
 Buildings – non–specialised 	5,202	(2,638)	2,564	7	I	I	(147)	I	602	5,573	(2,547)	3,026
 Buildings – specialised 	28,880	(13,040)	15,840	635	I	I	(617)	145	541	32,721	(16,177)	16,544
Other structures	3,075	(906)	2,170	162	I	I	(104)	13	I	3,249	(1,008)	2,241
- Roads	226,031	(33,772)	192,259	2,842	10	I	(2,191)	448	I	229,331	(35,964)	193,367
- Bridges	24,719	(6,129)	18,590	805	I	I	(243)	I	I	25,524	(6,372)	19,152
Footpaths	3,398	(1,543)	1,855	9	I	I	(78)	I	I	3,404	(1,621)	1,783
 Stormwater drainage 	20,386	(6,711)	13,675	39	I	I	(203)	I	I	20,423	(6,913)	13,510
 Water supply network 	24,433	(11,486)	12,947	1,325	6	I	(616)	517	366	26,932	(12,383)	14,549
 Sewerage network 	26,308	(8,068)	18,240	16	24	I	(433)	301	381	27,208	(8,679)	18,529
- Swimming pools	2,601	(1,023)	1,578	111	I	I	(41)	I	I	2,712	(1,065)	1,647
 Other open space/recreational assets 	3,529	(1,770)	1,759	59	22	I	(139)	I	I	3,610	(1,908)	1,702
Other infrastructureOther assets:	386	(139)	247	I	I	I	(10)	I	I	386	(149)	237
– Aerodrome	15,681	(12,082)	3,599	168	I	I	(226)	I	I	15,849	(12,308)	3,541
- Intangibles	ı	I	1	I	449	ı	(119)	1	1	449	(119)	330
Total Infrastructure, property, plant and equipment	402,799	(104,025)	298,774	7,837	538	(571)	(5,964)	I	2,107	414,762	(112,044)	302,718

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

Page 39 of 84

Financial Statements 2019

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

Accounting policy for infrastructure, property, plant and equipment

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	1 to 4		
Vehicles	5 to 20	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50 to 100
Other plant and equipment	5 to 50	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 100
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 100		
Pumps and telemetry	15 to 75		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 30	Bulk earthworks	infinite
Sealed roads: structure	20 to 50	Swimming pools	50 to 70
Unsealed roads	10 to 30	Other open space/recreational assets	10 to 100
Bridge: concrete	80 to 100	Other infrastructure	50 to 100
Bridge: other	50 to 80		
Road pavements	60 to 90		
Kerb, gutter and footpaths	40 to 100		

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

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

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.

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2019

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

Crown reserves

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

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

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

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

		2019			2018	
\$ '000	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	815	_	815	794	_	794
Plant and equipment Land	491	133	358	137	131	6
Operational land	673	_	673	673	_	673
Other structures	118	_	118	118	77	41
Infrastructure	29,309	13,072	16,237	26,931	12,383	14,548
Total water supply	31,406	13,205	18,201	28,653	12,591	16,062
Sewerage services						
WIP	72	_	72	586	_	586
Plant and equipment	_	_	_	110	45	65
Land						
 Operational land 	226	_	226	226	_	226
Buildings	125	52	73	125	49	76
Other structures	_	_	_	59	25	34
Infrastructure	28,024	9,264	18,760	27,208	8,680	18,528
Total sewerage services	28,447	9,316	19,131	28,314	8,799	19,515
Domestic waste management						
Plant and equipment Land	273	248	25	401	361	40
– Community land	98	_	98	98	_	98
Buildings	157	60	97	215	54	161
Other assets	497	248	249	445	123	322
Total DWM	1,025	556	469	1,159	538	621
TOTAL RESTRICTED	00.075	00.5==	07.004	F0 155	04.000	00.405
<u>I,PP&E</u>	60,878	23,077	37,801	58,126	21,928	36,198

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
	- Curront	iton ounone		
Payables				
Goods and services – operating expenditure	913	_	681	_
Goods and services – capital expenditure	565	_	155	_
Accrued expenses:				
- Borrowings	9	_	8	_
 Other expenditure accruals 	19	_	_	_
Security bonds, deposits and retentions	30	_	25	_
Other	22		15	_
Total payables	1,558		884	_
Income received in advance				
Payments received in advance	227	_	186	_
Total income received in advance	227		186	_
Borrowings				
Loans – secured ¹	390	2,858	385	2,494
Total borrowings	390	2,858	385	2,494
TOTAL PAYABLES AND				
BORROWINGS	2,175	2,858	1,455	2,494

⁽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 17.

3,042

3,042

(a) Changes in liabilities arising from financing activities

	as at 30/6/2018					as at 30/6/2019
\$ '000	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	2,879	(383)	752	_		3,248
TOTAL	2,879_	(383)	752	_		3,248
	as at 30/6/2017					as at 30/6/2018
\$ '000	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance

(363)

(363)

200

200

Loans - secured

TOTAL

2,879

2,879

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Payables and borrowings (continued)

\$ '000	2019	2018
(b) Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Credit cards/purchase cards	60	60
Total financing arrangements	60	60
Undrawn facilities as at balance date:		
- Credit cards/purchase cards	60	60
Total undrawn financing arrangements	60	60

Additional financing arrangements information

Breaches and defaults

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

Accounting policy for payables and borrowings

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

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

Payables

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

Borrowings

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Provisions

	2019	2019	2018	2018
\$ '000	Current	Non-current	Current	Non-current
Provisions				
Employee benefits				
Annual leave	460	_	696	_
Long service leave	957	50	1,059	56
Other leave	159	_	6	_
Sub-total – aggregate employee benefits	1,576	50	1,761	56
Asset remediation/restoration:				
Asset remediation/restoration (future works)	_	144	_	_
Sub-total – asset remediation/restoration		144	_	_
TOTAL PROVISIONS	1,576	194	1,761	56
\$ '000			2019	2018
(a) Current provisions not anticipated to be so months	ettled within the n	next twelve		
The following provisions, even though classified as cuin the next 12 months.	ırrent, are not expec	ted to be settled		
Provisions – employees benefits			899	1,115
			899	1,115

(b) Description of and movements in provisions

	Other provi	sions
\$ '000	Asset remediation	Total
2019		
At beginning of year	_	_
Additional provisions	144	144
Amounts used (payments)	_	_
Unwinding of discount	_	_
Total other provisions at end of period	144	144
2018		
At beginning of year	_	_
Additional provisions	_	_
Amounts used (payments)	_	_
Unwinding of discount	_	_
Total other provisions at end of period		_

Accounting policy for provisions

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Provisions (continued)

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

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

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

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

The Council has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2018. As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the income statement. In prior year, this information was presented as part of other expenses.
- AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9. These
 disclosures have been provided for the current year.

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

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

Classification of financial assets

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9, based primarily on the business model in which a financial asset is managed and its contractual cash flow characteristics are:

- measured at amortised cost
- fair value through profit or loss
- fair value through other comprehensive income equity instruments

Measurement of equity instruments

All equity instruments of the Council are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 that allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) at 1 July 2018.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments, classified as fair value through other comprehensive income, are taken to the relevant reserve.

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an ECL model in AASB 9 for assets measured at amortised cost. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6(a)	1,659	1,035
Balance as per the Statement of Cash Flows	_	1,659	1,035
(b) Reconciliation of net operating result to cash provide operating activities	ed from		
Net operating result from Income Statement Adjust for non-cash items:		3,655	2,845
Depreciation and amortisation		5.850	5.964
Net losses/(gains) on disposal of assets		(43)	(157)
Losses/(gains) recognised on fair value re-measurements through the P&I	L:	(10)	(101)
 Investments classified as 'at fair value' or 'held for trading' 		(266)	_
- Revaluation decrements / impairments of IPP&E direct to P&L		249	_
Share of net (profits)/losses of associates/joint ventures using the equity n	nethod	(10)	(37)
+/- Movement in operating assets and liabilities and other cash items	s:		
Decrease/(increase) in receivables		72	(759)
Increase/(decrease) in provision for impairment of receivables		27	24
Decrease/(increase) in inventories		289	(212)
Decrease/(increase) in other current assets		25	(108)
Increase/(decrease) in payables		232	13
Increase/(decrease) in accrued interest payable		1	2
Increase/(decrease) in other accrued expenses payable		19	(1)
Increase/(decrease) in other liabilities		53	41
Increase/(decrease) in provision for employee benefits		(191)	(10)
Increase/(decrease) in other provisions		144	
Net cash provided from/(used in) operating activities			
from the Statement of Cash Flows		10,106	7,605

Note 14. Interests in other entities

	Council's share of r	Council's share of net income		
\$ '000	2019	2018	2019	2018
Joint ventures	10	37	298	288
Total	10	37	298	288

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Interests in other entities (continued)

Joint arrangements

(i) Joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

(a) Net carrying amounts - Council's share

\$ '000	Nature of relationship	Measurement method	2019	2018
Macquarie Regional Library	Joint Venture	Equity Method	298	288
Total carrying amounts – material joint ventures		_	298	288

(b) Details

	Principal activity	Place of business
Macquarie Regional Library	Provision of Library Services	Narromine

(c) Relevant interests and fair values

	Interest in outputs		Interes owners		Proporti voting p	
\$ '000	2019	2018	2019	2018	2019	2018
Macquarie Regional Library	14.0%	14.0%	14.0%	14.0%	25.0%	25.0%

(d) Summarised financial information for joint ventures

	Macquarie Region	al Library
<u>\$ '000</u>	2019	2018
Statement of financial position		
Current assets		
Cash and cash equivalents	1,597	1,930
Other current assets	19	31
Non-current assets	1,245	1,128
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	93	311
Other current liabilities	598	698
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	49	32
Net assets	2,121	2,048

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Interests in other entities (continued)

	Macquarie Region	Macquarie Regional Library		
\$ '000	2019	2018		
Reconciliation of the carrying amount				
Opening net assets (1 July)	2,049	1,828		
Profit/(loss) for the period	74	221		
Closing net assets	2,123	2,049		
Council's share of net assets (%)	14.0%	14.1%		
Council's share of net assets (\$)	297	288		
Statement of comprehensive income				
Income	2,962	2,883		
Interest income	45	45		
Depreciation and amortisation	(340)	(331)		
Other expenses	(2,593)	(2,376)		
Profit/(loss) from continuing operations	74	221		
Profit/(loss) for the period	74	221		
Total comprehensive income	74	221		
Share of income – Council (%)	14.0%	16.7%		
Profit/(loss) – Council (\$)	10	37		
Total comprehensive income – Council (\$)	10	37		

Accounting policy for joint arrangements Joint ventures:

Interests in joint ventures are accounted for using the equity method in accordance with AASB128 Investments in Associates and Joint Ventures.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the council discontinues recognising its share of further losses.

The council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the council for the purposes of the consolidated financial statements.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Commitments

\$ '000	2019	2018
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	2	286
Sports & Recreation	230	918
Other	508	_
Total commitments	740	1,204
These expenditures are payable as follows:		
Within the next year	740	1,204
Total payable	740	1,204

(b) Operating lease commitments (non-cancellable)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	25	15
Later than one year and not later than 5 years	27	7
Total non-cancellable operating lease commitments	52	22

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

Council utilises computer and copier equipment assets under operating lease.

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Financial Statements 2019

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Contingencies and other assets/liabilities not recognised

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The scheme's most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme is a defined benefit plan that has been deemed to be a "multi-employer fund" for the purposes of AASB 119 Employee Benefits and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purpose of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

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

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

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

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

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

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

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

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

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

Notes to the Financial Statements

for the year ended 30 June 2019

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

The amount of Council 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 2019 was \$ 177,916.79

The last valuation of the scheme was performed by Mr Richard Boyfield FIAA (AFS Licence # 411770) on 31/12/2018 and covers the period ended 30/06/18.

Council's expected contribution to the Fund for the next annual reporting period is \$106,161.88.

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

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

^{*} excluding member accounts and reserves in both assets and liabilities.

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

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

^{*} Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed around November/December 2019.

Council's additional lump sum contribution per annum of 0.13% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub group.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management

Risk management

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

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

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

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

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

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	1,659	1,035	1,659	1,035
Receivables Investments	2,433	2,532	2,205	2,532
- 'Financial assets at amortised cost' / 'held to maturity' (2018)	17,000	23,320	17,000	23,320
Fair value through profit and loss Investments				
- 'Held for trading'	5,573	_	5,573	_
Total financial assets	26,665	26,887	26,437	26,887
Financial liabilities				
Payables	1,558	884	1,558	884
Loans/advances	3,248	2,879	3,248	2,879
Total financial liabilities	4,806	3,763	4,806	3,763

Fair value is determined as follows:

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

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

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

The risks associated with the 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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

- 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.
- **Liquidity risk** the risk that the Council will not be able to pay its debts as and when they fall due. Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

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

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

	Increase of val	ues/rates	Decrease of values/rates	
\$ '000	Profit	Equity	Profit	Equity
2019				
Possible impact of a 10% movement in market values	557	557	(557)	(557)
Possible impact of a 1% movement in interest rates	225	225	(225)	(225)
2018				
Possible impact of a 10% movement in market values	507	507	(507)	(507)
Possible impact of a 1% movement in interest rates	210	210	(210)	(210)

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

(b) Credit risk

Council's major receivables comprise (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:

Credit risk profile

Receivables - rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2019			-			0.10
Gross carrying amount	759	37	37	113	_	946
2018						
Gross carrying amount	322	245	325	_	_	892

Receivables - non-rates and annual charges

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<u> </u>	Overdue	Overdue	Overdue	Overdue	Overdue	Total
2019						
Gross carrying amount	1,411	32	1	70	24	1,538
Expected loss rate (%)	0.00%	0.00%	0.00%	38.00%	100.00%	3.29%
ECL provision	_	_	_	27	24	51
2018						
Gross carrying amount	1,135	419	14	85	11	1,664
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	_	_	_	_	_	_

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average	Subject		payable in:			Actual
\$ '000	interest rate	to no maturity	≤1 Year	1 - 5 Years	> 5 Years	Total cash outflows	carrying values
2019							
Trade/other payables	0.00%	30	1,528	_	_	1,558	1,558
Loans and advances	3.75%	_	495	2,345	408	3,248	3,248
Total financial liabilities		30	2,023	2,345	408	4,806	4,806
2018							
Trade/other payables	0.00%	25	859	_	_	884	884
Loans and advances	3.47%	_	495	2,345	487	3,327	2,879
Total financial liabilities		25	1,354	2,345	487	4,211	3,763

Loan agreement breaches

There have been no breaches to loan agreements during the reporting year.

(454)

(40)0/

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 28/06/2018 and is unaudited.

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

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

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

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

	2019	2019	2019		
\$ '000	Budget	Actual	Varian	ice	
REVENUES					
Rates and annual charges	8,852	8,857	5	0%	F
User charges and fees - The increase in water usage revenue is due most	2,688 tly to the prolonged dro	3,063 ught.	375	14%	F
Interest and investment revenue - The increase in Investment Revenue is due to investments.	634 the reallocation of inv	1,010 estment funds t	376 o higher earning	59% TCorp man	F aged

Other revenues	926	4/2	(454)	(49)% U
- The underachievement is due to less income from agencies	including RFS.	. Emergency Service	s. Private	Works and no land

d sales for the year.

Operating grants and contributions	7,691	7,649	(42)	(1)%	U
Capital grants and contributions	3,293	3,390	97	3%	F
Net gains from disposal of assets	-	43	43	∞	F
Joint ventures and associates – net profits	-	10	10	∞	F

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Material budget variations

\$ '000	2019 Budget	2019 Actual	201 Varia	_	
EXPENSES					
Employee benefits and on-costs - The lower Employment costs are mostly due to high lever provision due to retirements, lower FBT, training and other provisions are mostly due to high lever provision due to retirements.		6,624 alaries (\$600k),	1,096 reduction in empl	14% oyee entitlen	F ments
Borrowing costs - The lower costs are due to the new loan drawn much I	107 ater in the financia	93 al year.	14	13%	F
Materials and contracts Increase due mostly to acquitting operational grants (Dro	4,444 ought Country Com	5,480 nmunities) and ro	(1,036) pad material and g	(23)% ravel stock o	U costs
Depreciation and amortisation	5,964	5,850	114	2%	F
Other expenses	2,375	2,543	(168)	(7)%	U
Revaluation decrement / impairment of IPP&E	-	249	(249)	∞	U
STATEMENT OF CASH FLOWS					
Net cash provided from (used in) operating activities	8,512	10,106	1,594	19%	F
 increase in Operating Cashflow is due to increased gentitlements and other on-costs). 	rant revenue and	reduced operat	ing employee cos	sts (capitalisa	ation
Net cash provided from (used in) investing activities - Investing cashflow variance is due mostly to less capit	(15,078) al expenditure on	(9,851) budgeted land d	5,227 evelopment.	(35)%	F
Net cash provided from (used in) financing activities	369	369	-	0%	F

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement

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

- Infrastructure, property, plant and equipment

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

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

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

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

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

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

			Fair value m	easurement hi	erarchy	
2019	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	Total
Recurring fair value measurements						
Financial assets						
Investments	6(b)					
 'Held for trading/fair value through profit or loss' 		30/06/19	5,574	_	_	5,574
Total financial assets			5,574	_	_	5,574
Infrastructure, property, plant and equipment	9(a)					
Operational land		30/06/18	_	_	4,150	4,150
Community land		30/06/18	_	_	1,758	1,758
Buildings – non-specialised		30/06/18	_	_	2,870	2,870
Buildings – specialised		30/06/18	_	_	16,660	16,660
Other structures		30/06/19	_	_	3,506	3,506
Roads		30/06/15	_	_	194,575	194,575
Bridges		30/06/15	_	_	18,909	18,909
Footpaths		30/06/15	_	_	1,789	1,789
Stormwater drainage		30/06/15	_	_	265	265
Water supply network		30/06/17	_	_	16,237	16,237
Sewerage network		30/06/17	_	_	18,760	18,760
Swimming pools		30/06/19	_	_	2,213	2,213
Other open space/recreational assets		30/06/19	_	_	2,891	2,891
Other infrastructure		30/06/15	_	_	3,506	3,506
Aerodrome		30/06/19	_	_	3,749	3,749
Total infrastructure, property, plant and equipment			_	_	291,838	291,838

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

			Fair value m	easurement hi	erarchy	
2018	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	Tota
Recurring fair value measurements						
Infrastructure, property, plant and equipment	9(a)					
Plant and equipment		30/06/14	_	_	3,927	3,927
Office equipment		30/06/14	_	_	483	483
Furniture and fittings		30/06/14	_	_	46	46
Operational land		30/06/18	_	_	4,150	4,150
Community land		30/06/18	_	_	1,758	1,758
Land under roads		30/06/13	_	_	_	_
Buildings – non-specialised		30/06/18	_	_	3,026	3,026
Buildings – specialised		30/06/18	_	_	16,544	16,544
Other structures		30/06/14	_	_	2,241	2,241
Roads		30/06/15	_	_	193,367	193,367
Bridges		30/06/15	_	_	19,152	19,152
Footpaths		30/06/15	_	_	1,783	1,783
Stormwater drainage		30/06/15	_	_	13,510	13,510
Water supply network		30/06/17	_	_	14,549	14,549
Sewerage network		30/06/17	_	_	18,529	18,529
Swimming pools		30/06/14	_	_	1,647	1,647
Other open space/recreational assets		30/06/14	_	_	1,702	1,702
Other infrastructure		30/06/15	_	_	237	237
Aerodrome		30/06/14	_	_	3,541	3,541
Total infrastructure, property, plant and equipment			_	_	300,192	300,192

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

(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.

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

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

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

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

Plant and equipment, office equipment and furniture and fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value, with depreciation rates applicable to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment Graders, trucks, rollers, tractors, mowers and motor vehicles.
- Office Equipment Computer Servers, surveillance equipment, Software, photocopiers, radio equipment etc.
- Furniture & Fittings Desks, Cabinets, Ergonomic chairs

Operational and community land

Operational Land is based on the Land Value provided by an external Valuer in 2018.

Financial Statements 2019

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

It is based on average unit rate based on the Land Value for similar properties, having regard to the highest and best use for the land. Operational Land is based on the Valuer land value of the actual market values in the Narromine Shire LGA. Community Land has been valued in 2017 using valuations of the Valuer General.

Buildings - non-specialised and specialised

Non-Specialised & Specialised Buildings values were provided by an external Valuer in 2018. The approach estimated the replacement cost for each building by componentising the building into significant parts. While all buildings were physically inspected and the unit rates based on square metres no market based evidence (Level 2) could not be established. As such these assets were classified as having been valued as Level 3 valuation inputs.

Other structures

Other Structures comprise of Telemetry Systems, and components related to Cemetery, sale yards, waste facilities, and the family day care etc. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors. Other Structures have been revalued externally during 2018/19 by AssetVal Pty Ltd.

Roads

Roads Externally valued during 14/15 by AssetVal Pty Ltd, major changes include giving road pavement and Seal a long life and a short life component, and seperating the floodways which have shorter lives.

Market based evidence (level 2) were used for Gravel pavement, Seal, Culverts, Footpath, and K&G.

Bridges

Bridges Externally valued during 14/15 by AssetVal Pty Ltd, major changes include componentising bridges from one asset into components, Substructure, superstructure, abutments ect.

Major Culverts over 6m long were considered bridges and transfered from stormwater into bridges.

Footpaths

Footpaths Externally valued during 14/15 by AssetVal Pty Ltd,

Market based evidence (level 2) were used for concrete Footpaths and cycleways.

Stormwater drainage

Stormwater externally valued during 14/15 by AssetVal Pty Ltd, with previously unaccounted for assets now valued Market based evidence (level 2) were used for culverts, and K&G.

Water supply network

Assets in this class comprise of pipes, valves, pumps, bores, and reservoirs. The Water Network values were provided by an external valuer in 2017. The unit rates are based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. This asset class is indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

Sewerage network

Assets in this class comprise of Treatment Plants, Pumping stations, sewerage pipelines and Manholes. The Sewerage Network values were provided by an external valuer in 2017. The unit rates are based on linear metres of certain diameter pipes and prices per treatment item or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. This asset class is indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

Open space recreation

Assets within this class comprise playground equipment, softfall surfaces, shade structures, irrigation, fencing, lighting, furniture, sculptures and monuments etc. All Open Space Recreation Assets were revalued externally during 2018/19 by AssetVal Pty Ltd.

Aerodrome

Assets within this class comprise the Aerodrome sealed runways at Narromine, and the unsealed airstrip at Trangie along with assocated furniture, signage, lighting, fencing, and control structures. All assets were valued externally during 2018/19 by AssetVal Pty Ltd.

Swimming pools

Assets within this class comprise the 50m 8 lane outdoor pool, and childrens pool at Narromine, and the 25m outdoor pool at Trangie with assocated furniture, filtration systems etc. All assets were valued externally during 2018/19 by AssetVal Pty Ltd.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

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

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

\$ '000	Plant and equipment	Office equipment	Furniture and fittings	Operational Land	Community Land
2018					
Opening balance	3,589	616	63	3,818	1,874
	,		03	3,010	1,074
Purchases (GBV)	1,296	260	_	_	_
Disposals (WDV)	(571)	_	_	_	_
Depreciation and impairment	(387)	(393)	(17)	_	(116)
Revaluation	_	_	_	332	_
Closing balance	3,927	483	46	4,150	1,758
2019					
Opening balance	3,927	483	46	4,150	1,758
Purchases (GBV)	1,136	_	_	_	_
Disposals (WDV)	(232)	_	_	_	_
Depreciation and impairment	(436)	(207)	(11)	_	_
Closing balance	4,395	276	35	4,150	1,758

* 1000	Buildings non-	Buildings	Other	D l.	D : 1
\$ '000	specialised	specialised	structures	Roads	Bridges
2018					
Opening balance	2,564	15,840	2,169	192,259	18,590
Purchases (GBV)	7	780	175	3,300	805
Depreciation and impairment	(146)	(617)	(103)	(2,192)	(243)
Revaluation	601	541	_	_	_
Closing balance	3,026	16,544	2,241	193,367	19,152
2019					
Opening balance	3,026	16,544	2,241	193,367	19,152
Purchases (GBV)	29	1,093	1,179	3,486	_
Depreciation and impairment	(185)	(977)	(116)	(2,278)	(243)
Revaluation	_	_	201	_	_
Closing balance	2,870	16,660	3,505	194,575	18,909

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

\$ '000	Footpaths	Stormwater drainage	Water supply network	Sewerage network	Swimming pools
2018					
Opening balance	1,855	13,674	12,947	18,240	1,578
Purchases (GBV)	6	39	1,851	341	110
Depreciation and impairment	(78)	(203)	(615)	(433)	(41)
Revaluation	_	_	366	381	_
Closing balance	1,783	13,510	14,549	18,529	1,647
2019					
Opening balance	1,783	13,510	14,549	18,529	1,647
Purchases (GBV)	84	275	1,947	381	639
Depreciation and impairment	(78)	(203)	(688)	(439)	(73)
Revaluation	_	_	429	289	-
Closing balance	1,789	13,582	16,237	18,760	2,213
		Other open space/ recreational	Other		
\$ '000		assets	infrastructure	Aerodrome	Total
2018					
Opening balance		1,759	247	3,599	295,281
Purchases (GBV)		82		168	9,220
Disposals (WDV)		_	_	_	(571)
Depreciation and impairment		(139)	(10)	(226)	(5,959)
Revaluation		_	_	_	2,221
Closing balance		1,702	237	3,541	300,192
2019					
Opening balance		1,702	237	3,541	300,192
Purchases (GBV)		1,138	38	27	11,452
Disposals (WDV)		_	_	_	(232)
Depreciation and impairment		(130)	(11)	(138)	(6,213
Revaluation		181		319	1,419
Closing balance		2,891	264	3,749	306,618

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

b. The valuation process for level 3 fair value measurements

Fair Value- Valuation techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

'Cost Approach': A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost).

Income Approach: Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (i.e. discounted) amount.

The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

'Market Approach': A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (I.e. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows: Level 2 valuation process for some asset classes where the basis was Cost Approach under level 2 input which were determined based on, whereby maximising observable inputs and minimising unobservable inputs as below:

- · Quoted prices for similar asset in active markets
- · Current replacement cost concept
- · Purchase price
- Useful life

Level 3 valuation process for some asset classes where the basis was Cost Approach, The inputs used for this technique were:

- · Pattern of consumption
- Residual Value
- Asset Condition
- Unit rates
- Useful life

(5) Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Related Party Transactions

(a) Key management personnel

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

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

000. \$	2019	2018
Compensation:		
Short-term benefits	1,164	1,309
Post-employment benefits	26	110
Other long-term benefits	I	2
Total	1.261	1.421

(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	Outstanding balance		Provisions for impairment	Expense recognised for imposite the second s
000. \$	Ref	during year	commitments)	commitments) Terms and conditions	outstanding	of receivables
2019						
Office Supplies 2018	~	7	I	30 days	I	I
Office Supplies	<u></u>	15	I	30 days	I	I

- Council makes ad hoc purchases from Stationery Store Online, a company which is controlled by a member of the KMP of the council. The total annual contract value is around \$11,000 and purchases are made in accordance with the Procurement policy and based on market rates.
- Council hired plant and equipment during the year from McCutcheon Agri Trust, a trust which has a KMP has an interest. Amounts were billed based on on normal rates for such supplies and services and were due and payable under normal payment terms following the Council's procurement process. α

Page 66 of 84 continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Related Party Transactions (continued)

(c) Other related party transactions

000. s	Value of transactions (i	Outstanding of balance ons (incl. loans and	Outstanding balance (incl. loans and commitments) Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
2019					
Library Services 2018	2	381	30 days	I	I
Library Services	8	382	30 days	I	I

Council has joined with Western Plains Regional Council and Warrumbungle Shire Council to form a Joint Venture arrangement called Macquarie Regional Library. Council contributes a proportion of the costs of the entity and receives a share of profits and net assets.

က

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Community facilities

Total

Note 21. Statement of developer contributions

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

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

33

33

215

259

Summary of contributions and levies

	as at 30/6/2018						as at 30/6/	2019
\$ '000	Opening Balance	Contribution received during th		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
4 000	Balanoo			iii youi	your	(10)/110111	40001	ado/(payabio)
S7.12 levies – under a plan	259	33	_	7	_	_	299	_
Total S7.11 and S7.12 revenue under								
plans	259	33	_	7	_	_	299	_
S64 contributions	216	_	_	5	_	_	221	_
Total contributions	475	33	_	12	_		520	_
S7.12 Levies – under a plan								
S7.12 LEVIES – UNDER A PLAN								
Drainage	10	_	_	_	_	_	10	_
Roads	8	_	_	_	_	_	8	_
Open space	26	_	_	_	_	_	26	_

255

299

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial result and financial position by fund

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	7,139	605	1,113
User charges and fees	1,419	1,278	366
Interest and investment revenue	855	92	63
Other revenues	457	15	_
Grants and contributions provided for operating purposes	7,634	15	_
Grants and contributions provided for capital purposes Other income	3,390	_	-
Net gains from disposal of assets	43	_	_
Share of interests in joint ventures and associates using the equity method	10	_	_
Total income from continuing operations	20,947	2,005	1,542
Expenses from continuing operations			
Employee benefits and on-costs	6,016	434	174
Borrowing costs	93	_	_
Materials and contracts	3,798	1,054	628
Depreciation and amortisation	4,928	483	439
Other expenses	2,516	_	27
Revaluation decrement /impairment of IPPE	249	_	_
Total expenses from continuing operations	17,600	1,971	1,268
Operating result from continuing operations	3,347	34	274
Net operating result for the year	3,347	34	274
Net operating result attributable to each council fund	3,347	34	274
Net operating result for the year before grants and contributions provided for capital purposes	(43)	34	274

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial result and financial position by fund (continued)

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	(3,605)	628	4,636
Investments	19,078	1,667	1,828
Receivables	1,289	343	289
Inventories	854	_	_
Other	90		
Total current assets	17,706	2,638	6,753
Non-current assets			
Receivables	274	199	39
Infrastructure, property, plant and equipment	271,669	18,201	19,131
Investments accounted for using the equity method	298		
Total non-current assets	272,241	18,400	19,170
TOTAL ASSETS	289,947	21,038	25,923
LIABILITIES			
Current liabilities			
Payables	1,558	_	_
Income received in advance	227	_	_
Borrowings	390	_	_
Provisions	1,576	_	_
Total current liabilities	3,751	_	_
Non-current liabilities			
Borrowings	2,858	_	_
Provisions	194	_	_
Total non-current liabilities	3,052	_	_
TOTAL LIABILITIES	6,803		
Net assets	283,144	21,038	25,923
			-,
EQUITY	444.445	44.450	40 444
Accumulated surplus	114,445	11,456	10,444
Revaluation reserves	168,699	9,582	15,479
Council equity interest	283,144	21,038	25,923
Total equity	283,144	21,038	25,923

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(a). Statement of performance measures – consolidated results

	Amounts	Indicator	Drior	eriods	Benchmark
\$ '000	2019	2019	2018	2017	Dencimark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2} Total continuing operating revenue excluding capital grants and contributions ¹	195 20,785	0.94%	(0.88)%	18.72%	>0.00%
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹ Total continuing operating revenue ¹	13,028 24,175	53.89%	53.43%	47.89%	>60.00%
3. Unrestricted current ratio					
Current assets less all external restrictions Current liabilities less specific purpose liabilities	14,180 2,852	4.97x	5.98x	5.38x	>1.50x
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹ Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,138 476	12.89x	12.68x	19.96x	>2.00x
,					
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	1,030	40.000/	44.040/	0.000/	440.000/
Rates, annual and extra charges collectible	9,924	10.38%	11.61%	9.20%	<10.00%
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	18,659	15.34	18.93	19.90	>3.00
Monthly payments from cash flow of operating and financing activities	1,216	mths	mths	mths	mths

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

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

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(b). Statement of performance measures – by fund

000. \$	General Indicators 2019 2018	dicators ³ 2018	Water Indicators 2019 2018	dicators 2018	Sewer Indicators 2019 2018	dicators 2018	Benchmark
Operating performance ratio Total continuing operating revenue excluding capital grants and contributions less operating expenses 1,2 Total continuing operating revenue excluding capital grants and contributions 1	%(99.0)	(4.48)%	1.70%	10.82%	17.77%	23.37%	%00.0<
2. Own source operating revenue ratio Total continuing operating revenue excluding capital grants and contributions ¹ Total continuing operating revenue ¹	46.03%	45.66%	99.25%	89.87%	100.00%	98.75%	>60.00%
3. Unrestricted current ratio Current assets less all external restrictions Current liabilities less specific purpose liabilities	4.97x	5.98x	8	8	8	8	>1.50x
4. Debt service cover ratio Operating result before capital excluding interest and depreciation/impairment/amortisation ¹ Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	10.31x	9.17x	8	8	8	8	>2.00x
5. Rates, annual charges, interest and extra charges outstanding percentage Rates, annual and extra charges outstanding Rates, annual and extra charges collectible	12.55%	11.46%	%00.0	9.45%	%00.0	14.02%	<10.00%
6. Cash expense cover ratio Current year's cash and cash equivalents plus all term deposits Payments from cash flow of operating and financing activities	11.01 mths	16.84 mths	8	17.27 mths	8	60.21 mths	>3.00 mths
(1) - (2) Refer to Notes at Note 23a above.							

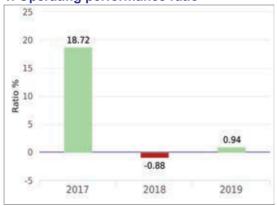
⁽³⁾ General fund refers to all of Council's activites except for its water and sewer activities which are listed separately.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(c). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2018/19 result

2018/19 ratio 0.94%

Council's Operating Performance Ratio is favourable (greater than 0%) indicating an operating surplus was made for the financial year.

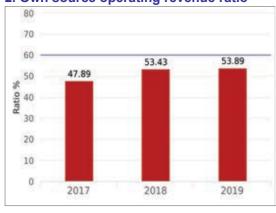
Benchmark: - > 0.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2018/19 result

2018/19 ratio 53.89%

Council's ratio is 53.89 which indicates Council produces 53.89% of its own revenue. Whilst below the state-wide benchmark of 60% it is typical for a regional Council.

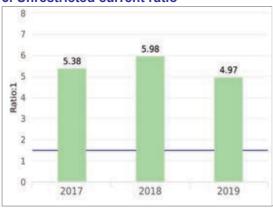
Benchmark: — > 60.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2018/19 result

2018/19 ratio 4.97x

This indicates Council has more than sufficient working capital to meet its short term financial obligations.

Benchmark: — > 1.50x

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

Ratio achieves benchmark

Ratio is outside benchmark

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2018/19 result

2018/19 ratio 12.89x

This ratio indicates Council's ability to service its debt is in excess of the OLG benchmark of 2.0 times indicating Council's operating cash surplus is many times greater than its loan repayments.

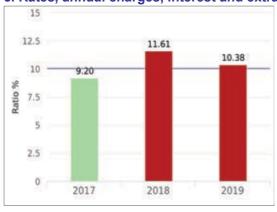
Benchmark: - > 2.00x

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

Ratio achieves benchmark

Ratio is outside benchmark

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



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

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

Commentary on 2018/19 result

2018/19 ratio 10.38%

Council's ratio of overdue rates and charges (10.38%) is greater than the OLG benchmark (10.00). While not within the OLG benchmark Council deems this acceptable given the drought conditions experienced across all ratepayers. This also an improvement on the previous year (11.61%).

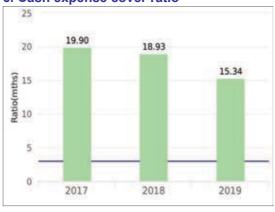
Benchmark: — < 10.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2018/19 result

2018/19 ratio 15.34 mths

Council has enough cash to operate for 15.34 months without the need to raise more cash. This is in excess of the OLG benchmark of 3.0 months.

Benchmark: — > 3.00mths

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

Ratio achieves benchmark

Ratio is outside benchmark

Financial Statements 2019

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Council information and contact details

Principal place of business:

124 Dandaloo Street Narromine NSW 2821

Contact details

Mailing Address:

PO Box 115

Narromine NSW 2821

Telephone: 02 6889 9999 **Facsimile:** 02 6889 9998

Officers

General Manager

Jane Redden

Responsible Accounting Officer

John Sevil

Public Officer

NSW Auditor General

Auditors

NSW Auditor General

Level 15

1 Margaret Street Sydney NSW 2000

Other information

ABN: 99 352 328 405

Opening hours:

M-F 8:30 am to 5:00 pm

Internet:www.narromine.nsw.gov.auEmail:mail@narromine.nsw.gov.au

Elected members

Mayor

Cr Craig Davies

Deputy Mayor

Cr Dawn Collins

Cr Colin Hamilton Cr James Craft Cr Les Lambert

Cr Lyn Jablonski Cr Mark Munro

Cr Robert McCutcheon

Cr Trudy Everingham



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements Narromine Shire Council

To the Councillors of the Narromine Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

Cathy Wu

Delegate of the Auditor-General for New South Wales

28 October 2019 SYDNEY



Clr Craig Davies
Mayor
Narromine Shire Council
PO Box 115
NARROMINE NSW 2821

Contact: Cathy Wu

Phone no: 02 9275 7212

Our ref: D1924704/1769

28 October 2019

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2019	2018	Variance
	\$m	\$m	%
Rates and annual charges revenue	8.9	8.4	5.9
Grants and contributions revenue	11.0	10.8	1.9
Operating result for the year	3.7	2.8	28.5
Net operating result before capital grants and contributions	0.3	0.01	1793

Council's operating result of \$3.7 million (including the effect of depreciation and amortisation expense of \$5.9 million) was \$0.9 million higher than the 2017–18 result. This was primarily due to increases in rates and annual charges and capital grants and contributions, while total expenses remained relatively stable.

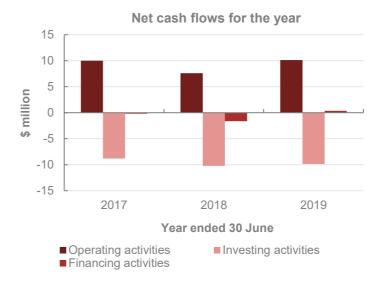
The net operating result before capital grants and contributions of \$0.3 million was \$251,000 higher than the 2017–18 result. This movement was largely attributable to the growth in rates and annual charges as noted above.

Rates and annual charges revenue of \$8.9 million increased by \$0.5 million (5.9 per cent) in 2018–2019 due to the rate peg increase of 2.3 per cent, together with movements in property valuations during the year.

Grants and contributions revenue of \$11.0 million increased by \$0.2 million (1.9 per cent) in 2018–2019. The main movements were a decrease in transport (other roads and bridges) funding, offset by increased funds for community centres and financial assistance grants.

STATEMENT OF CASH FLOWS

- The Council reported a slight decrease in cash and cash equivalents from \$24.4 million at 30 June 2018 to \$24.2 million at 30 June 2019.
- Cash inflows from operating activities increased from 2017–18 mainly as a result of higher receipts from grants and contributions.
- Cash outflows from investing activities decreased mainly due to a reduction in purchases of investment securities.
- Cash inflows from financing activities increased as a result of receipts from borrowings and advances during 2018–19.



FINANCIAL POSITION

Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	11.6	13.4	External restrictions primarily include funds for
Internal restrictions	8.3	7.7	water supply and sewerage services, specific purpose unexpended grants and domestic waste
Unrestricted	4.3	3.3	management.
Cash and investments	24.2	24.4	 Internal restrictions are due to Council policy or decisions for forward plans including the capital works program.
			 Unrestricted balances provide liquidity for day-to-day operations and have increased from the prior year due to reduced external restrictions.

PERFORMANCE

Operating performance ratio

- Council met the industry benchmark for 2018–19.
- This ratio increased slightly from last year, in line with the increase in net operating result before capital grants and contributions.
- The ratio in 2016–17 was particularly high due to Council receiving greater operating grants that year.

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

18.72 20 15 Ratio 10 % 5 0.94 0 -0.88 -5 2017 2018 2019 Year ended 30 June Operating performance ratio Industry benchmark > 0%

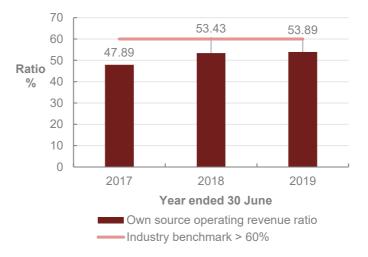
Operating performance ratio

Own source operating revenue ratio

- Council has not met the industry benchmark in the last three years.
- The ratio in 2018–19 remained fairly consistent with the prior year.

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

Own source operating revenue ratio



Unrestricted current ratio

- Council's unrestricted current ratio has exceeded the industry benchmark for the past three years.
- This ratio indicates that Council currently has \$4.97 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

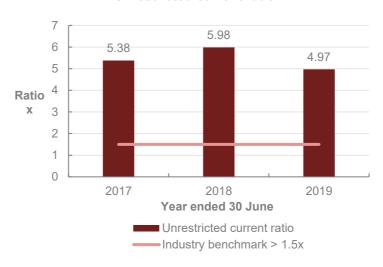
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.

Debt service cover ratio

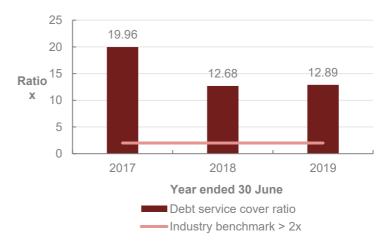
- Council's debt service cover ratio has exceeded the industry benchmark for the past three years.
- Council appears to be effectively monitoring its liquidity levels to ensure it can meet its borrowing costs when they fall due.

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

Unrestricted current ratio



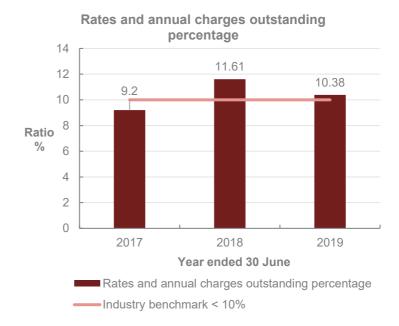
Debt service cover ratio



Rates and annual charges outstanding percentage

- Council has not met the rural council benchmark for this ratio in the last two years.
- The ratio has improved in 2018– 19 from the previous year, reducing slightly to 10.38 per cent.

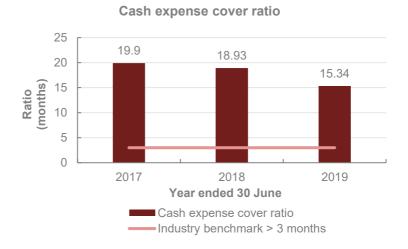
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

- Council's cash expense cover ratio exceeded the industry benchmark for the past three years.
- This indicates that Council had the capacity to cover 15.34 months of cash expenditure without additional cash inflows at 30 June 2019.

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



Infrastructure, property, plant and equipment renewals

Council spent \$11.8 million on asset renewals in 2018–19 compared to \$7.8 million in 2017–18. Asset renewals are defined as the replacement of existing assets as opposed to the acquisition of new assets.

A short-term benchmark of Council's strategic asset management is to assess the rate at which Council's assets are being renewed against the rate at which they are depreciating. In 2018–19, asset renewals of \$11.8 million represented 177 per cent of Council's \$5.9 million depreciation expense. This result was higher than the 2017–18 result of 131 per cent.

Asset renewals in 2018–19 were carried out in accordance with Council's capital works program and primarily related to roads, water supply network and building assets.

OTHER MATTERS

New accounting standards implemented

Application period

Overview

AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'

For the year ended 30 June 2019

AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.

Key changes include:

- a simplified model for classifying and measuring financial assets
- a new method for calculating impairment
- a new type of hedge accounting that more closely aligns with risk management.

The revised AASB 7 includes new disclosures as a result of AASB 9. Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 12(b).

Legislative compliance

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

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

Cathy Wu

Delegate of the Auditor-General for New South Wales

cc: Ms Jane Redden, General Manager

Mr Neil Maltby, Chair of the Audit, Risk and Improvement Committee Jim Betts, Secretary of the Department of Planning, Industry and Environment Attachment No 1

Narromine Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2019



Special Purpose Financial Statements

for the year ended 30 June 2019

Contents	Page
Statement by Councillors & Management	3
Special Purpose Financial Statements	
Income Statement – Water Supply Business Activity Income Statement – Sewerage Business Activity	4 5
Statement of Financial Position – Water Supply Business Activity Statement of Financial Position – Sewerage Business Activity	6 7
Note 1 – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.
 - Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.
 - These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and (b) those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Special Purpose Financial Statements

for the year ended 30 June 2019.

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 11 September 2019.

Craig Davies

Mayor

11 September 2019

Dawn Collins Councillor

11 September 2019

Jane Redden

General Manager

11 September 2019

Responsible Accounting Officer

11 September 2019

Income Statement – Water Supply Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	605	627
User charges	1,236	1,255
Fees	42	50
Interest	92	102
Grants and contributions provided for non-capital purposes	15	20
Other income	15	16
Total income from continuing operations	2,005	2,070
Expenses from continuing operations		
Employee benefits and on-costs	434	460
Materials and contracts	1,054	770
Depreciation, amortisation and impairment	483	616
Total expenses from continuing operations	1,971	1,846
Surplus (deficit) from continuing operations before capital amounts	34	224
Grants and contributions provided for capital purposes	_	211
Surplus (deficit) from continuing operations after capital amounts	34	435
Surplus (deficit) from all operations before tax	34	435
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(9)	(67)
SURPLUS (DEFICIT) AFTER TAX	25	368
Plus accumulated surplus	11,423	10,988
Plus adjustments for amounts unpaid: - Corporate taxation equivalent	9	67
Closing accumulated surplus	11,457	11,423
Return on capital %	0.2%	1.4%
Subsidy from Council	206	198
Calculation of dividend payable:		
Surplus (deficit) after tax	25	368
Less: capital grants and contributions (excluding developer contributions)	_	(74)
Surplus for dividend calculation purposes	25	294
Potential dividend calculated from surplus	12	147

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

\$ '000	2019	2018
Income from continuing operations		
Access charges	1,113	1,084
User charges	354	322
Liquid trade waste charges	12	13
Fees	_	15
Interest	63	70
Grants and contributions provided for non-capital purposes	_	19
Total income from continuing operations	1,542	1,523
Expenses from continuing operations		
Employee benefits and on-costs	174	181
Materials and contracts	628	553
Depreciation, amortisation and impairment	439	433
Other expenses	27	_
Total expenses from continuing operations	1,268	1,167
Surplus (deficit) from continuing operations before capital amounts	274	356
Surplus (deficit) from continuing operations after capital amounts	274	356
Surplus (deficit) from all operations before tax	274	356
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(75)	(107)
SURPLUS (DEFICIT) AFTER TAX	199	249
Plus accumulated surplus Plus adjustments for amounts unpaid:	10,169	9,813
Corporate taxation equivalent	75	107
Closing accumulated surplus	10,443	10,169
Return on capital %	1.4%	1.8%
Subsidy from Council	_	157
Calculation of dividend payable:		
Surplus (deficit) after tax	199	249
Less: capital grants and contributions (excluding developer contributions)	_	73
Surplus for dividend calculation purposes	199	322
Potential dividend calculated from surplus	99	161

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	628	1,772
Investments	1,667	2,431
Receivables	343	313
Total current assets	2,638	4,516
Non-current assets		
Receivables	199	202
Infrastructure, property, plant and equipment	18,201	16,062
Total non-current assets	18,400	16,264
TOTAL ASSETS	21,038	20,780
NET ASSETS	21,038	20,780
EQUITY		
Accumulated surplus	11,456	11,423
Revaluation reserves	9,582	9,357
TOTAL EQUITY	21,038	20,780

Statement of Financial Position – Sewerage Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	4,636	3,678
Investments	1,828	1,835
Receivables	289	264
Total current assets	6,753	5,777
Non-current assets		
Receivables	39	66
Infrastructure, property, plant and equipment	19,131	19,515
Total non-current assets	19,170	19,581
TOTAL ASSETS	25,923	25,358
NET ASSETS	25,923	25,358
EQUITY		
Accumulated surplus	10,444	10,169
Revaluation reserves	15,479	15,189
TOTAL EQUITY	25,923	25,358

Special Purpose Financial Statements 2019

Narromine Shire Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

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

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

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

Declared business activities

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

Category 1

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

Narromine Shire Council Water Supply

Comprising the whole of the operations and net assets of the water supply activities of Council servicing the towns of Narromine, Trangie, and Tomingley.

Category 2

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

Narromine Shire Council Sewerage Service

Comprising the whole of the operations and net assets of the sewerage reticulation and treatment activities of Council servicing the towns of Narromine and Trangie.

Special Purpose Financial Statements 2019

Narromine Shire Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Department of Industry (DoI) - Water, the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate - 27.5%

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

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

In accordance with the Dol - Water, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water 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 to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

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

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

Local government rates and charges

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

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30 June 2019.

(iv) Dividends

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements Narromine Shire Council

To the Councillors of the Narromine Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Narromine Shire Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2019, the Statement of Financial Position of each Declared Business Activity as at 30 June 2019, Note 1 Significant accounting policies for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's Declared Business Activities as at 30 June 2019, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

Cathy Wu

Delegate of the Auditor-General for New South Wales

28 October 2019 SYDNEY

SPECIAL SCHEDULES for the year ended 30 June 2019



Special Schedules 2019

Narromine Shire Council

Special Schedules

for the year ended 30 June 2019

Contents	Page
Special Schedules	
Permissible income for general rates	3
Report on Infrastructure Assets - Values	7

Permissible income for general rates

for the year ended 30 June 2019

\$ '000		Calculation 2019/20	Calculation 2018/19
Notional general income calculation ¹			
Last year notional general income yield	а	5,718	5,577
Plus or minus adjustments ²	b	(1)	15
Notional general income	c = a + b	5,717	5,592
Permissible income calculation			
Or rate peg percentage	е	2.70%	2.30%
Or plus rate peg amount	$i = e \times (c + g)$	154	129
Sub-total	k = (c + g + h + i + j)	5,871	5,721
Plus (or minus) last year's carry forward total	I	1	(2)
Sub-total	n = (I + m)	1	(2)
Total permissible income	o = k + n	5,872	5,719
Less notional general income yield	р	5,872	5,718
Catch-up or (excess) result	q = o - p	_	1
Carry forward to next year ⁶	t = q + r + s	_	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.

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Narromine Shire Council (the Council) for the year ending 30 June 2020.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

Cathy Wu

Delegate of the Auditor-General for New South Wales

28 October 2019 SYDNEY

Narromine Shire Council

Special Schedules 2019

Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring assets		2018/19	2018/19		Gross	Assets		ition as a		entage of
		to satisfactory standard	service set by	Required naintenance a	Actual maintenance	Net carrying amount	replacement cost (GRC)	1	2	3	4	5
(a) Report	on Infrastructure Assets - Va	alues										
Buildings	Buildings	766	766	1,058	1,139	19,529	38,294	19.0%	59.0%	20.0%	2.0%	0.0%
	Other	162	162	_	_	1	60	25.0%	10.0%	5.0%	0.0%	60.0%
	Sub-total	928	928	1,058	1,139	19,530	38,354	19.0%	58.9%	20.0%	2.0%	0.1%
Other	Other structures	_	_	_	_	3,506	2,241	0.0%	0.0%	0.0%	0.0%	100.0%
structures	Sub-total		_	_	-	3,506	2,241	0.0%	0.0%	0.0%	0.0%	100.0%
Roads	Sealed roads	1,333	1,333	1,436	1,165	110,639	133,281	26.0%	11.0%	62.0%	1.0%	0.0%
	Unsealed roads	1,993	1,993	2,845	2,261	82,729	99,659	44.0%	45.0%	11.0%	0.0%	0.0%
	Bridges	255	255	_	_	19,152	25,524	53.0%	37.0%	9.0%	1.0%	0.0%
	Footpaths	68	68	5	5	178	3.404	17.0%	38.0%	43.0%	2.0%	
	Other road assets	4	4	373	370	264	386	32.0%	28.0%	39.0%	1.0%	0.0%
	Other	_	_	_	_	2,311	_	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	3,653	3,653	4,659	3,801	215,273	262,254	35.4%	26.8%	37.2%	0.6%	0.0%
Water supply	Water supply network	539	539	1,370	1,345	14,548	26,931	41.0%	40.0%	15.0%	2.0%	2.0%
network	Other	_	_	· –		1,689	_	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	539	539	1,370	1,345	16,237	26,931	41.0%	40.0%	15.0%	2.0%	2.0%
Sewerage	Sewerage network	272	272	700	740	18,529	28,207	74.0%	7.0%	15.0%	1.0%	3.0%
network	Other	_	_	_	_	231	_	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	272	272	700	740	18,760	28,207	74.0%	7.0%	15.0%	1.0%	3.0%
Stormwater	Stormwater drainage	613	613	280	245	13,510	20,423	28.0%	38.0%	31.0%	3.0%	0.0%
drainage	Other	_	_	_	_	72	_	0.0%	0.0%	0.0%	0.0%	0.0%
•	Sub-total	613	613	280	245	13,582	20,423	28.0%		31.0%	3.0%	
Open space /	Swimming pools	27	27	256	394	3,402	2,712	3.0%	91.0%	3.0%	1.0%	2.0%
recreational	Other Open Space Recreational	72	72	1,006	1,039	1,702	3,610	14.0%	50.0%		2.0%	
assets	Sub-total	99	99	1,262	1,433	5,104	6,322	9.3%	67.6%		1.6%	

continued on next page ... Page 7 of 11

Narromine Shire Council

Special Schedules 2019

Report on Infrastructure Assets - Values (continued)

as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring assets	_	2018/19	2018/19		Gross	Assets		ition as a		
		to satisfactory standard	•	Required maintenance a	Actual maintenance	Net carrying amount	replacement cost (GRC)	1	2	3	4	5
Other	Other	158	158	1,766	1,777	265	15,848	13.0%	17.0%	68.0%	1.0%	1.0%
infrastructure assets	Sub-total	158	158	1,766	1,777	265	15,848	13.0%	17.0%	68.0%	1.0%	1.0%
	TOTAL - ALL ASSETS	6,262	6,262	11,095	10,480	292,257	400,580	35.0%	30.1%	32.9%	1.0%	1.0%

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

Infrastructure asset condition assessment 'key'

Excellent/very good
 Good
 No work required (normal maintenance)
 Only minor maintenance work required

3 Satisfactory Maintenance work required

4 Poor Renewal required

5 Very poor Urgent renewal/upgrading required

continued on next page ... Page 8 of 11

Narromine Shire Council

Report on Infrastructure Assets (continued)

as at 30 June 2019

	Amounts	Indicator	Prior p	eriods	Benchmark
\$ '000	2019	2019	2018	2017	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹ Asset renewals ² Depreciation, amortisation and impairment	10,119 5,315	190.39%	148.36%	93.43%	>=100.00%
Infrastructure backlog ratio ¹ Estimated cost to bring assets to a satisfactory standard Net carrying amount of infrastructure assets		2.14%	7.23%	11.64%	<2.00%
Asset maintenance ratio Actual asset maintenance Required asset maintenance	<u>10,480</u> 11,095	94.46%	97.92%	60.37%	>100.00%
Cost to bring assets to agreed service level Estimated cost to bring assets to an agreed service level set by Council Gross replacement cost	6,262 400,580	1.56%	5.01%	6.08%	

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

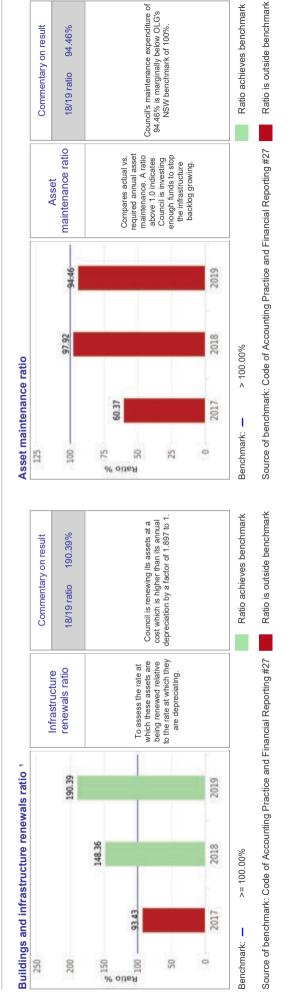
⁽¹⁾ Excludes WIP

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

Narromine Shire Council

Report on Infrastructure Assets (continued)

as at 30 June 2019





Commentary on result

2.14%

18/19 ratio

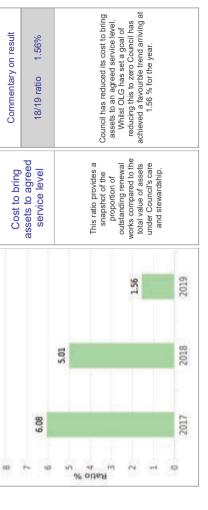
backlog ratio Infrastructure

Infrastructure backlog ratio

12

11.64

12.5



Council is reducing its infrastructure backlog whose ratio of 2.14% is marginally above OLG's benchmark

This ratio shows what proportion the backlog is against the total value of a Council's

7.23

1.5

% otteA

10

in

2.5

infrastructure.

2.14

910

2018

2017

< 2.00%

Benchmark:

(1) Excludes WIP

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

Ratio is outside benchmark

Ratio achieves benchmark

continued on next page ...

Page 10 of 11

Narromine Shire Council

Report on Infrastructure Assets (continued)

as at 30 June 2019

000, \$	General fund 2019 20	l fund 2018	Water fund 2019	fund 2018	Sewer fund 2019 2	fund 2018	Benchmark
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio ¹ Asset renewals ² Depreciation, amortisation and impairment	183.31%	154.07%	351.55%	215.10%	83.83%	3.70%	>=100.00%
Infrastructure backlog ratio ¹ Estimated cost to bring assets to a satisfactory standard Net carrying amount of infrastructure assets	2.12%	4.98%	3.32%	48.13%	1.45%	5.87%	<2.00%
Asset maintenance ratio Actual asset maintenance Required asset maintenance	93.02%	%96.76	98.18%	97.81%	105.71%	97.38%	>100.00%
Cost to bring assets to agreed service level Estimated cost to bring assets to an agreed service level set by Council Gross replacement cost	1.58%	3.51%	2.00%	26.00%	0.96%	4.00%	

(1) Excludes WIP

Page 11 of 11

⁽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.

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Ms Jane Redden General Manager Narromine Shire Council PO Box 115 NARROMINE NSW 2821

Contact: Cathy Wu Phone no:

02 9275 7212

Our ref:

D1924702/1769

21 October 2019

Dear Ms Redden

Engagement Closing Report Audit for the year ended 30 June 2019

We have audited the Narromine Shire Council's (the Council's):

- general purpose financial statements (GPFS)
- special purpose financial statements (SPFS) for the Council's:
 - **Declared Business Activities**
 - Special Schedule 'Permissible income for general rates' (the Schedule).

Attached is the Engagement Closing Report, which details findings relevant to you in your role as one of those charged with governance. This report gives the General Manager, the Mayor and the Audit, Risk and Improvement Committee the opportunity to assess the audit findings, before the representation letter and the Statements by Council and Management, required for the GPFS and SPFS under section 413(2)(c) of the Local Government Act 1993 (the LG Act), are signed.

This report is not intended for publication or distribution to persons other than those described above.

If you need more information about the audit, please contact me on 02 9275 7212 or Luke Malone of Prosperity Advisers on 02 8262 8705.

Yours sincerely

Cathy Wu

Delegate of the Auditor-General for New South Wales

Clr Craig Davies, Mayor CC:

Mr Neil Maltby, Chair of the Audit, Risk and Improvement Committee

Attachment No 1



Engagement Closing Report

Audit for the year ended 30 June 2019

Narromine Shire Council



contents

1.	INTRODUCTION	1
2.	AUDIT OVERVIEW	1
3.	AUDIT OUTCOME AND REPORTS	2
3.1	Audit outcome	2
3.2	Report on the Conduct of the Audit	2
3.3	Auditor-General's Report to Parliament	2
3.4	Management Letter	2
4.	AUDIT FINDINGS	3
4.1	Response to key issues and audit risks	3
4.2	Misstatements	5
4.3	Compliance with legislative requirements	5
4.4	Preparedness for new accounting standards	5
5.	THE AUDIT PROCESS	6
5.1	Management co-operation	6
5.2	Next year's audit	6
APP	ENDIX – GENERAL PURPOSE FINANCIAL STATEMENTS	7
Unc	orrected monetary misstatements and disclosure deficiencies	7
Effe	ct of misstatements on the reported net operating result	8
Corr	ected monetary misstatements and disclosure deficiencies	8



INTRODUCTION

We have audited the Narromine Shire Council's (the Council's):

- general purpose financial statements (GPFS)
- special purpose financial statements (SPFS) for the Council's:
 - **Declared Business Activities**
 - Special Schedule 'Permissible income for general rates' (the Schedule).

This report informs the General Manager, Mayor and the Audit, Risk and Improvement Committee of audit findings relevant to their responsibilities and oversight of Narromine Shire Council's financial statements. We will inform you if significant new matters are found while finalising the audit.

An audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify all matters of governance interest, nor is it conducted to express an opinion on the effectiveness of internal control. Matters of governance interest identified during the audit are included in this report.

AUDIT OVERVIEW 2.

The table below provides an overview of findings identified during the audit of the Council.

		Impact assessment
all	High	Matters identified which had a high impact on the financial statements and/or audit.
af	Moderate	Matters identified which had a moderate impact on the financial statements and/or audit.
	Low	No matters or matters identified which had a low impact on the financial statements and/or audit.

Section	Outcome	Refer	ence
Audit outcome:			
GPFS	Unqualified opinion		3.1
SPFS for Council's Declared Business Activities	Unqualified opinion		<u>3.1</u>
Special Schedule 'Permissible income for general rates'	Unqualified opinion		3.1
Response to key issues and audit risks	Matters addressed		<u>4.1</u>
Misstatements	Misstatements noted		<u>4.2</u>
Compliance with legislative requirements	No matters noted		4.3
Preparedness for new accounting standards	Matters addressed		4.4



3. AUDIT OUTCOME AND REPORTS

3.1 Audit outcome

We are likely to express an unmodified opinion on the GPFS, the SPFS for Declared Business Activities and the Schedule.

The Independent Auditor's Report will advise users the SPFS and Schedule have been prepared in accordance with a special purpose framework to fulfil the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting (update 27). As a result, the SPFS and Schedule may not be suitable for another purpose.

The Independent Auditor's Reports will be signed after the outstanding matters listed below are completed and the signed financial statements and management representation letters are received.

The following matters are outstanding at the date of this report:

- one representation letter from Council's legal counsel
- one bank confirmation
- subsequent event review procedures
- completion of our quality review of the audit file.

Promptly resolving these matters will avoid delays in issuing the Independent Auditor's Reports.

'Other Information' section

The Council's annual report will include information in addition to the financial statements and Independent Auditor's Report. For the purposes of our audit this is considered 'other information'. Auditing Standards require us to consider whether the other information is materially consistent with the financial statements, is materially consistent with the knowledge we obtained during the audit, and otherwise appears not to be materially misstated. Where matters are identified, we are required to disclose them in the Independent Auditor's Report.

At the date of signing the Independent Auditor's Report, we expect to have received the following other information included in the annual report:

- the GPFS
- SPFS for Declared Business Activities
- Special Schedule.

3.2 Report on the Conduct of the Audit

We will issue the Report on the Conduct of the Audit required by section 417(3) of the *Local Government Act 1993* at the same time as the Independent Auditor's Reports. The Report on the Conduct of the Audit will incorporate comments we consider appropriate, based on the audit of the Council's financial statements.

3.3 Auditor-General's Report to Parliament

The 2019 Auditor-General's Report to Parliament will incorporate the results of the audit.

3.4 Management Letter

We issued an interim Management Letter on 30 May 2019 which included observations from the planning and interim phase of the audit.

As we have not identified any further matters to report to management, a final Management Letter will not be issued unless circumstances change before the Independent Auditor's Reports are issued.

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4. AUDIT FINDINGS

4.1 Response to key issues and audit risks

The Annual Engagement Plan, sent on 11 March 2019, identified key issues affecting the Council and how the audit team planned to respond to them. The results of the audit work are detailed below.

Issue or risk

Audit outcome

Revaluation of infrastructure property, plant and equipment

The following infrastructure, property, plant and equipment classes were subject to a comprehensive revaluation this year:

- other structures
- swimming pools
- · other open space/ recreational assets
- aerodrome.

Council recorded a net revaluation increase in 2018–19 of \$0.7 million (or 0.2%) for these assets as follows:

- · other structures: \$0.2 million increment
- · swimming pools: \$0.02 million decrement
- other open space/ recreational assets: \$0.2 million increment
- aerodrome: \$0.3 million increment.

We reviewed the valuation in accordance with AASB 13 'Fair Value Measurement', including:

- the reasonableness of assumptions, judgements and key inputs being unit rates, condition assessments, componentisation of assets and remaining useful lives
- the adequacy of disclosures
- liaising with management and the independent valuer.

We did not identify any matters to report on the asset values.

Assessing the fair value of Council's infrastructure, property, plant and equipment

For those asset classes not subject to a comprehensive revaluation this year, the Council needs to satisfy itself their carrying value materially reflects fair value at reporting date. For example, this may involve the review of relevant indices as a potential indicator to assess whether assets are not at fair value and therefore an earlier comprehensive revaluation is required.

Management assessed the fair values of asset classes not subject to a comprehensive valuation this year through comparison with appropriate indices and other market information.

Based on indexed reference rates, water supply and sewerage network assets increased in fair value by \$0.5 million (or 0.1%) in 2018–19 as follows:

- water supply network: \$0.2 million increment
- sewerage network: \$0.3 million increment.

We reviewed the reasonableness of remaining useful lives and accuracy of calculations, and did not identify any matters to report on these assets.

Early close reporting

While not a mandatory requirement, the Council should consider completing early close procedures to facilitate:

- a smoother year-end audit process
- · the effective resolution of issues: and
- earlier completion and improvement in the quality of year-end financial statements.

We discussed with management the possibility of conducting early close procedures. Due to limited resources, the Council elected not to complete early close procedures in 2019. This may be considered in future years.

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Issue or risk

Audit outcome

Procurement and contract management risk

The Council spends a substantial amount each year to procure goods and services and enters into numerous contracts which vary in nature, size and complexity.

We reviewed the effectiveness of internal controls over procurement and did not identify any significant deficiencies.

Information Technology General Controls

Australian Auditing Standards require the auditor to understand the Council's control activities and obtain an understanding of how it has responded to risks arising from Information Technology (IT).

The 2017–18 audit identified a number of weaknesses in the IT control environment:

- · inappropriate password parameters
- lack of information security policies and procedures
- IT entity level controls.

We will examine management's response to the above findings during audit procedures for the year ending 30 June 2019. We gained an understanding of Council's IT control environment, with focus on those systems relevant to financial reporting. Key areas considered by audit included access security, monitoring of privileged user accounts and data recovery.

Whilst we did not identify any significant deficiencies, our Interim Management Letter included two recommendations from prior year for improvement relating to Council's overall IT environment:

- · lack of IT security policies and procedures
- inappropriate password parameters.

Management is in various stages of addressing these issues. In order to obtain sufficient appropriate audit evidence for the 2019 financial year, we sought to address the information system deficiencies via alternative procedures, including:

- · review of information system logs by our IT Audit team
- extended analytical review processes including use of data mining and machine learning analysis scripts
- · extended scrutiny over journal entries
- increased the sample size for substantive tests over vendor masterfile changes.

We did not identify any additional issues to report.

New Accounting Standards

OLG issued Circular 18-20 'Guidance to councils on transitioning to the new Australian Accounting Standards' to provide guidance on the financial accounting options councils must elect on transition to:

- · AASB 9 'Financial Instruments'
- AASB 15 'Revenue from Contracts with Customers'
- AASB 16 'Leases'
- AASB 1058 'Income of Not-for-Profit Entities'.

We reviewed the Council's assessment of the impact of the new accounting standards on the financial statements as disclosed in Note 1.

Further details are included below in Section 4.4 of this report.

It is important the Council assesses the impact of these new standards and is adequately prepared for the first-time adoption. This includes potential changes to systems, processes, policies and training of staff. Our insights inform and challenge government to improve outcomes for citizens



Issue or risk	Audit outcome
Management and use of credit cards	
Councils use credit cards as a cost-effective payment method for low value, high volume procurement of goods and services.	We assessed whether the Council has appropriate policies, guidelines and controls to administer and manage the use of credit cards.
It is important Council implements appropriate controls to prevent the misuse of credit cards, detect irregularities and account for expenditure appropriately.	In addition, we performed data analytics over the credit card spending to identify possible invalid transactions and reviewed a sample of credit card transactions during the year.
	We did not identify any matters to report.

4.2 Misstatements

Auditing Standards require matters of governance interest and significant misstatements identified during the audit to be communicated to those charged with governance.

Misstatements (both monetary and disclosure deficiencies) are differences between what has been reported in the financial statements and what is required in accordance with the Council's financial reporting framework. Misstatements can arise from error or fraud.

General Purpose Financial Statements (GPFS)

The Appendix lists and explains the nature and impact of the misstatements contained in the GPFS

Based on our evaluation, none of the misstatements reported is due to fraud.

Special Purpose Financial Statements (SPFS) for Declared Business Activities

The SPFS for Declared Business Activities did not contain misstatements.

Special Schedule 'Permissible income for general rates' (the Schedule)

The Schedule did not contain misstatements.

4.3 Compliance with legislative requirements

The Annual Engagement Plan and Terms of Engagement explain that audit procedures are targeted specifically towards forming an opinion on the Council's financial statements. This includes testing whether the Council has complied with legislative requirements that may materially impact the financial statements.

Our audit procedures did not identify reportable findings on compliance with legislative requirements.

4.4 Preparedness for new accounting standards

The Council will implement three new accounting standards (AASB 16 'Leases', AASB 15 'Revenue from contracts with customers' and AASB 1058 'Income of not-for-profit entities') for its 2019–20 financial statements. As part of the current year's audit, we assessed the Council's progress towards implementing the new accounting standards.

The Council is progressed in their implementation of the new standards. The Council has:

- performed a detailed assessment of the impact of the new standards on their financial statements, existing systems and processes
- prepared accounting position papers documenting the accounting treatment of leases and major income streams, quantifying the impact and highlighting significant management assumptions
- disclosed quantitative information on the financial impact in their 2018–19 financial statements.

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5. THE AUDIT PROCESS

5.1 Management co-operation

We appreciated the co-operation and help received from the Council's staff, in particular Mr John Sevil (Director of Finance and Corporate Strategy) and Mr Peter Cale (Manager Accounting Services).

5.2 Next year's audit

Your comments about the audit process are welcomed.



APPENDIX - GENERAL PURPOSE FINANCIAL STATEMENTS

Uncorrected monetary misstatements and disclosure deficiencies

Uncorrected monetary misstatements

The following uncorrected monetary misstatements were identified and discussed with management. Management believes the effect of not correcting these misstatements is immaterial, individually and in aggregate, to the GPFS as a whole. We agree with management's determination and do not consider the uncorrected misstatements significant enough to modify the opinion in the Independent Auditor's Report. Management is required to attach the schedules of uncorrected misstatements to the Representation Letter. The misstatements were discussed with Mr John Sevil, Director of Finance and Corporate Strategy, on 18 September 2019.

Description	Assets	Liabilities	Net operating result	Equity
Effect of potential correction	Increase/ (decrease)	(Increase)/ decrease	(Increase)/ decrease	(Increase)/ decrease
	\$'000	\$'000	\$'000	\$'000
Judgemental misstatements				
Rural Fire Service assets not recorded (e.g. 'red fleet' assets) at gross carrying amount	5,829		-	(5,829)
Rural Fire Service Assets not recorded – depreciation expense and accumulated depreciation	(3,475)		333	3,142
Total impact if misstatements were corrected	2,354		333	(2,687)



Effect of misstatements on the reported net operating result

To fully understand the current year's financial result, those charged with governance should consider the impact of misstatements from previous years corrected in the current period and current period errors that remain uncorrected.

This table illustrates the effect of misstatements that have not been corrected in the period in which they occurred.

Description and effect	Net operating result
	Increase)/ (decrease)
	\$'000
Net operating result as reported	3,655
Current year misstatements that have not been corrected	(333)
Adjusted current year net operating result	3,322

Corrected monetary misstatements and disclosure deficiencies

Corrected disclosure deficiencies

Management corrected minor disclosure deficiencies and incomplete note disclosures identified by the audit team.

Attachment No 1

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OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help parliament hold government accountable for its use of public resources.

Level 19, Darling Park Tower 2 201 Sussex Street Sydney NSW 2000 Australia

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Attachment No 1

1. COMMITTEE ACTION TRACKING LIST

The Internal Audit Committee Action Tracking List is attached (see Attachment No. 1). Actions relate to the IT Governance Review undertaken by Crowe Horwath in April 2019, the Audit Office Interim Management Letter, and the Fraud Control Plan.

RECOMMENDATION

That progress with implementation of actions be noted.

2. LEGISLATIVE COMPLIANCE - EXCEPTION REPORTING

At the Internal Audit Committee Meeting held on 28 March 2019, it was recommended that further agendas include an item for Compliance by Exception Reporting.

There are no identified issues to be reported.

RECOMMENDATION

That the report be noted.

3. DRAFT ANNUAL REPORT 2018/2019

Section 428 of the Local Government Act 1993 states that Councils must prepare an Annual Report within 5 months after the end of each year reporting as to its achievements in implementing its delivery program and the effectiveness of the principal activities undertaken in achieving the objectives at which those principal activities are directed. The report must contain a copy of Council's audited financial reports as well as the statutory information required under section 217 of the Local Government (General) Regulations 2005.

The Internal Audit Guidelines issued by the Office of Local Government state one of the Committee's roles and responsibilities is to ensure the financial information included in the Annual Report is consistent with the signed financial statements.

Accordingly, a copy of Council's Draft Annual Report 2018/2019 is provided under separate cover for consideration by the Committee.

Council's Annual Report for the 2018/2019 financial year must be published by 30 November 2019.

RECOMMENDATION

That the Committee consider the draft Annual Report 2018/2019 to ensure the financial information included in the Annual Report is consistent with the signed financial statements.

4. INSURANCE ARRANGEMENTS

The Internal Audit Guidelines issued by the Office of Local Government determine that the Committee should review Council's insurance arrangements as part of its risk management framework.

High risk areas identified as part of Council's strategic risk framework and as accepted by the Internal Audit Committee are:-

- Poor infrastructure sustainability
- Inability to attract and retain a skilled workforce
- Failure of water supply/security
- Failure of flood levee bank system (climate change)
- Risk of poor reputation/community perceptions/community engagement
- Risk of population growth/decline
- Risk of social factors i.e. crime
- Risk of interruption/loss of IT systems
- Risk of Public Liability/poor community safety
- Poor Contract Management

Council has recently renewed its insurances for the 2019/2020 financial year and a copy of the Insurance Summary of costs is provided to the Committee under separate cover. This has also been provided to Council's external auditors as part of their audit requirements. In addition, an extract of Council's insurance claims by year is provided under separate cover.

RECOMMENDATION

That the report be considered and accepted.

5. DISCUSSION PAPER - A NEW RISK MANAGEMENT AND INTERNAL AUDIT FRAMEWORK

The Office of Local Government has recently released a discussion paper and a snapshot on a new risk management and internal audit framework for local councils in NSW (See Attachment No. 2).

As the Committee would be aware, the Local Government Act 1993 was amended in August 2016 to require each council to appoint an audit, risk and improvement committee (ARIC). This requirement will take effect from March 2021 at the earliest.

The Office of Local Government is now seeking feedback on the proposed framework from the local government sector. Submissions should be made before 31 December 2019.

Some of the key issues for Council include the following:-

Independent members have increased from 2 to 3 as a minimum, maximum 5.
 Independent members are to be prequalified via the NSW Government's Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members. Members and Chair to serve a 3 to 5 year term. Members cannot exceed 8 years, term of Chair cannot exceed 5 years.

5. DISCUSSION PAPER – A NEW RISK MANAGEMENT AND INTERNAL AUDIT FRAMEWORK (Cont'd)

- Councillors will be non-voting members (i.e. observers).
- ARIC to meeting quarterly.
- Heavy focus on risk management including assignment of risk management responsibilities from Council to the General Manager.
- GM to publish in Council's annual report an attestation certificate indicating whether Council has complied with the risk management requirements.
- Governing body to assign administrative responsibility for internal audit to the General Manager and include this in their employment contract and performance reviews.
- General Manager to appoint a Chief Audit Executive to oversee the Council's internal audit activities in consultation with the ARIC.
- The Chief Audit Executive is to be a Council employee and the most senior member of staff in Council responsible for internal audit (but not the General Manager or Council's Senior Financial Officer). Preferred qualifications include appropriate professional certificates i.e. Institute of Internal Auditors, Certified Professional Accountants, or Chartered Accountants. The Chief Audit Executive cannot undertake internal audit activities on any Council operations or services that he/she has held responsibility for within the last five years. This position cannot be outsourced to an external service provider, except where the Council has entered into a shared arrangement with another Council or as part of their joint or regional organisations of council.
- Chief Audit Executive is to report functionally to the ARIC and administratively to the General Manager.
- General Manager is to ensure that, if required, the Council has adequate internal audit personnel to support the Chief Audit Executive (Councils can appoint in-house internal audit personnel or completely or partially outsource their internal audit function to an external provider).
- Chief Audit Executive is to develop a 4 year strategic plan to guide Council's longer term internal audits in consultation with the governing body, General Manager and senior managers.
- Chief Audit Executive is to develop an annual risk-based internal audit work plan based on the strategic plan etc.
- Chief Audit Executive is to establish a quality assurance and improvement program which includes ongoing monitoring and periodic self-assessments, an annual review and strategic external review at least once each council term.
- General Manager is to publish in the Council's annual report an annual attestation certificate indicating whether the Council has complied with the core requirements for the ARIC and internal audit function.
- Minutes of the committee are to be confidential unless otherwise specified by the committee.

RECOMMENDATION

For consideration.

6. MAJOR PROJECTS/UNDERTAKINGS 2019/2020

The Internal Audit Guidelines issued by the Office of Local Government determine that the Committee should review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.

Major projects planned for the 2019/2020 financial year include the following:-

Learn to Swim Pool - Narromine

This project includes the installation of a 15m x 11m learn to swim pool, installation of a 110m2 splash park with sprays, water tunnels and associated works, installation of shade structures, installation of a café area in the front of the existing canteen, installation of a new filtration/pump shed and back wash storage tanks.

The Learn to Swim Pool project is a 1.66 Million dollar project. The project was advertised for tender after following and Expression of Interest (EOI) process, and subsequently contracted to Beau Corp Projects Pty Ltd.

Strategic risks identified include project timeline, project scope, project costs against available budget, overall project quality, resources and the availability of subcontractors, stakeholders, communication, and reputational risks. Another risk factor that has been considered is the opening of the existing pool while construction is taking place. Appropriate management plans have been implemented to keep the community out of the worksite.

The Director Infrastructure and Engineering Services has overall responsibility for the management of the project.

Wetlands Extension - Narromine

Council received a grant of \$2.942 Million from the State Government for the extension of the Narromine Wetlands.

Concept layouts, irrigation, footpath and a bridge design are being finalised, with the aim of construction of the first stage in early 2020. The project has been delayed as a site for a future water treatment plant had to be identified in close proximity to the proposed ponds. Geotechnical investigations have been completed and a Review of the Environment Factors is currently being undertaken.

The first stage of the project will consist of ponds, vehicle crossing, viewing platforms, stormwater channels, car park, gates, fencing, gravel pathways, interpretive signs, vegetation, irrigation system shelters and solar path lighting. The second and third stages will follow a similar approach. Total storage for this extension is approximately 270ML.

The project will be advertised for tender after design finalisation.

Strategic risks for the project include project scope, project costs against available budget, overall project quality, resources and the availability of contractors due to the Inland Rail construction project, stakeholders, communication, and reputational risks.

6. MAJOR PROJECTS/UNDERTAKINGS 2019/2020 (Cont'd)

The Director Infrastructure and Engineering Services will have overall responsibility for the management of the project.

Skypark and Industrial Development - Narromine

The Narromine Skypark development consists of a 27 lot residential subdivision and its associated civil works, including roads, stormwater, water and sewer and electrical and NBN installation.

The Industrial Hangar development project consists of the construction of a new 22 lot light industrial subdivision including roads, stormwater, water and sewer and electrical and NBN installation.

Tender documents have been prepared and is currently being advertised.

Strategic Risk Management issues identified for the project include project scope, project costs against available budget, overall project quality, resources and the availability of contractors due to the Inland Rail construction project, stakeholders, communication and reputational risks.

The Director Infrastructure and Engineering Services will have overall responsibility for the management of the project.

RECOMMENDATION

That the report be considered and accepted.

7. COMPLIANCE MONITORING - OFFICE OF LOCAL GOVERNMENT CIRCULARS

A number of Circulars have been issued by the Office of Local Government since the Internal Audit Committee Meeting held in June 2019. Attachment No 3 provides information relating to each circular and Council's action taken to date.

RECOMMENDATION

That the report be considered and accepted.

Marion Truscott Executive Manager Corporate Governance Attachment No 1

Narromine Shire Council

Internal Audit Committee - Action List As At 01.11.19

Action	Action	Responsible	Due Date	Status	Comment
No		Officer			
IT Gove	Governance Review				
1	Vendor network accounts to be disabled	Manager	01.09.19	Completed	61/ <i>L</i> /6
		Information			
C			01 00 10	000000000000000000000000000000000000000	01///0
7.	Change Management Procedure to be	Manager	01.09.19	Completed	76/6/19
	amended to include addition of review step	Information			
	to the finalisation of the change management	Technology			
	process				
3	Formal disposal procedure to be documented	Manager	01.12.19	Completed	23/7/19
	to ensure the destruction of confirmation	Information			
	information from devices such as PC's,	Technology			
	Printers and Phones	1			
4	Procedure to be amended to include any	Manager	01.12.19	Completed	4/6/19
	shared IT asset (without a named user) to be	Information			
	inspected and its location updated	Technology			
	accordingly. To be performed 6 monthly at a				
	minimum.				
2	Portable devices to have encryption installed	Director Finance	01.12.19	Partial	All laptops now encrypted
	and activated. Review of external file	and Corporate			
	transfers and what requires encryption to be	Strategy			
	completed and considered by Manex.				
9	Penetration testing to be added to the	Director Finance	31.03.20	Not due	
	Cybersecurity Plan	and Corporate			
		Strategy			

Action No	Action	Responsible Officer	Due Date	Status	Comment
7	Location and removal of static address	Manager	01.09.19	Completed	3/6/19
	عورزا الأع ما مورادوه	Technology			
8	Password settings to be changed to 90 days	Manager	01.09.19	Completed	24/6/19
	initially to assess impact on IT support	Information			
C		1ecmology	01 11 10	7 (+)	01/7/00
5	Active Directory to be reviewed on a monthly	Wanager Information	01.12.19	completed	20/6/19
	Dasis to clear out unificessally accounts.	Tockpology			
	rutul e accounts to be replaced with user names.	ıecılıology			
10	Security access to only be granted to	Manager	01.06.19	Completed	11/6/19
	authorised persons for the main building	Information			
	power switchboard	Technology			
11	Scheduled testing of DR sites to be conducted	Manager	01.12.19	In progress	
	with either full or partial failover of services	Information			
	and equipment	Technology			
12	NSC to be included in the testing agreement	Manager	01.12.19	In progress	
	and regular backup testing performed as per	Information			
	agreement. Restoration of files to be	Technology			
	performed across multiple sections to ensure				
	hardware is not failing.				
Audit O	Audit Office Interim Management Letter				
_	Quarterly Water Billing Reconciliations	Director Finance	01.07.19	Completed	25/9/19
	including adjustment to be reviewed by an	and Corporate			
	independent officer, signed, dated and filed	Strategy			
2	Quarterly reviews of assets for capitalisation	Director Finance	01.07.19	Q1 Meeting with	14/10/19
	will be held, documentation filed	and Corporate		Engineering	
		Strategy		Department	

Action	Action	Kesponsible	Due Date	Status	Comment
No		Officer			
Fraud Control	ontrol				
<u></u>	Recruitment and Selection Policy to be expanded to include police checks for all cash	Executive Manager Human	01.07.19	Complete	Amended policy including police check expansions to positions approved at
	handling positions	Resources			May Manex and Consultative
					Committee meetings. Police checks currently underway.
2	Cash Handling Procedures to be reviewed and	Executive	01.07.19	Complete	Procedures reviewed and adopted at
	updated	Manager			Manex Meeting. Subsequently emailed
		Corporate			to all staff. Placed in Electronic
		Governance			Document Records Management System.
3	Re-training of staff handling cash	Director	01.08.19	Complete	4,7,19
		Infrastructure			Refresher training to be completed
		and Engineering			once casual lifeguards have been
		Services			appointed.
		Director Finance			
		and Corporate			
		Strategy			
4	Members of public not allowed access to	Community	01.07.20	Complete	Light switches moved to courtside.
	offices where cash is held – stadium switches	Facilities			
	in sports and fitness centre to be moved courtside	Manager			
2	Recruitment Procedures to be expanded to	Executive	01.07.19	Complete	New Identity checklist process part of
	include copies of original documentation	Manager Human			the recruitment process.
	required to verify personal details of new	Resources			
	staff, e.g. copy of passport, birth certificate				
	and tax documents				
9	HR staff to verbally confirm with employee	Executive	01.07.19	Complete	Payroll process in place.
	when receipt of email requesting change of bank details etc.	Manager Human Resources			
))))))			

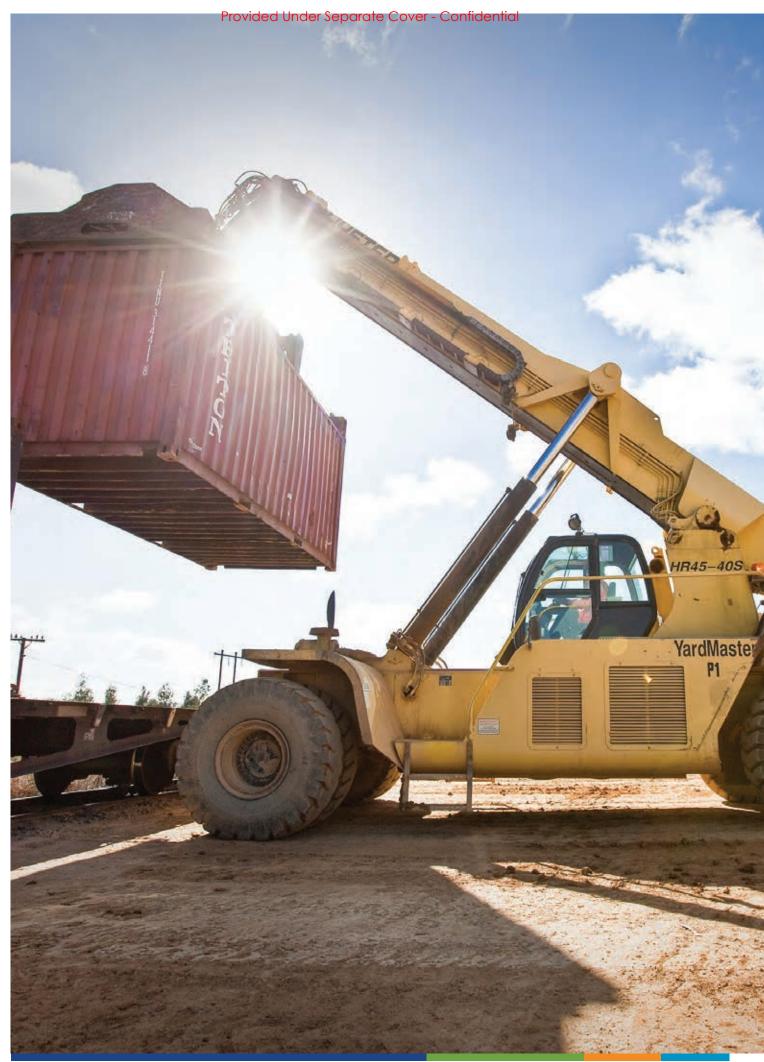
Action	Action Action	Responsible	Due Date	Status	Comment
No		Officer			
7	HR to verify formal qualifications	Executive	01.07.19	Complete	New Identity checklist process part of
		Manager Human			the recruitment process.
		Resources			
8	Internal Audit Committee to review Annual	Executive	11.11.19	Completed	Presented to Committee Meeting
	Report	Manager			11.11.19
		Corporate			
		Governance			
6	Variable Working Hours Policy to be	Executive	01.07.19	Complete	Amended policy approved to include
	expanded to include verbal approval in	Manager Human			approval in advance by email, text
	advance required by outdoor staff for	Resources			message or verbally.
	overtime				

Provided Under Separate Cover - Confidential





NARROMINE SHIRE COUNCIL ANNUAL REPORT 2018/2019







CONTENTS

Message from the Mayor	2
Message from the General Manager	5
Our Shire	6
Integrated Planning & Reporting Framework	7
Our Councillors	8
Organisational Chart	9
Our Achievements	10
Delivery Program Actions	11
Vibrant Communities	12
Growing our Economy	20
Protecting & Enhancing our Environment	24
Proactive Leadership	30
Major Capital Works Undertaken 2018/2019	38
Major Capital Works Commenced 2018/2019	38
2018/2019 Grants	39
Events	40
Economic Development	41
Financial Snapshot	42
Statutory Report	45
Annexure One - Financial Statement	51
Annexure Two - State of the Environment Snapshot	178

MESSAGE FROM THE MAYOR

Looking back on the past twelve months the overriding element in all that has occurred has been the extenuating of this incredible drought and the impact on the entire Shire. Unprecedented in its nature and unrelenting in its progress it is the single issue that holds back not just livelihoods and progress but brings torment and depression. The only option is to accept that with each passing day we are a day closer to enjoying the much needed rain that will eventually bring the relief for all. In this regard Council is focussed on achieving better outcomes through government intervention than we are currently experiencing and there simply has to be light at the end of the tunnel and certainty of an ability to survive and flourish yet again. Our resolve is strong and determined.

The drought aside, I again feel most fortunate to be able to bring the Mayor's message and it is one of hope, positivity and vision. I am firmly of the belief that Council and our constituents are going to witness some major advances in our business and economic environments over the next 3-5 years. During the past three years much time has been consumed in bringing about a vision for our future and that vision is now starting to show the green shoots that will lead to a more diversified business environment bringing jobs and opportunities across many fields. The future is indeed very positive with the Inland Rail project being the catalyst for much of these activities. Enhancing Inland Rail with a multifaceted approach of attracting a diversified industry base will result in outcomes that will minimise the impact of drought situations such as we are currently experiencing. It has always been a focus of mine to ensure that job opportunities for our younger generation exist across a wide range of roles here in our Shire without the need for our youth to leave.

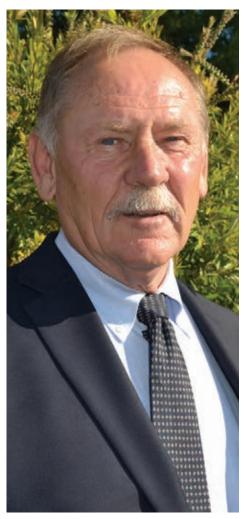
Council has continued its approach of upgrading amenities across the Shire and so many projects have now been completed or commenced. The pools have all had an upgrade and sporting precincts have master plans ready to

apply for the funding to allow them to proceed that will give the Shire facilities to be envied. Much of the funding for these projects has come from a heightened level of engagement with our local member to ensure we get the grants we need and deserve. To that extent our relationship has been excellent and continues to grow.

Water infrastructure has been a focal point with significant funds spent and allocated to ensure our water security, particularly in this critical period. Our bore is being upgraded currently with a new and specific filtration system to guarantee our water into the future. The drainage program will commence in the coming months that will also lead to the establishment of the wetlands on the southern end of Dandaloo street bringing benefits across a spectrum of areas.

Lastly, I again thank our General Manager Jane Redden and staff across all levels of the Shire for their continued dedication and effort to make this a wonderland Shire for us all. It is so very encouraging to know the dedication and focus that exists within the ranks of our staff that is taking the Shire to greater achievements. I also wish to acknowledge the support and input of my fellow Councillors whose enthusiasm continues to push for better outcomes. It is a privilege to work with them all.

Clr Craig Davies, **Mayor** Narromine Shire Council



MESSAGE FROM THE GENERAL MANAGER

2018/19 was an amazing year which saw 93% overall of Council's Delivery program completed. Unprecedented capital expenditure exceeded \$11.8 million for the year including significant projects such as the upgrade to the Duffy Street water reservoir, upgrades to Tomingley memorial hall, Trangie showground grandstand and Tom Perry Drive, redevelopment of the Glenn McGrath cricket net and Trangie Burns Oval, main street enhancements, the construction of a new truck wash at Narromine, substantial renewals to Council's works and services fleet and significant upgrades to the Eumungerie and Tantitha roads. In addition to this, Council graded over 470km of its road network during the 2018/19 year.

The further enhancement of our recreational facilities to satisfy the "active lifestyles" strategic theme for our community included major upgrades at our aquatic centres, sports and fitness centre and further strategic plans for the Cale Oval Narromine and Burns Oval sporting precinct plans. This planning will provide the basis for a staged implementation of the upgrades over the next few years and enable Council to work with the community and sporting groups to secure funding opportunities. One of the truly great success stories of 2018/19 was the launch of the Narromine Wetlands Parkrun, an event which continues to gain great support.

Our increasing focus on economic development based around agricultural value add, and the opportunities from Inland Rail have delivered the potential for further investment in our shire. Proactive engagement with the community, business and investors has placed Council back at the forefront of business development. The installation of CCTV in the Narromine CBD also gained widespread community support.

Events also were a feature of the year with the first of our volunteer thank you morning teas and the annual welcome evening for new residents. The NAIDOC, National Sorry Day and reconciliation day week were also prominent reinforcing

Council's commitment to the MOU with the Aboriginal community. Planning for the inaugural Dolly Festival programmed for 2020 is also well underway.

The drought that has gripped our shire and the broader country also brought a number of challenges for our communities. Council worked hard to provide opportunities and wherever possible to provide support. Free entry to the 2018 Narromine Show and free family fun days at our pools were widely utilised and our towns became used to living with water restrictions.

Employee safety remains at the forefront of our work every day and the year saw a further reduction in our days lost to injury. Both these are positive indicators of an employer who values employee safety, and employees who take responsibility for their own health and wellbeing and actions in the workplace.

Council's 2018/19 financial results again exceeded previous years with financial ratios largely above industry benchmark. A focus on continuous improvement has enabled funds to be better utilised and reallocated to a number of other projects. Council continues to improve its financial position which secures the long term viability of our shire.

Council was awarded the runner up in the 2018/19 Bluett award at the recent LGNSW Conference. The A R Bluett Memorial Award for rural councils has been awarded annually since 1945 and is contested each year by NSW councils who would like to be recognised as being the most progressive in the state. This is an achievement that all involved with Council should be very proud.

Finally, I would like to thank the senior management team and staff for their ongoing support over the past year. Their commitment and dedication to their Council and community continues to ensure the ongoing success of the organisation. We can all look back with a sense of pride in the many accomplishments and look to the future with great optimism.

Jane Redden, General Manager



OUR SHIRE

The Narromine Shire is located 40 kilometres west of Dubbo, in the Orana region of New South Wales, Australia. Covering 5224 square kilometres, our vast Shire includes the Major rural centre of Narromine, as well as Trangie and Tomingley.

We are a community of nearly 7,000 residents and are proud of our heritage, history and towns that we share with our residents, businesses and visitors. We choose to live in our Shire because of its location with access to a regional centre, its picturesque setting and our close community connections.

The Wiradjuri people were the original inhabitants of this area and the traditional owners of this land. Today our Shire has an indigenous population of just under 1000 residents (21%).

Our agriculture sector has long been the mainstay and we are well known for our sheep, cattle and wool, cotton production as well as broadacre cereal crops.

Alkane Resources Limited provide significant employment opportunities.

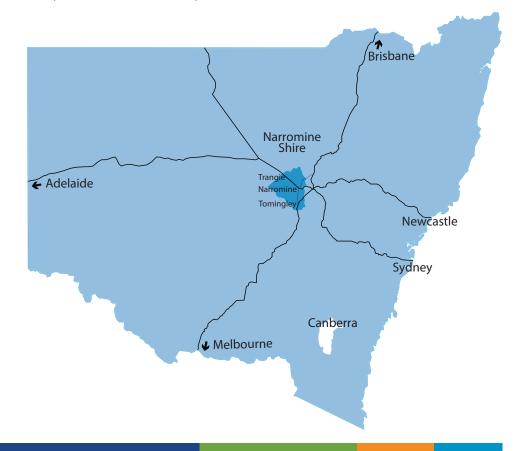
Narromine Shire Council provides a range of services for our community. Our Shire's assets are valued at \$309 million and include roads, water and sewer infrastructure, footpaths, community amenities such as libraries, parks and playgrounds and sporting and recreation facilities. Our Council will continue to focus on improving our community for residents, businesses and visitors to our Shire.

6,444

URBAN POPULATION
4,116

RURAL POPULATION
2,328

TOTAL AREA (SQ KM)
5,264



INTEGRATED PLANNING & REPORTING FRAMEWORK

Community Strategic Plan 2027

The Narromine Shire Community Strategic Plan 2027 sets out the community's main visions for 2027.

The following principles and goals were identified:

Vibrant Communities

Goal - We want to create a safe, healthy and connected region that encourages participation and creates a strong sense of pride in our community and each other's wellbeing.

Growing our Economy

Goal - We have a diverse economy with thriving businesses that offer a range of employment opportunities supported by skill development options.

Protecting and Enhancing our Environment

Goal - We value our natural and built environment, our resources for the enjoyment of the community and visitors to our Shire.

Proactive Leadership

Goal - we are an open and accountable local government that involves our community in the decision making process and effectively manages our public resources through sound financial management and well informed strategic planning for our Shire's future.

Council's Delivery Program 2017/2018 - 2020/2021

The Delivery Program sets out the principle activities to be undertaken by Council over a Council term, to implement the objectives identified in the Narromine Shire Community Strategic Plan 2027.

Council's Operational Plan 2018/2019

This annual plan details Council's activities and budget for the year under the Delivery Program.

Council's Resourcing Strategy

The Community Strategic Plan identifies long term community aspirations, however these will not be achieved without sufficient resources - time, money, assets and people to carry them out. Documents include Council's Long Term Financial Plan, Workforce Plan and Asset Management Plan.

Council's Annual Report

The Annual Report focuses on Council's implementation of the Delivery Program and Operational Plan.



OUR COUNCILLORS







Cr Dawn Collins, Deputy Mayor



Cr James Craft



Cr Trudy Everingham



Cr Colin Hamilton



Cr Lyn Jablonski



Cr Les Lambert



Cr Mark Munro



Cr Robert McCutcheon

ORGANISATIONAL CHART



OUR ACHIEVEMENTS

Delivery Program Achievements 2018/2019

In the 2018/2019 financial year, 85% of total actions from the Delivery Program were completed (161 actions completed, 29 actions not completed).

VIBRANT COMMUNITIES

83%

GROWING OUR ECONOMY

72%

PROTECTING AND ENHANCING OUR ENVIRONMENT

76%

PROACTIVE LEADERSHIP

98%

Organisation Achievements

In 2018/2019 Council has achieved the following;



93 EMPLOYEES



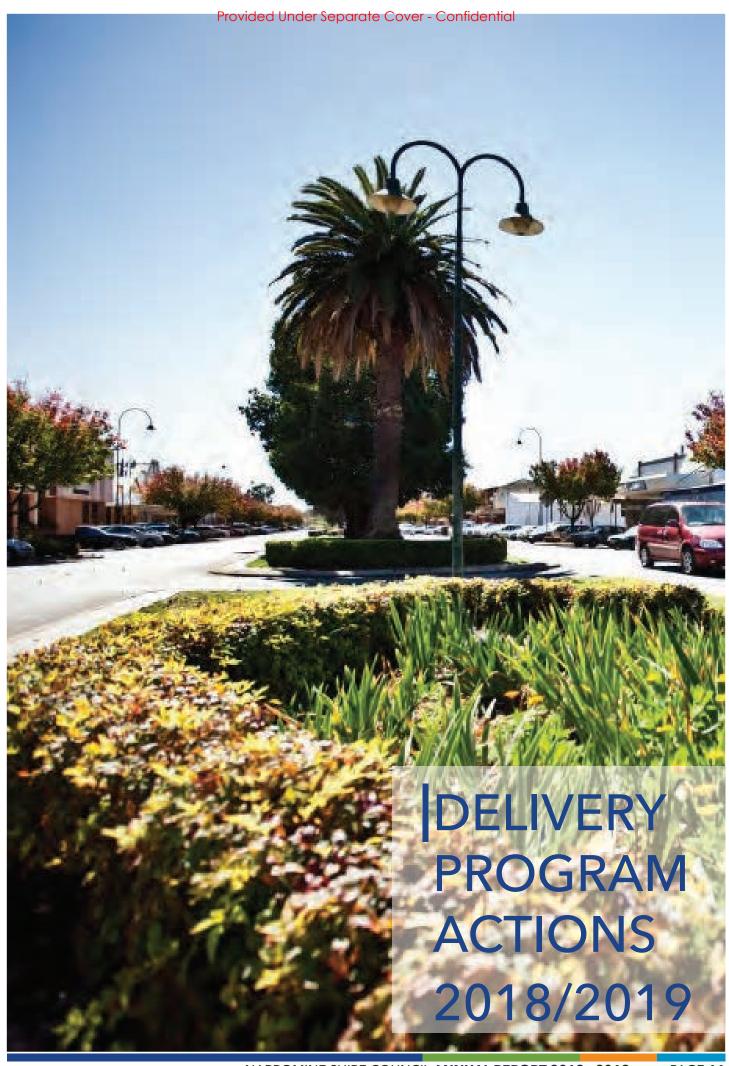
\$20.72M RECURRENT EXPENDITURE FOR 2018/2019



\$9.6M DA APPROVALS



470 KM ROADS GRADED



"We want to create a safe, healthy and connected region that encourages participating and creates a strong sense of pride in our community and each other's well-being"

Council achieved 83% of the actions set out in the vibrant communities actions in the 2018/2019 delivery program.

Action	NO. actions complete	Total no. of actions			
83% of act	83% of actions completed				
1.1	20	27			
1.2	14	15			
1.3	5	5			
1.4	4	5			
	43	52			



A safe, active and health Community (SP Nos. 16, 23, 27)

Action Code	Action	Performance Measure	Action Progress	Comment
1.1.01.01	Liaise with Police and other community groups.	Meet Quarterly with police.	100%	Regular meetings held with NSW Police and community crime representatives
1.1.01.03	Develop a Crime Minimisation Strategy.	Strategy complete by 31 December 2018	5%	Work will commence on the Strategy in early 19/20. Expect to be completed by December 2019.
1.1.02.01	Investigate installing CCTV cameras in CBD and appropriate avenues of grant funding.	Installation of CCTV cameras in CBD by 30 September 2018, subject to successful grant funding.	100%	This project was completed by April 30th 2019. Cameras being actively used by Police.
1.1.02.02	Coordinate annual inspection of Council streetlights to ensure adequate operation.	Audit conducted annually.	85%	Progressing program of inspections.
1.1.03.01	Participate in Interagency Meetings and provide Council assistance where appropriate.	90% attendance at Interagency meetings.	100%	Member of Economic Development team attends when possible. Communication with agencies ongoing.
1.1.04.01	Develop and publicise a brochure on the facilities available in the Shire.	Brochure developed and published by 30 June 2018. Update brochure annually.	100%	Updated every two years. Brochure to be reviewed and updated in 19/20.
1.1.04.02	Promote recreational opportunities for all ages through website, social media and other available networks.	Update information on a monthly basis.	100%	Regular updates on website, Facebook and traditional media. New programs implemented.
1.1.04.03	Installation of signage in parks, reserves and relevant facilities.	Prepare program and design signage by 28 February 2018. Install signage by 30 June 2019.	95%	Signs for parks and ovals have been purchased and will be installed thereafter.
1.1.04.04	Develop a plan for provision of cycleway routes.	Plan finalised by 30 June 2018.	100%	Plan finalised and adopted by Council 8 August 2018. Program will commence once funding is available.
1.1.05.02	Install automatic irrigation at Payten Oval Outer.	Install automatic irrigation by 30 June 2018.	100%	Funded through the Drought Communities program and completed.
1.1.05.03	Install Bollards on Payten Oval Outer.	Install Bollards by 30 June 2018.	100%	Bollards have been installed.
1.1.05.05	Oversee implementation of the Master Plan.	Implement key deliverables as per the Master Plan.	100%	Concept Plan for Cale Oval developed and adopted.
1.1.06.01	Collaborate with government and other health service providers to ensure high quality health care facilities and services are available to Shire residents.	Meet quarterly with State and Federal Local Members ensuring the provision of Shire health facilities a key agenda item.	100%	Concept Plan for Burns Oval developed and adopted. Meetings with State and Federal Members held with the provision of health care services on the standard agenda. Proactive and positive relationships maintained with Narromine Shire Family Health Care services. Recent meetings held with WNSWLHD and follow up meeting held August 2019.

Action Code	Action	Performance Measure	Action Progress	Comment
1.1.07.0	Strengthen relationships with key medical agencies within the Shire.	Meet six monthly with Western NSW LHD Narromine and Trangie health care providers.	100%	Meeting held with local State Member and CEO Western NSW Local Health District. Follow up meeting with WNSWLHD held August 2019.
1.1.08.0)1 Install mobility chair at Narromine Pool.	Installation complete by 30 September 2017.	100%	Chair foundation completed. Mobility chair will be installed at the commencement of each season.
1.1.08.0	Install mobility chair at Trangie Pool.	Installation complete by 30 September, 2018.	100%	Chair foundation completed. Mobility chair will be installed at the commencement of each season.
1.1.08.0	Review operational costs of Narromine and Trangie pools and determine fees and charges annually.	Fees and charges reviewed and adopted by 30 June annually.	100%	New fees and charges adopted by Council.
1.1.08.0	Construct a water park at Narromine Pool.	Preliminary planning complete by 30 June 2018. Seek grant funding to construct by 30 June 2020.	100%	Grant funding has been received, Tender has been let and works are underway, due for completion in November 2019
1.1.10.0	Support programs for the aged in the community with a healthy lifestyle focus.	Consult with Health Services and advertise programs monthly through Council's website and Facebook page.	100%	Council has commenced the following programs: Get Active and Stay Moving, Healthy Lifestyles Community Exercise, Pilates Classes and Tai Chi for Arthritis Classes. These programs are advertised via Facebook, Council's website, posters throughout the community and the Council Column.
1.1.10.0	Provide opportunity for reduced gym membership fee on receipt of Seniors Card.	Advertise reduced Seniors' gym membership monthly.	100%	New fees and charges have been adopted by Council providing reduced gym membership for Seniors Card holders. Advertising occurs through a variety of mediums.
1.1.11.0	Upgrade Men's amenities at Narromine Sports Centre.	Upgrade completed by 30 June 2019.	50%	Order has been raised and work commenced in October 2019.
1.1.11.0	Upgrade Women's amenities at Narromine Sports Complex.	Upgrade completed by 30 June 2018.	50%	Work order has been raised and work commenced in October 2019.
1.1.11.0	Paint exterior and interior of Narromine Sports Centre	Painting completed by 30 June 2018.	50%	Interior painting completed. Part exterior painting undertaken. Budget allocation for 19/20 to complete exterior painting.
1.1.11.0	Ensure adequate resources are allocated to the Sports Centre to maintain facilities in accordance with community usage.	Review fees and charges annually by 30 June.	100%	New fees and charges adopted by Council by 30 June 2019.
1.1.11.0	Upgrade existing disabled toilet to meet Australian Standards.	Upgrade completed by 30 June 2018.	50%	Work order raised and work commenced in October 2019.
1.1.12.0	Convene and support bi- annual sports user group workshops in winter and summer.	100% meetings held with sports user groups.	100%	Meetings held in Narromine and Trangie as required.
1.1.12.0	Prepare Leases/Licenses or User Agreements for all Sporting Groups using Council's sporting fields.	Agreements prepared for all user groups.	100%	Agreements are prepared for Sporting Groups as required.

A vibrant and diverse community that has a strong sense of belonging and wellbeing (SP Nos. 13, 14, 24, 26, 27)

Action Code	Action	Performance Measure	Action Progress	Comment
1.2.01.01	Ensure facilities meet accessibility standards.	Review facilities annually to determine and address compliance issues.	80%	DIAP works have been finalised in the Narromine library and Administration building toilets to be commenced.
1.2.02.01	In partnership with the community, continue to facilitate events that celebrate community values including all groups within the community and provide financial and in-kind assistance for community and private events, e.g. Ausfly, Oz-Kosh.	Two major events annually.	100%	Australia Day completed. Pink Pigeon fundraising completed. Seniors Day and Youth Week activities completed. NAIDOC Day and Sorry Day participation. Continue to work with community groups as required.
1.2.02.02	Prepare Inclusion and Access Guidelines for cultural and community events.	Inclusion and Access Guidelines prepared by December 2018.	100%	Completed in 2017-18.
1.2.03.01	Provide grants through the Donations, Sponsorships and Waiver of Fees & Charges Policy process to community groups, with an emphasis on sports, recreation, arts, cultural, leadership and development activities.	Submissions advertised and received by 30 September, and applicants advised by 30 November each year.	100%	Submissions were advertised and received by 30 September, and applicants advised by 30 November 2018.
1.2.03.02	Continue to support the Local History Groups in Narromine and Trangie with a financial contribution to assist with their work.	Donation to both Local History Groups in the Annual Budget.	100%	Continue to communicate with Local History Groups. Financial contribution as per Council's 18/19 budget.
1.2.03.04	Give public recognition of volunteer service.	Hold annual volunteers recognition morning tea.	100%	Volunteer thank you functions held in early December in Narromine and Trangie.
1.2.04.01	Distribute information to all new residents and provide information on Council's website.	Review information six monthly.	100%	Information on website continues to be reviewed and updated. Note development of new guide information is due for completion in January 2020.
1.2.04.02	Host welcome functions for new residents, community group representatives, business owners and local agency representatives to enable new residents to establish contact with others in the community.	Advertise and promote welcome function to the broader community annually in March.	100%	Narromine region Welcome evening held 16 May 2019.

Action Code	Action	Performance Measure	Action Progress	Comment
1.2.04.03	Host Citizenship ceremonies upon receipt of relevant information from Department Immigration and Border Control.	Citizenship ceremonies held.	100%	Citizenship Ceremonies are organised when notification is received from the Department of Immigration. This year 2 ceremonies held with a total of 8 people naturalised.
1.2.05.01	Liaise with Local Aboriginal Land Councils to enhance the opportunities for the Indigenous community.	Two meetings per year.	100%	Continue to liaise with Community groups. Meetings established as per MOU. Two meetings held in 2018-19.
1.2.05.02	Assist with NAIDOC Week, Reconciliation Day and other events of importance to the Aboriginal community.	Involvement at these events on an annual basis.	100%	Assisted with NAIDOC Day on the 21st of September 2018. Assistance provided for other significant events as requested. NAIDOC 2019 held July 1.
1.2.05.04	Implement Targets in the MOU Action Plan	Meet twice annually to discuss targets in Action Plan. Undertake actions as per priorities set by working group.	100%	Meetings arranged and actions completed as per plan. Discussion being initiated with the Aboriginal Community around delays in progressing the action plan. Work through actions as per plan when time and resources allows.
1.2.06.01	Develop an urban branding strategy for the towns and villages within the shire.	Urban branding strategy complete by 30 June 2019.	100%	The urban branding strategy brings together Council's marketing plan, branding, communications plan and latest tourism brochure. The tourism brochure has been reviewed and updated. Next version will be undertaken in December 2019.
1.2.07.01	All new applicable applications for development comply with the National Construction Code.	100% compliance with National Construction Code.	100%	Applications are being assessed to ensure compliance with National Construction Code
1.2.08.01	Support youth activities within the Shire.	Partner with other agencies to deliver annual youth week activities.	100%	Council supportive of youth week activities and additional events such as pool inflatable days at the Narromine and Trangie pools.

A community that can access a range of formal and informal education, information and other services and opportunities to enhance their lives (SP No. 15)

Action Code	Action	Performance Measure	Action Progress	Comment
1.3.01.01	Advocate where possible for the increased provision of educational opportunities for our youth within the shire.	Meet quarterly with State and Federal Local Members ensuring the provision of educational opportunities for youth in our Shire a key agenda item.	100%	Quarterly meetings with State and Federal Members held with education as a standard agenda item, Council provides ongoing financial and administrative support to the Girls Academy program at Narromine High School.
1.3.03.01	Lobby the government to continue to fund child care services in Narromine Shire.	Affordable provision of child care services within the Shire.	100%	Council is supportive of pre-school and child care centres in our shire. Advocacy undertaken as required.

Action Code	Action	Performance Measure	Action Progress	Comment
1.3.05.01	Continue to lobby Federal and State Local Members and relevant Ministers for service delivery and presence of TAFE within our Shire.	Meet quarterly with State and Federal Local Members ensuring the delivery of TAFE services within the Shire.	100%	Quarterly meetings held with State and Federal Members with the delivery of TAFE services a standard agenda item.
1.3.06.01	Assist in providing industry specific reports to vocational sector.	Make representations to vocational sector.	100%	Representations provided as requested.
1.3.07.01	Provision of E resources, IT training workshops and advisory services to Libraries.	Free Wi-Fi and microfiche printer facility available for researching. Public computers provided. IT training workshops held.	100%	Work continues along with Macquarie Regional Library.

Accessible facilities and services are available for people with limited mobility

Action Code	Action	Performance Measure	Action Progress	Comment
1.4.01.01	Implement actions identified in Council's Disability Action Improvement Plan (DIAP).	100% DIAP targets met.	80%	Actions identified and works have commenced. New seats to be installed.
1.4.01.02	Implement actions identified in Council's Disability Action Improvement Plan (DIAP) in relation to community services.	100% DIAP targets met.	100%	Strategic actions implemented as per Disability Inclusion Action Plan.
1.4.02.01	Identify buildings in the CBD that are not 'mobility friendly' for access in Narromine and Trangie.	Identify buildings to provide access and report to owners for their consideration by December 2018.	100%	Audit was completed in January 2019 for both Narromine and Trangie CBD. Reports created and letters were sent to both owner and occupier advising them of audit result and inviting them to make contact should they wish to assess their disability access restrictions.
1.4.02.02	Undertake accessibility audit on all community / Council facilities.	Review facilities annually by 31 March 2018 to determine compliance issues.	100%	Ongoing inspections held and improvements done as funds become available
1.4.03.01	Work with Government agencies to lobby for community transport access within the Shire and to Dubbo and on a regular basis.	Access to community transport locally and to Dubbo is maintained.	100%	Community transport access ongoing advocacy item for Council.

"We have a diverse economy with thriving businesses that offer a range of employment opportunities supported by skill development options."

Council achieved 72% of the actions set out in the growing our economy actions in the 2018/2019 delivery program.

Action	NO. actions complete	Total no. of action
72% of act	ions completed	
2.1	7	10
2.2	8	12
2.3	3	3
	18	25



To sustain and grow our local population (SP No 3)

Action Code	Action	Performance Measure	Action Progress	Comment
2.1.01.01	Prepare and implement an Economic Development Strategy.	Implementation of Action Plan deliverables.	100%	The EDG Committee continues to meet every quarter to discuss priorities and delivery of the strategy deliverables.
2.1.02.01	Establishment of a retailers' network.	Network established and meeting quarterly by July 2018.	100%	Engage with retailers at specific times of the year to update them on marketing initiatives, tourism, new residents night, Events, Growing Narromine workshops among others. At this time there is not a demand from retailers for a formal network.
2.1.02.02	Continue association with 'Love the Life we Live' website and marketing campaign through the Economic Development network.	Monitor hits to Narromine component of 'Love the Life we Live' website and referrals.	100%	Works continue with Orana Economic Development Officer's group. Changed focus planned.
2.1.03.01	Develop a Shire wide Marketing Strategy.	Strategy developed by 30 June 2018. Implement the actions from the Strategy.	100%	Strategy completed. Continue to implement actions within the strategy.
2.1.03.02	Continue participation with Greater Western Plains Promotions Group.	Number of campaigns undertaken annually.	100%	Campaigns include brochure and website together with activities therein.
2.1.04.01	Finalise the peer review for the flood levee investigation and flood studies as per recommendations of the Narromine Floodplain Risk Management Study and Plan 2009 and feasibility study.	Peer review recommendations finalised by 30 June 2018.	95%	Office of Environment and Heritage informed about new options. Suggested to include new alignments in the Flood Risk Management Plan. Consultant has been appointed to conduct/ review Flood Risk Management Plan. Peer review completed.
2.1.04.02	Seek grant funding and determine loan funding requirements for the flood levee construction project.	Obtain grant funding by 30 June 2019.	0%	Cannot progress until Floodplain Risk Management Plan reviewed.
2.1.05.01	Review Land Use Strategies in line with results of Economic Development Strategy to ensure planned new land releases to stimulate economy.	Review of Land Use Strategies following adoption of the Economic Development Strategy.	80%	Rural Residential and Residential Land Use Strategy completed and endorsed by Department of Planning and Environment and Council.
2.1.05.02	Develop Employment Lands Strategy.	Strategy completed by 30 June 2018.	100%	Completed in August 2018.
2.1.05.02	Develop Employment Lands Strategy.	Strategy completed by 30 June 2018.	100%	Completed in August 2018.
2.1.06.02	Assist community with applications for grant funding by providing statistical data.	Update available information and promote as per communications strategy.	100%	Up to date information provided on the website and as community groups require.

The ongoing development, diversification and sustainability of the local business and industry base (SP No 4)

Action Code	Action	Performance Measure	Action Progress	Comment
2.2.01.01	Hold a biennial industry event specifically targeting agricultural value add opportunities.	Industry event held.	100%	Assist with Growers workshop. Growing Narromine Workshops held in October 2018.
2.2.02.02	Establish interest of current owners of hangars / buildings at the Aerodrome to ascertain their interest in purchasing the site of their buildings.	Owner interest documented by 30 June 2019.	100%	This has been completed in the past. Will regauge interest once the Aerodrome Masterplan has been finalised and in light of suggestions for changed Council Policy.
2.2.03.01	Implement strategies contained in Aerodrome Strategic Master Plan.	Targets are met.	100%	Strategic plan to be updated 2019, consultation has commenced.
2.2.03.02	Update / Review Aerodrome Strategic Master Plan	Review of Plan completed and adopted by Council 30 June 2019.	80%	Initial consultation finalised. Reported to July 2019 Council meeting for formal community consultation. Expect to be finalised by December 2019.
2.2.03.03	Continue with the hangar light industrial precinct development for aviation related businesses in accordance with the Aerodrome Strategic and Master Plan.	First stage available for sale by 30 June 2018.	50%	Tender documents prepared. Funding has been allocated, tender put out on exhibition October 2019
2.2.04.01	Work with State Government agencies to appropriately identify high value land resources, where Government priorities are identified.	Provide input to new State Legislation within advertised time frames for consultation.	100%	Council continues to explore opportunities to undertake strategic planning initiatives aimed at encouraging business development or reducing planning limitations where possible.
2.2.04.02	Identify appropriate sites, in accordance with Land Use Strategy, for value added agricultural related industries.	Work with Department of Planning & Environment to produce a broad scale value added sites plan by June 2018.	80%	Narromine Agricultural Lands Strategy (GHD, 2013) has been reviewed, recommendations include RU4 - Rural Small Holdings. This zone is not adopted by our LEP, will discuss with Dept Planning regarding introducing it in the next LEP review and will identify the need for small ag holdings in the LSPS with potential location. Reference has been made to the Study in the assessment of intensive plant DAs.
2.2.05.01	Provide improved information services to highlight tourism events and points of interest in the Shire.	Increased online engagement by 10%.	100%	Updates of information on Facebook and website as required. Ongoing support of Visitors Centre. Visitor Information signage completed.
2.2.05.02	In conjunction with other OROC councils undertake joint regional promotions such as through the 'Love the Life we Live' brand.	Annual promotion.	100%	Promotions through Love the Life We Live website. Note that the Orana group of Council's no longer support this initiative. Council will develop this further for promotion of Narromine, Trangie and Tomingley.

Action Code	Action	Performance Measure	Action Progress	Comment
2.2.06.01	Develop action plan for expenditure of water and sewer head works charges and Section 94A levies.	Minimum 10% funds expended each financial year in accordance with growth area priorities. Investigate feasibility of Narromine Water Treatment Plant by 30 June 2018. Seek grant funding for Narromine Water Treatment Plant by 30 June 2019. Commence design / construction of Narromine Water Treatment Plant by 30 June 2020.	75%	Comments provided to DSP consultant and is waiting for updated report which considers different cost scenarios. Funding for temporary plant approved.
2.2.07.01	Work with existing tourist operators and community groups to promote Narromine Shire.	Undertake annual promotions.	100%	Work continues with existing stakeholders. Annual promotions include website promotions, social media promotions and brochures.
2.2.08.01	Encourage businesses to work with Council to support a business culture within our shire.	One business forum per year held by Council.	100%	Grow Narromine series workshops held in October 2018. Ongoing improved communications with businesses. Updated business prospectus. Ongoing Economic Development Officer's Group meetings.

To encourage employment and skills development to address industry needs and grow the Region's knowledge base (SP No 6)

Action Code	Action	Performance Measure	Action Progress	Comment
2.3.01.01	Advocate for the maintenance or increase of educational opportunities and training programs within the Shire.	Meet quarterly with State and Federal Local Members ensuring the provision of educational opportunities and training opportunities in our Shire a key agenda item.	100%	Quarterly meetings with State and Federal Members with educational opportunities and training programs as a key agenda item.
2.3.02.01	Develop a policy on industry incentives for existing and new businesses.	Policy completed by 30 June 2019.	100%	Incentives listed on Council website including State and any Federal incentives at this time. Specific funds not allocated from Council at this time.
2.3.03.01	Upgrade truck wash facilities in Narromine and Trangie.	Upgrade of Narromine Truck Wash completed by 30 June 2019.	100	Narromine facility upgrade completed. Trangie has now received funding and will commence following acquisition of land.

"We value our natural and built environment, our resources for the enjoyment of the community and visitors to our Shire."

Council achieve 76% of the actions set out in the protecting and enhancing our environment actions in the 2018/2019 delivery program.

Action	NO. actions complete	Total no. of action				
76% of act	76% of actions completed					
3.1 5		12				
3.2	14	16				
3.3	3	4				
3.4	2	3				
3.5	9	9				
3.6	6	7				
	39	51				



Manage our natural environments for current and future generations (SP No 22)

Action Code	Action	Performance Measure	Action Progress	Comment
3.1.01.02	Seek grant funding for the Wetlands redevelopment.	Grant funding finalised by 30 June 2019.	100%	Grant funding application successful. Planning and design has commenced, civil work to commence in November 2019
3.1.02.01	Maintain involvement with the Macquarie and LLS Weeds Group.	Representation and 90% attendance at Macquarie Regional Weeds Advisory Group meetings.	100%	100% Attendance of both Macquarie Valley Weed Committee meetings and Central West Regional Weeds Committee meetings throughout 2018/2019.
3.1.02.02	Continue the annual fingerling release into the Macquarie River and into Goan Waterhole in conjunction with Macquarie Cotton Growers.	Funding application lodged each year and fingerlings released into River and Goan Waterhole - January annually.	100%	Despite funding program being under review, DPI contacted Council on 19 December 2018 to inform Council that DPI would be releasing 6000 Murray Cod fingerlings at the Narromine boat ramp. Release result of Council's long term (20yr) commitment to the program.
3.1.03.01	Install solar panels on suitable Council buildings.	Installation of solar panels by 30 June 2019.	10%	To be considered as part of an Orana JO initiative. Funding in 2019/20 for Customer Service and Payments Centre building.
3.1.04.01	Encourage owners of heritage items to contact Council regarding funding available for maintenance of their buildings and sites from State and Local Government.	Quarterly articles in Council's newsletter.	50%	Request has been made to Office of Environment and Heritage to extend funding for 6 months into next financial year as no request was made to extend the previous financial years funding.
3.1.04.02	Contact owners of sites where building is not maintained and negotiate action plan of maintenance.	Annual review undertaken and action plan complete.	80%	Will identify relevant buildings and negotiate plan of maintenance.
3.1.04.03	Manage heritage-related enquiries at Council.	Record number of enquiries taken and advice given.	60%	Responding to heritage inquiries, have advised applicant for local heritage funding that Council has requested an extension for funding for the next financial year. Anticipated to have access to the local heritage fund again next year.
3.1.05.01	Undertake commitments within the WAP1520 Weeds Action Plan.	Ensure that 90% of private property inspections are undertaken in accordance with commitments within WAP1520.	100%	Commitments under the WAP1520 Yr4 program are being met where possible considering drought conditions.
3.1.06.01	Ensure compliance with relevant building codes and regulations.	Development applications and construction certificates are accompanied by relevant Basix certificates or Part J relevant reports where required.	100%	All applications are being assessed and determined under the relevant legislation.
3.1.07.01	Review Narromine Shire Waste Management Strategy.	Update Narromine Shire Waste Management Strategy by 30 June 2018.	75%	Documents have been prepared and will go to quotation for the strategy to be completed by December 2019

Action Code	Action	Performance Measure	Action Progress	Comment
3.1.07.04	Investigate alternative management options for the Narromine Waste Depot.	Determine suitable management options prior to 30 June 2018.	75%	Suitable management options will be determined as part of the strategy.
3.1.07.05	Continue to be a member council of Net Waste, attending regional forums to address waste management issues at a regional level.	90% attendance at NetWaste meetings.	95%	Ongoing Participation

We are a sustainable and environmental community with a great appreciation of our natural assets (SP No 22)

Action Code	Action	Performance Measure	Action Progress	Comment
3.2.01.01	Support natural resource initiative of Local Land Services (LLS).	80% attendance Local Government Reference Group meetings.	100%	100% Attendance of Central West Regional Weeds Committee meetings throughout 2018/2019.
3.2.01.02	Engage with schools and local community groups to utilise the Narromine Wetlands as a learning resource.	Four school groups per year utilise the Narromine wetlands as a learning resource.	0%	Promotion with schools will continue after works have been completed.
3.2.01.03	Continue to conduct community education campaigns through Net Waste in accordance with the Waste Education Plan promoting the benefits of recycling and educating the community regarding which items can be recycled.	Carried out by Envirocon annually at each school. At least one community education program conducted annually.	100%	Education Plan is being implemented.
3.2.01.04	Continue involvement in the Waste Education Plan.	Education by Envirocon at schools in accordance with the Waste Education Plan.	100%	Education Plan is being implemented.
3.2.01.05	Promote environmental awareness.	Quarterly newsletter article.	100%	Information provided in quarterly Newsletter.
3.2.02.01	Conduct public education campaigns aimed at reducing littering, stray dogs/cats, and promoting the desexing of domestic animals, dog and cat registration, and microchipping.	Annual promotion in newsletter.	100%	Promotion through social media and in correspondence via companion animals registration process.
3.2.02.02	Investigate concerns or complaints in relation to overgrown allotments and buildings in a state of disrepair.	90% of complaints to have investigations commenced within 2 working days.	100%	Customer requests regarding overgrown blocks and dilapidated buildings are being investigated within 2 days and relevant Council staff are actively identifying issues prior to requests being lodged.

Action Code	Action	Performance Measure	Action Progress	Comment
3.2.03.01	Identify local environmental groups within the Narromine Shire	Contact local environmental groups by June 2018.	100%	Register maintained and updated as necessary.
3.2.03.03	Develop a working relationship with identified local environmental groups.	Arrange to meet six monthly.	50%	Opportunities for meetings to be held did not occur in the 18/19 period.
3.2.03.04	Identify any funding sources that can assist both the local environmental groups and/or Council.	Promote relevant grant funding sources throughout the year.	100%	Funding sources have been identified and forwarded to known environmental groups
3.2.04.01	Encourage environmentally sustainable, safe and more economical utilisation of Council's fleet.	Install GPS tracking on larger plant by 30 June 2019.	100%	GPS units have been purchased to be installed 2019. Additional units have been purchased and installed to rest of fleet
3.2.04.02	Promote and encourage environmental sustainable practices to local business.	Annual promotional material to local businesses.	100%	Information developed for both Council Website and Social Media site.
3.2.05.01	Promote initiatives using Smart WaterMark.	Promotion materials sent out with rates notice. Participate in summer time television campaign through Smart WaterMark annually.	100%	Membership continued via participation in the Orana Water Utilities Alliance corporate membership and promotional activities such as billing inserts and promotional banners and website participation.
3.2.05.02	Maintain membership of Smart WaterMark through the LMWUA.	Renew membership annually.	100%	Membership continued via participation in Orana Water Utilities Alliance corporate membership.
3.2.05.03	Promote benefits of recycling using NetWaste resources.	Include statistics for recycling in Council's newsletter.	100%	Information provided for Newsletter, when available
3.2.05.04	Promote the benefits of recycling and water conservation.	Publish recycling statistics at least monthly.	100%	Information provided for Newsletter, when available

A community that values the efficient use of utilities, natural resources and energy (SP No 33)

Action Code	Action	Performance Measure	Action Progress	Comment
3.3.01.01	Install rain sensors in parks and sporting fields.	Implement actions from the Strategy by 30 June 2019	100%	Payten and Dundas Ovals have smart systems installed.
3.3.02.01	Ensure all development approvals consider existing utilities infrastructure in their determination.	100% of approvals have had adequacy of existing utilities determined.	90%	Have considered utilities provision in DA assessment and referred to relevant utility provider where possible.
3.3.02.02	Utilities performance audited annually through Triple Bottom Line (TBL) reporting.	Report submitted by 15 September.	100%	Department of Industry Water opened reporting website late in 2018 closure date 21/10/2018. Report completed and submitted 19/10/2018. Achieve 100% compliance with TBL reporting.

Action Code	Action	Performance Measure	Action Progress	Comment
3.3.03.01	Advocate for reliable and affordable access to internet and communications technology.	Continue to lobby for the increase in the coverage area for mobile technology throughout the Shire.	100%	Council actively working with telcos in the sector to obtain funding for increased mobile coverage.

Ensure a range of housing options for the community (SP No 20)

Action Code	Action	Performance Measure	Action Progress	Comment
3.4.01.01	Work with relevant parties to identify aged care accommodation needs.	Attendance at relevant meetings in an advisory role.	100%	Working with identified potential suppliers of Aged residential care in both Trangie and Narromine.
3.4.02.01	Monitor take-up of all land use zones vacant land. Identify short falls.	Review supply of vacant land six monthly.	55%	Noted State Govt's Medium Density Housing Code and potential to provide further housing choice. Will review LEP at health check stage.
3.4.04.01	Liaise with local real estate agents to ascertain changes in rental demand.	Discuss changes to local demand and supply with local real estate agents.	100%	Council continues to liaise with real estate agents.

Our community is well connected through our cycleways, footpaths and public transport systems (SP No 9)

Action Code	Action	Performance Measure	Action Progress	Comment
3.5.01.01	Liaise with transport providers to ensure that full suite of transport options are available.	Discuss with providers and at local interagency forums.	100%	Monthly attendance at interagency meetings which advocate for continued and increased transport options for residents of the Shire.
3.5.02.01	Provide support as required to the Dubbo Regional Council for the expansion of services at the Dubbo Regional Airport.	100% commitment to support Dubbo Regional Council.	100%	Council continues to provide ongoing support to Dubbo Regional Council for the expansion of services at the Dubbo Regional Airport and more recently support for the Qantas Pilot Academy in Dubbo.
3.5.03.01	Liaise with rail service providers to ensure rail service is maintained.	Discuss potential expansion and service contraction with local providers and stakeholders.	100%	Work being undertaken on commercial opportunities with rail operators, not passenger rail providers. Country rail buses continue to have a daily service from Narromine and Trangie.
3.5.04.01	Survey community biennially to ensure that transport issues of our residents are adequately addressed.	Survey question as part of residential survey.	100%	Survey completed.
3.5.05.01	Upgrade lighting on main runway (subject to CASA advice).	Seek grant funding to upgrade lighting prior to 30 June 2019.	100%	Council not required by CASA to upgrade lighting at this time.
3.5.05.02	Maintain the Narromine Aerodrome facility to meet reasonable user expectations and CASA requirements within the allocated budget.	Complete Obstacle Limitation Surface (OLS) annually by 30 November.	100%	OLS conducted November 2018. Maintenance carried out regularly as required.

Action Code	Action	Performance Measure	Action Progress	Comment
3.5.05.03	Undertake inspections on operational areas.	Minimum 52 inspections per year.	100%	Inspections undertaken as per schedule.
3.5.05.04	Maintenance of glider grassed runways.	Slashing undertaken minimum 26 times per year.	100%	Grassed runways maintained as required.
3.5.06.01	Ensure priority measures implemented from the PAMP.	Annual inspections of footpaths and cycleways prior to finalising works program. Annual works program identified by inspections and PAMP priorities, and adopted annually.	100%	Inspections undertaken as per schedule. PAMP used as basis of works program and funding applications have been completed.

Our road network is safe, well maintained and appropriately funded (SP No 10)

Action Code	Action	Performance Measure	Action Progress	Comment
3.6.01.1.1	Review and implement Council's ten year roads Capital Works Program.	Works Program updated annually and adopted by 30 June.	100%	Works Program adopted by Council 12 June 2019.
3.6.01.1.2	Review and implement Council's ten year roads Capital Works Program.	Ten Year Capital Works Program updated annually and adopted by 30 June.	95%	Works progressing as per program.
3.6.01.02	Continue to maintain roadside slashing when grass impedes visibility.	Undertake slashing program annually.	100%	Program completed.
3.6.01.03	Apply for hazard reduction funding through Rural Fire Fighting Fund.	Apply for funding prior to 31 March annually.	100%	Funding application submitted prior to 31 March 2019.
3.6.02.01	Convene Local Traffic Committee meetings.	Convene 6 meetings per year of the Local Traffic Committee.	100%	Local Traffic Committee meetings held as required.
3.6.03.01	Meet with State and Federal Members and the Roads Minister on rural road funding issues.	Quarterly meeting with State and Federal Members, and annually with Roads Minister.	100%	Quarterly meetings held with State and Federal Members.
3.6.03.02	Proactively engage with the Local Government Grants Commission.	Invite Local Government Grants Commission to present to Council biennially.	100%	Invitation to be extended to the Local Government Grants Commission for a meeting. They have advised they will be conducting sessions in Narromine 19/20.

"We are an open and accountable local government that involves our community in the decision making process, effectively manages our public resources through sound financial management and well informed strategic planning for our Shire's future."

Council achieved 98% of the actions set out in the proactive leadership actions in the 2018/2019 delivery program.

Action	NO. actions complete	Total NO. of action
98% of act	ions completed	
4.1	10	10
4.2	21	21
4.3	18	18
4.4	12	13
	61	62



Provision of an accountable and transparent leadership (SP Nos. 30, 31, 32)

Action Code	Action	Performance Measure	Action Progress	Comment	
4.1.01.01	Continue to gather feedback regarding community engagement strategies	Annual review of community engagement strategy to Council by 30 November each year	100%	Report to Council completed in September 2018.	
4.1.01.02	Promote the positive aspects of Narromine Shire Council. Provide important information to the community.	Provide updates to the community on Council activities through all means available within the communications strategy.	100%	Extensive communications in the form of media releases and social media campaigns.	
4.1.01.03	Prepare council columns and media releases for local media.	Weekly column provided to print media. A minimum of 12 media releases per annum.	100%	Weekly Council columns provided to print media and at least 10 media releases published per month, well exceeding target.	
4.1.01.04	Information available on Council's website.	Website updated as required.	100%	Updates and press information available on Council's website.	
4.1.02.01	Councillors maintain strategic community focus.	Positive media around Council's strategic approach.	100%	Media releases on Council's projects openly linked to the priorities in the Community Strategic Plan.	
4.1.03.01	Review Council's Code of Meeting Practice.	Review complete by 31 December 2018.	100%	Council's new Code of Meeting Practice was adopted on 8 May 2019, to be enacted from 1 July 2019.	
4.1.03.02	Provide an opportunity for the public to address Council on relevant issues through the Public Forum Policy at Council Meetings.	Advise the public of the availability of the public forum in the column and newsletter at least quarterly.	100%	Public forum has been advertised quarterly in Council's Column and newsletter.	
4.1.03.03	Continue to facilitate S355 Advisory Committees.	Annual review of Section 355 Committee Charters and annual appointment of delegates (September).	100%	Council's Section 355 Committee Charters were reviewed in September 2018 and Council delegates duly appointed	
4.1.04.01	Respond to requests for access to public information as per legislative requirements.	100% compliance with GIPA Act 2009. Annual review of Council's Information Guide.	100%	Formal GIPA applications are processed in accordance with the Act. Council's Information Guide was reviewed and updated in January 2019.	
4.1.05.01	Present a positive image of Council to the community.	Provide weekly communications via various means per the communication strategy.	100%	Weekly column provided to the print media and active social media campaigns.	

Effective Council organisational capability and capacity (SP No 30)

Action Code	Action	Performance Measure	Action Progress	Comment
4.2.01.01	Encourage and reward innovative practices within Council's workforce.	One innovation introduced per directorate each year.	100%	Agenda item at monthly MANEX meetings to discuss innovation ideas.

Action Code	Action	Performance Measure	Action Progress	Comment
4.2.01.02	Foster a culture of continuous improvement.	Cultural change program progressively implemented across the organisation.	100%	Cultural change program, incorporating employee awards that are based on recognising employees that espouse Council's values and behaviours.
		Organisational values and behaviours developed and implemented.		
4.2.02.01	Provide policies, programs and initiatives that support employee work/life balance.	Create, update and implement policies for a flexible workplace on an ongoing basis.	100%	Health and wellbeing has been made a priority this financial year with a comprehensive health and wellbeing program being rolled out by the committee which included lunchtime Yoga session, desk massages and healthy cooking classes. Leave balances have been reduced and the Christmas close down was extended to further support work/life balance. Mental health awareness training was rolled out to all employees.
4.2.02.02	Provide access to innovative leadership training programs.	Research and identify appropriate leadership training for Managers annually.	100%	Council's training budget was utilized in full this year for staff to attend various innovative training programs which included a team building and mentoring session with the MANEX team, mental health awareness and dignity and respect in the workplace training for all staff and numerous statutory training courses for outdoor staff to carry out their roles.
4.2.02.03	Promote and maintain coaching and mentoring programs across the organisation to support leadership growth.	Programs used to assist staff with leadership growth.	100%	Our leadership team have benefited this year from a mentoring program within the MANEX group. These leaders have also mentored their staff to achieve leadership growth within their positions for the benefit of the organisation.
4.2.02.04	Update and implement succession planning to support a high level workforce to meet the ongoing delivery program needs.	Implement succession planning system by December 2018.	100%	The succession planning framework has been implemented across the organisation with key critical roles identified and succession plans created for these roles to ensure a continuity of service to the community in the delivery of our operational plans.
4.2.02.05	Implementation of Councillor Training and Professional Development Program.	95% attendance by Councillors at scheduled training events.	100%	Councillor Professional Development has been organised in accordance with Councillor's self-assessments. The Councillor Induction and Professional Development Policy was adopted by Council on 13 February 2019.
4.2.03.01	Integrated Planning and Reporting documents reflect best practice.	Positive feedback from Office of Local Government.	100%	Narromine 2018/19 IP&R documents were peer reviewed at a workshop with other Councils in conjunction with LGNSW with minor recommendations suggested. 2019-20 IP&R was approved by Council 12 June 2019.
4.2.04.03	Customer Requests responded to within time frames agreed in Customer Service Policy.	100% compliance with Customer Service Policy.	100%	Weekly reporting is in place, achievement is being monitored.
4.2.05.01	Promote future workforce development with options such as traineeships, apprenticeships and cadetships within each department.	Increase the number of apprenticeships over the next 4 years.	100%	Council respects the need to provide opportunities for the youth of our region to gain skills in local government. As such, the IT traineeship has been extended for a further 12 months and a Trainee Storeperson recruited for commencement 1 July 2019. An engineering cadetship and water industry trainee have been approved and will join the team in 19/20.

Action Code	Action	Performance Measure	Action Progress	Comment
4.2.05.02	Develop and implement initiatives to support / promote workforce diversity.	Ensure the Disability Inclusion Action Plan is considered in all workforce activity. Create and implement an Aboriginal Employment Strategy by December 2019.	100%	Workforce diversity is promoted by the adoption of an Aboriginal Employment Strategy and the establishment of an Equal Employment Opportunity management plan and committee to ensure support for a workforce that is diverse in age, gender and culture. All recruitment encourages Aboriginal and Torres Strait Islanders and people with a disability to apply. Council has also teamed up with Break-Thru to assist community members with a disability to gain valuable work experience.
4.2.06.01	Councillors to act positively at all times in the public eye.	No negative feedback received.	100%	No instances of negative impact reported.
4.2.07.01	Continue to implement and improve the employee performance assessment system.	All Departments' performance assessments completed by 1 September annually.	100%	Council's online performance assessment system has been reviewed and changes made to improve engagement and accountability of staff. SMART goals are set for all staff and reviews conducted in a timely manner.
4.2.07.02	Review and implement the Work Health Safety Management System.	WHS Management System in place and functioning by December 2018 and on an ongoing basis.	100%	The WHS management system is under constant review with improvements being made on a regular basis to improve our safety record. Council has adopted new software for online risk assessments and safety inspections to be completed with accountability assigned for improvement areas.
4.2.07.03	Promote and support continuous improvement activities across council.	Review and document one area of Council operations each year per directorate.	100%	Contract Management is currently under review.
4.2.07.04	Develop and implement an Enterprise Risk Management Framework.	Policy, Plan and Strategic Register to be developed by 31 December 2018.	100%	Council's Risk Management Policy was adopted in December 2018. A Strategic Risk Assessment was undertaken by Council's Internal Auditor with the corresponding 18/19 Internal Audit Plan adopted at the Inaugural Internal Audit Committee Meeting held on 10 December 2018.
4.2.07.05	Establish an Internal Audit and Risk Management Committee in accordance with the OLG's proposed new legislation and based on a resource sharing model.	Committee to meet six monthly and provide report to Council.	100%	Council's Internal Audit Committee held its Inaugural Committee Meeting on 10 December 2018. Further meetings were held in March and June 2019. Report and minutes of the meeting are provided to Council for endorsement.
4.2.07.06	Maintain a database of legislative compliance obligations.	Distributed monthly to MANEX for 100% compliance with statutory obligations.	100%	The legislative compliance checklist is distributed to MANEX monthly for consideration and action. Notification of exceptions are to be reported to Council's Internal Audit Committee. No non-compliances were reported for the year.
4.2.08.01	Prepare Agenda, Business Papers and Minutes of Council Meetings.	Agenda and Business Papers to be distributed to Councillors 5 days prior to meeting. Minutes to be distributed to Councillors 7 days after meeting.	100%	The Agenda, Business Papers and Minutes of Council's Ordinary and Extraordinary Meetings are prepared and distributed accordingly.
4.2.08.04	Manage Council's Records System.	No breaches of State Records Act.	100%	Council's records are managed in accordance with the State Records Act 1998. There are no known breaches.

A financially sound Council that is responsible and sustainable (SP No 30)

Action Code	Action	Performance Measure	Action Progress	Comment	
4.3.01.01	Implementation of the Delivery Program and Operational Plan including Budget and Asset Management Plan on an annual basis.	Plans and Budget documentation endorsed by Council by 30 June each year.	100%	The Annual Budget and Long Term Financial Plan were completed and approved by Council on 12 June 2019 along with the remaining IP&R documentation.	
4.3.01.02	Continue to prepare financially sustainable budgets for consideration by Council.	Council prepares annual balanced budget for adoption by Council.	100%	The Annual Budget was approved by Council on 12 June 2019.	
4.3.01.03	Continue to develop revenue strategies that are equitable and contribute to a financially sustainable future.	Sustainable Statement of Revenue Policy endorsed by Council by 30 June each year.	100%	The Statement of Revenue Policy was completed and approved by Council on 12 June 2019.	
4.3.01.04	Levy and collect rates and charges in accordance with statutory requirements and Council policies.	No known breaches of policy.	100%	There were no known breaches in the levying and collection of rates for the year.	
4.3.01.05	Provide monthly cash balances and detailed quarterly financial reports to Council.	Reports prepared and accepted by Councillors and management.	100%	Reports were prepared and accepted by Councillors and management for the year with no exceptions.	
4.3.01.06	Prepare Council's Annual Financial Accounts in accordance with relevant Acts and Regulations.	Unmodified audit report issued by 31 October each year.	100%	2017/18 accounts were completed 31 October 2019 when the NSWAO audit report was received.	
4.3.01.07	Ensure Council has adequate cash flow to meet their needs.	Maintain level of outstanding rates and charges at below 10% at year end.	100%	Outstanding rates and charges are 9% which is below year end target of 10%.	
4.3.01.08	Ensure Council's ongoing financial viability.	Maintain a debt service ratio below 10%.	100%	Council's debt service ratio is well below 10%, the theoretical benchmark set by the OLG under the defunct Fit For The Future criteria.	
4.3.01.09	Ensure accounting data is recorded accurately and returns are filed in accordance with legislative requirements.	Positive audit findings. Reduction in issues raised in management letter of medium consequence or higher.	100%	All external deliverables for the year have been met.	
4.3.02.01	Ensure Council's Operational Plan is well publicised with ample opportunity for community input.	Operational Plan on public exhibition for a period of 28 days. Comment invited on a variety of media platforms.	100%	Council's 2019/20 Operational Plan was placed on public exhibition for 28 days. Submissions were received and reported to Council. The 2019/20 Operational Plan was approved by Council on 12 June 2019.	

Action Code	Action	Performance Measure	Action Progress	Comment	
4.3.03.01	Maximise opportunities for utilising grants to supplement and support identified Council priorities and projects.	At least two successful grants received each year for projects within Council priority areas.	100%	Council continues to maximise potential. Successful Growing Local Economies Funding application made. Successful Drought Communities Funding Program application. Successful Stronger Country Communities Funding application. Successful Tourism and Environment Application.	
4.3.03.02	Identify projects suitable for grant applications.	At least five identified projects per year in the operational plan, subject to grant funds.	100%	Projects include pool upgrades, wetlands project, multipl sporting field upgrades, variety of projects within the Drought Communities Program. Continue to identify further projects eg Sports precincts in Trangie and Narromine. Aerodrome amongst others. Wetlands project confirmed funding in 2019/20.	
4.3.04.03	Review Asset Management Plans annually.	Asset Management Plans updated annually by 30 June.	100%	Asset Management Plans were reviewed and adopted by Council prior to 30 June 2019.	
4.3.04.04	Update Long Term Financial Plans annually.	100% Long Term Financial Plans updated and adopted by 30 June annually.	100%	Undertaken in March as part of IP&R process.	
4.3.04.05	Undertake monthly inspections of Regional Roads.	12 inspections of each Regional Road per year.	100%	Asset Inspector commenced and inspections undertaken	
4.3.04.06	Undertake annual inspections of Local Roads.	100% Local Roads inspected minimum of once per year.	100%	Asset inspector commenced and inspections undertaken	
4.3.04.07	Develop and implement plant and fleet strategy.	Strategy developed by 30 June 2018 and implemented thereafter.	100%	Plant replacement program reviewed and implemented annually.	
4.3.05.01	Maintain sustainability ratios as per Fit for the Future Improvement Proposal.	Sustainability ratios calculated and reported to Council six monthly.	100%	Performance ratios including the OLG ratios are monitored and were reported to Council monthly.	

Sound partnerships are encouraged and fostered (SP No 32)

Action Code	Action	Performance Measure	Action Progress	Comment
4.4.01.01	Active membership and representation on government, regional and other bodies.	Maintain membership of relevant government, regional and area bodies.	100%	Proactive member of the Orana Joint Organisation, member of Country Mayors Association.
4.4.01.02	Prepare submissions as required.	One submission prepared per year.	100%	Ongoing as required. Submissions made as part of election cycle. Submission re Tomingley Road made. Detailed discussions around opportunities with Inland Rail and Dubbo Rail maintenance.

Action	Action	Performance Measure	Action	Comment
Code			Progress	
4.4.01.03	Continue to participate in shared opportunities through OROC.	Utilise internal audit and procurement shared services. Utilise panel tenders for fuels, reseals and bitumen emulsion. Participate in user groups for finance, HR, payroll, risk	100%	Transition of these opportunities to the Orana Joint Organisation model, internal audit set up internally.
		management and WHS.		
4.4.02.01	Represent the community's interests and lobbying topics of significant impact to the Shire.	One submission per quarter.	100%	Submissions prepared to the Regional Infrastructure coordination unit, State and Federal Members.
4.4.02.02	Prepare submissions and lobby for community interests as required, e.g. funding for rural roads, infrastructure and services.	One submission per quarter.	100%	Submissions prepared as required.
4.4.02.03	Advocate to other tiers of government for a better allocation of funding to support the delivery of services for which other levels of government have primary responsibility.	Meet with State and Regional Local Members, six monthly.	100%	Quarterly meetings held with State and Federal Members.
4.4.03.01	Nurture relationship with key external organisations and individuals.	90% attendance at OROC and GMAC meetings.	100%	100% attendance at Orana Joint Organisation meetings and reformation of General Managers Advisory Committee for the Orana and Far West JO's.
4.4.03.02	Maintain partnerships with like-minded councils and other organisations to create stronger and more effective lobby groups.	Maintain active membership and representation on LMWUA, Local Government Procurement, Water Directorate, NetWaste, IPWEA.	100%	Active memberships maintained.
4.4.04.01	Build stronger relationships with State and Federal members, NSW Police, Interagency Group, Regional Development Australia.	Meet quarterly with State and Federal Members, NSW Police and Regional Development Australia. Attend monthly Interagency Group meeting.	100%	Quarterly meetings with State and Federal Members held, NSW Police and Regional Development Australia. Council representatives attend monthly interagency meetings.
4.4.04.02	Develop a Social Plan	Social Plan developed by 30 September 2017.	100%	Social Plan developed. Actions to be undertaken in the 2019/20 financial year.
4.4.04.03	Work with community groups and services to deliver actions in the Social Plan.	Implement actions in Social Plan.	0%	Social Plan completed. Actions planned for 2019/20.
4.4.05.01	Work collaboratively with community groups through greater representation at the Interagency Group.	Increase the representation of community groups within the Interagency Group by 30 June 2018.	100%	Represent the interests of Narromine Shire in Interagency discussions and with Government agencies.

Action Code	Action	Performance Measure	Action Progress	Comment
4.4.05.02	Work collaboratively with the community through greater representation at the Trangie Action Group.	90% attendance by Councillor Representative.	100%	Continue to liaise with Trangie Action Group. Council representatives maintain high level of attendance at meetings. Coordination of Community Allied Health initiative.

MAJOR CAPITAL WORKS UNDERTAKEN 2018/2019

- Duffy Street Reservoir upgraded -\$1,300,000
- Trangie Showground grandstand seating upgraded - \$94,000
- Tomingley Memorial Hall upgraded
 \$112,104
- Tom Perry Drive upgraded -\$541,368
- Improvements to Narromine and Trangie Aquatic Centres
- Redevelopment of Glenn McGrath cricket nets - \$102,619
- Trangie Burns Oval redevelopment completed - \$1,026,221
- CCTV Cameras installed in Narromine - \$228,000
- Installation of electronic scoreboard at Cale Oval Narromine - \$67,539
- Installation of Digital LED Board in Dundas Park - \$80,000
- Customer Service Centre Upgrade -\$56,500
- Narromine Truch Wash \$190, 597

- Eumungerie Road Upgrade \$724,000
- Tantitha Road Upgrade \$243,533
- Street Sweeper Truck (plant purcahse) -
- Burroway Road Renewal -
- Prime Mover Western Star (plant purcahse) -
- Water Efficiency Project Payten and Dundas Oval -

MAJOR CAPITAL WORKS COMMENCED 2018/2019

- Narromine Aquatic Park Refurbishment and Splash Park
- Dappo Road Development
- Trangie Truck Wash
- Narromine, Trangie and Tomingley Streetscapes
- Narromine Aerodrome Industrial Park and Precinct
- Stages 5 7 Narromine Sky Park
- Wetlands Extension Plan
- Tomingley Water Tanks
- Tomingley Water Supply

- Trangie Showground Visitor Area Refurbishment
- Burns Oval lighting improvements

2018/2019 GRANTS

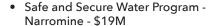
Successful

- Drought Communities Program-Community groups program, Pool works, Reserves program - \$1M
- Safe and Secure Water Program -Tomingley - \$297K
- Safe and Secure Water Program Narromine water security - \$2M
- OEH Flood Plain risk Management Study and Plan - \$150K
- Public Reserves Management Fund
 \$82K
- Stronger Country Communities
 Program Round 2 Pool, main street \$1.5M
- Local Sport Defibrillator Program -\$2.6K
- Dollar for Dollar Native Fish Stocking Program - \$3K
- Regional Growth Environment and Tourism Fund - \$2.4M
- Clubgrants Narromine Aquatic Centre - \$300K
- Glen McGrath Cricket Nets relocation - \$100K

Unsuccessful

 Building Better Regions Fund -Dappo Road Development - \$1.5M







EVENTS

Learn, Innovate and Grow October 2018

The Learn, Innovate and Grow Workshop Series included workshops from modern marketing tactics, improved merchandising, grant writing and event management. Over 120 people attended the series of events.

Ausfly - 'All Aviators Under One Sky' 18 - 20 October 2018

The event included two days of seminars, a number of visiting exhibitors and over 200 planes. A community day was held on Saturday 20 October and included an airshow, static plane display, free admission to the Narromine Aviation Museum and much more.

Pink Pigeon Festival December 2018 and January 2019

The Pink Pigeon Festival is a group of activities run to raise money for the McGrath Foundation and included a Pink Sheep Sale, Pink Golf Day in Narromine and the Pink Pigeon Race in January.

Tomingley Memorial Hall Opening and Christmas Party 3 December 2018

Held in conjunction with the re-opening of the Tomingley Memorial Hall following renovations, the Tomingley Christmas Party included a BBQ for over 40 residents.

Volunteers Thank You Event 4 December 2018

Held in both Narromine and Trangie the Volunteers Thank You event was held to thank local volunteer organisations for the support offered to the community.

Australia Day Narromine 26 January 2019

Over 500 people celebrated Australia Day in Narromine and Trangie, at separate events. Narromine's Ambassador, Vivienne Kartsounis and Trangie's Ambassador, Fiona Nash both presented the following awards at the individual Australia Day Celebrations.

 Citizen of the year: Robyn Brown (Narromine), Andrew Cayzer (Trangie)

- Senior Citizen of the Year: Keith Elrington (Narromine), Jessie Quigley (Trangie)
- Young Citizen of the Year: Holly Monaghan (Narromine), Stacey Whitney (Trangie)
- Junior Sports Award: Montana White & Jannalie Dwyer (Narromine), Montanna-Jane Gall (Trangie)
- Community Event of the Year: Trangie Respite Centre, Mike and Chris Welch (Trangie)
- Senior Sports Award: Trangie
 Fire and Rescue (NSW Firefighter
 Championship team) (Trangie)

Seniors Week 11 April 2019

Held at the Narromine Aerodrome, the Seniors Week event gave locals aged over 60 a chance to make new friends and to get together with old ones. A transfer bus was offered to residents of Trangie.

Youth Week - Coming together to connect, Share speak out and Celebrate! 16 - 24 April 2019

Council partnered with Communities for Children, Breakthru Solutions, Catholic Care, Narromine USMC, Macquarie Library, Uniting and Trangie Action Group to deliver a number of events in Narromine and Trangie including Skateboarding Workshops, Sausage Sizzle, Fitness classes, Movie nights and story time.

Reconciliation Day 28 May & 31 May 2019

Council supported two events for Reconciliation Day in Narromine and Trangie. Narromine's event included a morning tea and celebration at Council's Chambers and Trangie's event included a morning tea, traditional dance and celebration at Wungunja Cultural Centre.

ECONOMIC DEVELOPMENT







ECONOMIC DEVELOPMENT > CSP OBJECTIVE 2.1

The Economic Development of Narromine Shire continued to be a focus of staff throughout 2018/19. This area of focus features heavily within the Community Strategic Plan and Delivery Program and of the Economic Development Committee of Council. This committee has focused on the development of our Economic Development Strategy and in 2018/19 has had three main areas of focus. These have included;

- Agriculture
- Industrial and Business
- Tourism and the Arts

The Economic Development Strategy and the prioritisation of projects has led to working with individual businesses such as NDF in Narromine to secure additional grant funding for their expansion, the successful grant application and funding of the upgrades to Tom Perry Drive at the aerodrome and final planning of the industrial subdivision to be built at the aerodrome, improvements to tourism marketing and web development, the ongoing development of community events across the Narromine Shire and the successful funding application for the Narromine Wetlands Project.

The ongoing drought continues to hamper spending across the Shire and has meant ongoing pressures for those in the Agricultural sector as well as town businesses. In 2018/19 a successful application was made to the Federal Government's Drought Communities Program with \$1M being spent on largely community projects across the Shire.

EMPLOYMENT LANDS STRATEGY > CSP OBJECTIVE 2.1

The Employment Lands Focus and Strategy is tightly aligned with the Narromine Shire Council Economic Development Strategy 2018-2021 which represents a fresh and coordinated approach to improving the economic wellbeing of the Narromine Region, leading to an improved quality of life for residents and an enhanced experience for visitors to the shire.

Council has undertaken a specific review of Industrial Lands and potential growth areas within Narromine and Trangie which has guided the preparation of the Employment Lands Focus and Strategy.

INLAND RAIL CONSULTATION > CSP OBJECTIVE 4.4

The development of the Inland Rail has continued throughout the 2018-2019 year. Construction has commenced on the line between Narromine and Parkes with much of the line being upgraded to allow for heavier loads and at greater speeds in the future. A number of passing loops are also to be developed so that trains may pass along the single track.

LEARN, INNOVATE AND GROW > CSP OBJECTIVE 2.2

A series of free business development workshops were held locally in Narromine as part of Council's Learn, Grow and Innovate series and NSW Small Business Month.

AUSFLY > CSP OBJECTIVE 1.2

In 2018 Narromine Aerodrome hosted Ausfly, a relaxed, traditional Aussie fly-in event where aircraft owners, pilots, builders, industry supporters and enthusiasts come along and soak up the true spirit of Australian general aviation. Over 700 people attended the event which will be an annual event held in Narromine each year.

FINANCIAL SNAPSHOT

Financial Performance

Council's financial position continues to remain sound. A summary of our financial result is outlined below:

Income Statement	2019 (\$'000)	2018 (\$'000)
Total income from continuing operations	24,494	23,566
Total expenses from continuing operations	20,839	20,721
Operating result from continuing operations	3,655	2,845
Net operating result for the year	3,655	2,845
Net operating result before grants and contributions provided for capital purposes	265	14
Statement of Financial Position		
Total current assets	27,097	27,558
Total non-current assets	309,811	303,464
Total current liabilities	(3,751)	(3,216)
Total non-current liabilities	(3,052)	(2,550)
Total equity	330,105	325,256
Other Financial Information		
Operating performance ratio %	0.94%	(0.88%)
Own source operating revenue ratio%	53.89%	53.43%
Unrestricted current ratio	4.97x	5.98x
Debt service cover ratio	12.89x	12.68x
Rates and annual charges outstanding ratio %	10.38%	11.6%
Cash expense cover ratio	15.34 months	18.93 months

Cash Position

Council has cash and investment holdings of \$24.2m as at 30 June 2019. A summary of our cash flow for year ended 30 June 2019 is shown below:

Cashflow Statement	2019 (\$'000)	2018 (\$'000)
Cash flows from operating activities	10,106	7,605
Cash flows from investing activities	(9,851)	(10,240)
Cash flows from financing activities	369	(163)
Net increase/decrease in cash held	624	(2,798)
Cash at beginning of financial year	1,035	3,833
Cash at end of financial year	1,659	1,035
Additional information		
Plus investment on hand - end of year	22,573	23,320
Total cash, cash equivalents and investments	24,232	24,355

Income Statement

Council's operating result (\$3.66 million including the effect of depreciation expense of \$6 million) is \$0.8 million higher than the 2017-18 result. The increase from the previous period is mainly due to increased investment returns and grants.

The net operating result before capital grants and contributions (\$265,000) was \$251,000 higher than the 2017-18 result due a increase in investment gains. Rates and annual charges revenue (\$8.9 million) increased by \$0.6 million.

Grants and contributions revenue (\$11.0 million) increased by \$0.1 million.

	2019 \$M	2018 \$M
Rates and annual charges revenue	8.9	8.3
Grants and contributions revenue	11.0	10.9
Operating result for the year		2.8
Net operating result before capital amounts	0.3	0.014

FINANCIAL SNAPSHOT

Statement of Cash Flows

The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash remained around \$24.2 m.

Financial Position

External restrictions include unspent specific purpose grants, contributions and domestic waste charges, and water and sewerage funds. Balances are internally restricted due to Council policy or decisions for forward plans including works program. Unrestricted balances provide liquidity for day-today operations.

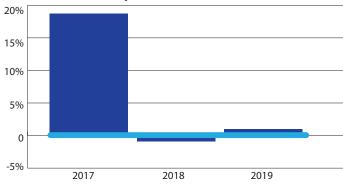
Cash and Investments	2019 \$M	2018 \$M
External restrictions	11.6	13.4
Internal restrictions	8.3	7.7
Unrestricted	4.3	3.3
Cash and investments	24.2	24.4

Performance Ratios

The definition of each ratio analysed below is included in Note 23 of the Council's audited general purpose financial statements (Annexure One)

Operating Performance Ratio

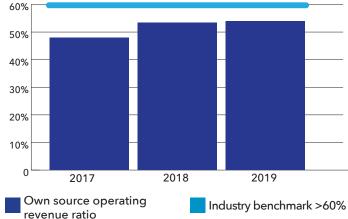
Council's Operating Performance Ratio of 0.94% is favourable (greater than 0%) indicating an operating surplus was made for the financial year.



Operating performance ratio Industry benchmark >0%

Own Source Operating Revenue Ratio

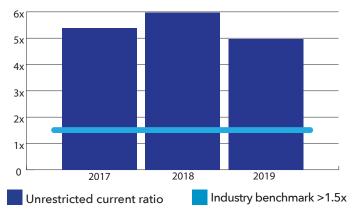
Council's ratio is 53.89 which indicates Council produces 53.89% of its own revenue. Whilst below the state-wide benchmark of 60% it is typical for a regional Council.



Industry benchmark >60%

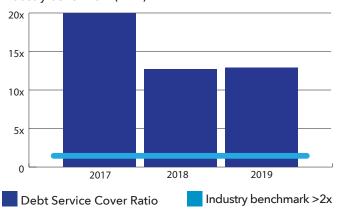
Unrestricted Current Ratio

This ratio indicated that Council currently had \$4.97 of unrestricted current assets available to service \$1.00 of its unrestricted current liabilities. This exceeded the industry benchmark (>1.5x).



Debt Service Cover Ratio

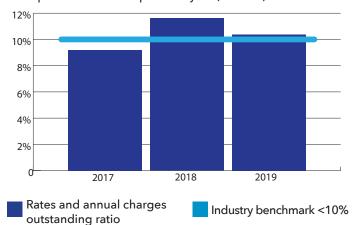
The debt service cover ratio of 12.89 times exceeded the industry benchmark (> 2x).



FINANCIAL SNAPSHOT

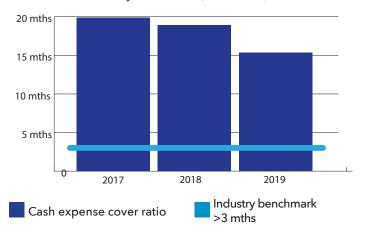
Rates and Annual Charges Outstanding Ratio

Council's ratio of overdue rates and charges of 10.38% is greater than the OLG benchmark (10.00). While not within the OLG benchmark Council deems this acceptable given the drought conditions experienced across all ratepayers. This also an improvement on the previous year (11.61%).



Cash Expense Cover Ratio

Council's cash expense cover ratio of 15.34 months well exceeded the industry benchmark (>3 months).



STATUTORY REPORT

Under the Local Government Act 1993 and Local Government (General) Regulation 2005, Narromine Shire Council must provide information to the Minister for Local Government annually. This information is provided below

s428(4)(a) Council's audited financial reports

Refer to Annexure One for a full copy of our Financial Statements

cl132 Amount of rates and charges written off during the year

\$8,488.00

s428(4)(b) Details of Overseas visits

There were no overseas visits during the year by any Councillors, Council staff or other persons while representing Council.

cl217(1)(a1)Total cost during the year of the payment of expenses of, and the provision of facilities to Councillors in relation to their civic functions

Expense	2019
Mayoral Allowance	\$25,881
Councillor Fees	\$106,554
Provision of dedicated office equipment allocated to Councillors	\$4,500
Telephone calls made by Councillors	\$4,727
Attendance of Councillors at conferences and seminars	\$3,738
Training of Councillors and provision of skill development, including transport, accommodation and out-of-pocket expenses	\$12,367
Expenses of any spouse, partner or other person who accompanied a Councillor, in the performance of his or her civic functions, being expenses payable in accordance with the Guidelines	-
Expenses involved in the provision of care for a child or an immediate family member of a Councillor	-
Interstate visits by Councillors, including transport, accommodation and other out-of-pocket travelling expenses	-
Overseas visits by Councillors, including transport, accommodation and other out-of-pocket travelling expenses	-
Other Councillor expenses (catering, stationery etc.)	\$42,166
Total	\$199,932

cl217(1)(a2) Details of each contract awarded for amounts greater than \$150,000

Name of Contractor	Nature of Goods/ Services Supplied	Total Amount Payable (incl GST)
Beau Corp Projects Pty Ltd	Learn to Swim/Splash Park	1,662,733
Stanaway Pty Ltd t/a David Payne Constructions	Construction/ Redevelopment of Alan Burns Oval, Trangie	918,111
Simtec Surveillance and Security	CCTV Works Narromine	176,748
Millers Metals Pty Ltd	Rock Crushing for Narromine Shire Council	155,000
Regional Crushing and Screening Pty Ltd	Rock Crushing for Narromine Shire Council	150,000

cl217(1)(a3) Summary of the amounts incurred by the Council in relation to legal proceedings

No legal action was commenced against Council in the period under review.

s67(3), cl 217(1)(a4) Summary of resolutions made under section 67 concerning work carried out on private land
Nil

cl217(1)(a5) Total amount contributed or otherwise granted under section 356 (financially assist others) \$40,946.09

cl217(1)(a6) Statement of all external bodies that exercised functions delegated by Council

Ni

cl217(1)(a7) Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which Council held controlling interest

Ni

cl217(1)(a8) Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which Council participated

Council was a party to the following joint venture during the year - Macquarie Regional Library

cl217(1)(a9) Statement of activities to implement Council's EEO management plan

Council's EEO Committee is held in conjunction with Council's Consultative Committee Meetings.

Activities included:

• 5 meetings in the 2018/2019 year

- The promotion of EEO, anti-discrimination/harassment in the monthly staff newsletter
- A review of the recruitment policy and advertisements to ensure gender based language is not used and at least 2/3 panel members have been trained
- Ensuring all opportunities to act in higher positions have been based on merit
- A review of the flexible work arrangement policies
- All staff interviewed on exit to ensure resignations are not due to EEO or harassment issues.

cl217(1)(b) Statement of total remuneration comprised in the remuneration package of the General Manager

Total remuneration package for the General Manager for the year was \$255,223.07. This includes bonus, performance or other payments that do not form part of the salary component; total amount payable by way of employer's contribution or salary sacrifice to any superannuation scheme to which the General Manager may be a contributor; total value of any non-cash benefits for which the General Manager may elect under the package and total amount payable by way of fringe benefit tax for any such non-cash benefits.

cl217(1)(c) Statement of total remuneration packages of all senior staff members, expressed as the total (not of individual members)

\$190,000.00

cl217(1)(e) Statement detailing the stormwater management services provided (if levied)

Nil

cl217(1)(e1) Statement detailing coastal protection services provided (if levied)

Nil

s428A(1) State of Environment Report

Refer to Annexure Two (State of Environment Report).

s54P Particulars of any environmental upgrade agreement entered into, in accordance with any requirements imposed under s406

Ni

s508(2) & A Report on special variation expenditure if required to do so by the instrument made by the Minister

Ni

Capital Expenditure Guidelines Report on capital works projects

Nil

cl217(1)(f) Statement on activities relating to enforcing and ensuring compliance with the Companion Animals Act and Regulation

All pound data collection and reports relating to dog attacks are submitted to the Office of Local Government as required.

During 2018/2019 Council spent a total of \$157,000 on companion animal management and activities.

Council subscribes to a free online "Responsible Dog Ownership" program which is promoted through Council's website and social media. This program encourages responsible ownership, care of companion animals as well as promoting de-sexing of companion animals within the Narromine Shire. Council has a strong working relationship with various pet rescue organisations to ensure that as many companion animals are re-homed as possible. The re-homing rate for 2018/19 was 67%, with 38% being returned to their owners and only 7% being euthanised due to being unsuitable for re-homing and/or dangerous.

A dedicated off leash area, including a fenced area is provided in Narromine.

s125(1) & cl8, Schedule 2 Information included on GIPA activity-

Council's program for the proactive release of information involved providing as much information as possible on Council's website. During the reporting period Council received 1 formal access application details of which are as follows:

Table A - Number of Applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private Sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	5	1	0	0	0	0	0	1
Members of the public (other)	2	0	0	2	0	0	0	0

Table B - Number of Applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Personal information applications	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	7	1	0	2	0	0	0	1
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

Table C - Invalid Applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently become valid applications	0

<u>Table D - Conclusive presumption of overriding public interest</u> <u>Table F - Timeliness</u> against disclosure: matters listed in Schedule 1 of the Act

	Number of times consideration used
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

<u>Table E - Other public interest considerations against</u> disclosure: matters listed in table to section 14 of the Act

	Number of times consideration used
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

	Number of applications
Decided within the statutory time frame (20 days plus any extensions)	11
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0

Table G - Number of applications reviewed under Part 5 of the

	Decision Varied	Decision Upheld
Internal Review	0	0
Review By Information Commissioner	0	0
Internal review following recommendation under section 93 of Act	0	0
Review by NCAT	0	0

Table H - Applications for review under Part 5 of the Act

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

Table I - Applications transferred to other agencies

	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

s57.5(5) Particulars of compliance with and effect of planning agreements in force during the year

Council is party to the voluntary planning agreement associated with the Tomingley Gold Operations development and compliance with the agreement was maintained during the reporting period.

s31 & cl4 Information on number of public interest disclosures and whether public interest disclosure policy is in place

In 2018/2019 Council did not receive any public interest disclosure reports made by public officials performing their day to day functions. There were no public interest disclosures finalised in the reporting period. Council has adopted an Internal Reporting Policy for Local Government. Council's General Manager has taken action to meet staff awareness obligations through NSW Ombudsman training, links on staff intranet site and Council's website, messages in staff newsletters and poster displays.

s8(2) Report on compliance with the Carers (Recognition) Act

Council is not a Human Service Agency under the Act; however Council has formulated a policy on our obligations under the NSW Carers (Recognition) Act 2010. We value the diversity of our employees and promote inclusive human resource practices. Council also recognises the importance of flexible work arrangements. All employees have the same rights, choices and opportunities. Allowance is also made to refund Councillors expenses involved in the provision of care for an immediate family member to allow the Councillor to undertake their civic duty.

s13(1) Information on the Implementation of Council's Disability Inclusion Plan

In August 2014, the NSW Disability Inclusion Act 2014 was passed. This Act requires Council to develop a Disability Inclusion Action Plan to help remove barriers and enable people with disability to participate equally and fully in their communities.

Council's vision is for an inclusive friendly place to live and work with a strong community that values our services, facilities and our natural rural environment.

Our community values the diversity of people, ideas, perspectives and experiences. We work together to strive towards a vibrant, safe and engaged community that provides opportunities for all its members. Our Council is a leader for our community sharing the responsibility for growth and provision of services.

On the 10th of May 2017 Narromine Shire Council adopted its Disability Inclusion Action Plan in accordance with legislation and in conjunction with the 2017-2021 Delivery Plan. At this time the Community views and suggestions for change focussed on four areas. These are:

- Positive community attitudes and behaviours
- Liveable communities
- Employment
- Systems and processes

A number of actions have been achieved throughout the year to June 30th 2019. These are summarised below:

Action	Achievement	Timeframe
Identify buildings in the CBD that are not 'mobility friendly' for access in Narromine and Trangie	Initial study undertaken, improvements being planned	2019/2020
Progress Actions in Council's Pedestrian Access Mobility	Priority areas undertaken as budget permits	Ongoing
Audit activities and events run by Council for accessibility	Narromine Shire Council's event management policy, forms and checklists have been reviewed and changed to reflect disability access	Completed each major event
Audit Council library equipment and facilities in Narromine and Trangie to ensure disability access	Audit completed by the Director Community and Regulatory Services. Note: Fire safety compliance works in library	Completed December 2017 July 2019
Work with Government Agencies to lobby for community transport access within the Shire and to Dubbo	Continue to liaise with those that undertake community transport.	Ongoing

In May 2019, the 2019/21 Social plan was adopted.

Overall Narromine Shire Council Officers are pleased with the completion of the actions to date that have been identified in the Disability Inclusion Action plan. Staff continue to ensure that the issues raised in the Action Plan are part of discussions with community groups, government departments and at an interdepartmental level.

We will continue to remove barriers and enable people with a disability to participate equally and fully in their communities.

s220ZT Recovery and threat abatement plans

Council has not been identified in a recovery and threat abatement plan under the Act.

s22F (2) Details of Inspections of private swimming pools

17 private swimming pools were inspected in 2018/2019.



Attachment No 1

Provided Under Separate Cover - Confidential

Narromine Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2019



Narromine Shire Council

Financial Statements 2019

General Purpose Financial Statements

for the year ended 30 June 2019

Contents	Page
1. Understanding Council's Financial Statements	3
2. Statement by Councillors & Management	4
3. Primary Financial Statements:	
Income Statement Statement of Comprehensive Income Statement of Financial Position Statement of Changes in Equity Statement of Cash Flows	5 6 7 8 9
4. Notes to the Financial Statements	10
5. Independent Auditor's Reports:	70
On the Financial Statements (Sect 417 [2]) On the Financial Statements (Sect 417 [3])	76 79

Overview

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

124 Dandaloo Street Narromine NSW 2821

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

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

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

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

Narromine Shire Council

Financial Statements 2019

General Purpose Financial Statements

for the year ended 30 June 2019

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2019

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 11 September 2019,

Craig Davies
Mayor

11 September 2019

Dawn Collins Councillor

11 September 2019

Jane Redden General Manager

11 September 2019

John Sevil

Responsible Accounting Officer

11 September 2019

Narromine Shire Council

Financial Statements 2019

Income Statement

for the year ended 30 June 2019

Original unaudited budget			Actual	Actua
2019	\$ '000	Notes	2019	2018
	Income from continuing operations			
	Revenue:			
8,852	Rates and annual charges	3a	8,857	8,430
2,688	User charges and fees	3b	3,063	2,98
634	Interest and investment revenue	3c	1,010	63
926	Other revenues	3d	472	53:
7,691	Grants and contributions provided for operating purposes	3e,3f	7,649	7,948
3,293	Grants and contributions provided for capital purposes	3e,3f	3,390	2,83
0,200	Other income:	00,01	0,000	2,00
	Net gains from the disposal of assets	5	43	157
_	Net share of interests in joint ventures and associates	14		
_	using the equity method	1-7	10	3
24,084	Total income from continuing operations		24,494	23,56
	Expenses from continuing operations			
7,720	Employee benefits and on-costs	4a	6,624	7,07
107	Borrowing costs	4b	93	10
4,444	Materials and contracts	4c	5,480	4,68
5,964	Depreciation and amortisation	4d	5,850	5,96
2,375	Other expenses	4e	2,543	2,89
2,575	Revaluation decrement / impairment of IPP&E	4d	249	2,09
20,610	Total expenses from continuing operations	14	20,839	20,72
20,010	Total expenses from continuing operations		20,039	20,72
3,474	Operating result from continuing operations		3,655	2,845
3,474	Net operating result for the year		3,655	2,845
3,474	Net operating result attributable to council		3,655	2,84
181	Net operating result for the year before grants and contr provided for capital purposes	ibutions	265	1

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

Narromine Shire Council

Financial Statements 2019

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Net operating result for the year (as per Income Statement)		3,655	2,845
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain / (loss) on revaluation of IPP&E	9(a)	1,194	2,107
Total items which will not be reclassified subsequently to the operating result		1.194	2,107
			2,107
Total other comprehensive income for the year	_	1,194	2,107
Total comprehensive income for the year	_	4,849	4,952
Total comprehensive income attributable to Council		4,849	4,952

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

Narromine Shire Council

Financial Statements 2019

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018
ASSETS			
Current assets			
Cash and cash equivalent assets	6(a)	1,659	1,035
Investments	6(b)	22,573	23,320
Receivables	7	1,921	2,074
Inventories	8a	854	1,014
Other	8b	90	115
Total current assets		27,097	27,558
Non-current assets			
Receivables	7	512	458
Infrastructure, property, plant and equipment	9(a)	309,001	302,718
Investments accounted for using the equity method	14	298_	288
Total non-current assets		309,811	303,464
TOTAL ASSETS		336,908	331,022
LIABILITIES Current liabilities			
Payables	10	1,558	884
Income received in advance	10	227	186
Borrowings	10	390	385
Provisions	11	1,576	1,761
Total current liabilities		3,751	3,216
Non-current liabilities			
Borrowings	10	2,858	2,494
Provisions	11	194	56
Total non-current liabilities		3,052	2,550
TOTAL LIABILITIES		6,803	5,766
Net assets		330,105	325,256
EQUITY			
Accumulated surplus	12a	136,345	132,690
Revaluation reserves	12a	193,760	192,566
Council equity interest		330,105	325,256
Total equity		330,105	325,256

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

Narromine Shire Council

Statement of Changes in Equity

for the year ended 30 June 2019

			2019		2018			
			IPP&E			IPP&E		
\$ '000	Notes	Accumulated surplus	revaluation reserve	Total equity	Accumulated surplus	revaluation reserve	Total equity	
Opening balance		132,690	192,566	325,256	129,845	190,459	320,304	
Net operating result for the year		3,655	-	3,655	2,845	-	2,845	
Other comprehensive income								
- Gain / (loss) on revaluation of IPP&E	9(a)	_	1,194	1,194	_	2,107	2,107	
Other comprehensive income		_	1,194	1,194	_	2,107	2,107	
Total comprehensive income		3,655	1,194	4,849	2,845	2,107	4,952	
Equity – balance at end of the reporting period		136,345	193,760	330,105	132,690	192,566	325,256	

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

Financial Statements 2019

Financial Statements 2019

Narromine Shire Council

Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
2019	\$ 000	Notes	2019	2010
	Cash flows from operating activities			
	Receipts			
8,852	Rates and annual charges		8,803	8,090
2,688	User charges and fees		2,745	2,792
634	Investment and interest revenue received		899	690
10,985	Grants and contributions		11,566	10,414
_	Bonds, deposits and retention amounts received		5	22
_	Other		302	671
	<u>Payments</u>			
(7,721)	Employee benefits and on-costs		(6,815)	(7,086)
(4,444)	Materials and contracts		(4,959)	(4,885)
(107)	Borrowing costs		(92)	(99)
(2,375)	Other		(2,348)	(3,004)
	Net cash provided (or used in) operating	13b		
8,512	activities		10,106	7,605
	Cash flows from investing activities			
	Receipts			
_	Sale of investment securities		24,000	25,570
488	Sale of real estate assets		_	411
_	Sale of infrastructure, property, plant and equipment		230	544
	<u>Payments</u>			
_	Purchase of investment securities		(22,987)	(27,890)
(15,566)	Purchase of infrastructure, property, plant and equipment		(10,965)	(8,617)
	Purchase of real estate assets		(129)	(258)
(15,078)	Net cash provided (or used in) investing activities		(9,851)	(10,240)
	Cash flows from financing activities			
	Receipts			
752	Proceeds from borrowings and advances		752	200
132	_		132	200
(202)	Payments Repayment of borrowings and advances		(202)	(202)
(383)			(383)	(363)
369	Net cash flow provided (used in) financing activities		369	(163)
(6,197)	Net increase/(decrease) in cash and cash equivalent	s	624_	(2,798)
1,500	Plus: cash and cash equivalents – beginning of year	13a	1,035	3,833
1,000	Cash and cash equivalents – end of the	13a		0,000
(4.007)			4.050	4.005
(4,697)	year		1,659_	1,035
	Additional Information:			
04.000		0 (1)		
24,000 19,303	plus: Investments on hand – end of year Total cash, cash equivalents and investments	6(b)	22,573 24,232	23,320 24,355

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

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Basis of preparation	11
2(a)	Council functions/activities – financial information	15
2(b)	Council functions/activities – component descriptions	16
3	Income from continuing operations	18
4	Expenses from continuing operations	24
5	Gains or losses from the disposal, replacement and de-recognition of assets	28
6(a)	Cash and cash equivalent assets	29
6(b)	Investments	29
6(c)	Restricted cash, cash equivalents and investments – details	32
7	Receivables	34
8	Inventories and other assets	36
9(a)	Infrastructure, property, plant and equipment	38
9(b)	Externally restricted infrastructure, property, plant and equipment	41
10	Payables and borrowings	42
11	Provisions	44
12	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	46
13	Statement of cash flows – additional information	47
14	Interests in other entities	47
15	Commitments	50
16	Contingencies and other assets/liabilities not recognised	51
17	Financial risk management	54
18	Material budget variations	58
19	Fair Value Measurement	60
20	Related Party Transactions	66
21	Statement of developer contributions	68
22	Financial result and financial position by fund	69
23(a)	Statement of performance measures – consolidated results	71
23(b)	Statement of performance measures – by fund	72
	Additional Council disclosures (unaudited)	
23(c)	Statement of performance measures – consolidated results (graphs)	73
24	Council information and contact details	75

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 13 November 2019. Council has the power to amend and reissue these financial statements.

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

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

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

Council is a not for-profit entity.

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

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

- Income statement
- · Statement of cash flows
- Note 18 Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cashflows.

AASB 9 Financial Instruments is effective from 1 July 2018 and has had no material impact on Council's financial statements as Council is prohibited from carrying certain types of investments including derivatives.

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Significant judgements in applying the council's accounting policies

(iv) Impairment of receivables

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

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

(b) The Trust Fund

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued not yet effective

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

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

AASB 16 Leases

AASB 16 will result (for YE 19/20 and beyond) in none of its operating leases being recognised on the balance sheet by Council (alongisde existing finance leases). AASB 16 provides optional relief for leases of low-value or for leases of less than 12 months. OLG has mandedated Councils to apply this exemption for all leases that meet the critiera.

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

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

continued on next page ...

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Council staff have reviewed all of Council's leasing arrangements over the last 12 months taking into consideration the new lease accounting rules in AASB 16 (applicable from 1/7/19).

AASB 16 will (on the whole) not affect Council's accounting for existing operating lease agreements that are in place as at 30/6/19.

At the end of this reporting period, Council has non-cancellable operating lease commitments of \$52,015 - refer Note 15.

Of these commitments, approximately \$6,636 relate to short-term leases and \$45,379 to low value leases.

Both these lease types and amounts will continue to be accounted for as they currently are (being expensed on a straight-line basis within the Income Statement).

From a financial perfromance standpoint, Council expects that net operating result will not change for the 19/20 financial year as a result of adopting the standard.

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

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

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

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Councils should assess each revenue stream but particular impact is expected for grant income and rates which are paid before the commencement of the rating period.

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

The impact of AASB15 is expected to be minimal due to revenue earned when it is received.

AASB 1058 Income of NFP Entities

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

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

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

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

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

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

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

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

There is not expected to be a material impact on the reported financial position, performance or cashflows of Council although some additional disclosure may be required.

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

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

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

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

The specific impacts of AASB2018-8 for Council are expected to be minimal.

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

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

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

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

Income, expenses and assets have been directly attributed to the following functions or activities.

Details of those functions or activities are provided in Note 2(b).

							` '			
		ncome from operations		enses from operations	Operating continuing	result from operations		s included come from operations		assets held (current and non-current)
\$ '000	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Functions or activities										
Governance	142	_	1,059	487	(917)	(487)	58	_	_	_
Administration	251	_	2,481	3,174	(2,230)	(3,174)	_	_	26,830	27,179
Public Order & Safety	140	142	559	581	(419)	(439)	_	116	271	276
Environment & Health	188	100	326	326	(138)	(226)	116	68	1,328	1,383
Community & Cultural Services	319	214	1,681	1,209	(1,362)	(995)	117	464	408	374
Planning & Development	164	209	284	192	(120)	17	_	_	173	173
Waste Management	1,712	1,482	1,548	1,113	164	369	_	27	914	631
Infrastructure	5,662	5,588	7,339	7,857	(1,677)	(2,269)	6,141	3,130	240,094	238,374
Recreational Facilities	142	1,007	1,985	1,733	(1,843)	(726)	7	661	19,122	15,904
Economic Development	36	247	338	409	(302)	(162)	25	52	56	70
Family Day Care	_	606	_	628	_	(22)	_	509	236	232
Water Supplies	2,005	2,281	1,971	1,846	34	435	15	231	21,040	20,780
Sewerage Services	1,542	1,523	1,268	1,166	274	357	_	19	25,922	25,358
General Purpose Income	12,181	10,130	_	_	12,181	10,130	3,038	4,209	_	_
Joint Ventures	10	37	_	_	10	37	_	_	298	288
Other	_	_	_	_	_	_	(23)	(105)	216	_
Total functions and activities	24,494	23,566	20,839	20,721	3,655	2,845	9,494	9,381	336,908	331,022

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

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

- Executive services provision of effective and efficient support to councillors, Council and the community.
- Legal advice and services for Council, its delegates and officers, procure adequate and appropriate insurance coverage at a minimum cost, manage claims against Council and manage litigation by and against Council.
- Provision of management accounting, financial reporting, rates, payroll, creditors, accounts receivable, cashiering, debt recovery and investments.
- · Computing and support services to Council
- Management and improvement of the quality, performance, opportunities & safety conditions of Council's staff.
- Civic administration building.

Public Order & Safety

· Co-operation and liaison with the Rural Fire Service and other Emergency Service organisations

Environment & Health

- · Protection of the environment, its enhancement and the promotion of environmental sustainability
- Maintenance of the health standards and safety of premises that are accessible to and impact upon the community
- · Development of an innovative best practice policy to control the incidence of noxious plants
- · Companion animal management and issues in relation to straying livestock

Community & Cultural Services

- · Provision of community, cultural and educational services and facilities to enhance the community's way of life
- · Provision of programs and services for young people between 12-24 years of age
- · Active participation in and co-operation with community organisations in the delivery of Aged & Disability Services
- Provision for the development and management of a range of community facilities
- · Provision of effective public library lending, information and referral services
- Provision of quality cemetery services and memorial facilities
- Advocate for a strong cultural role in community revitalisation and identity by the encouragement & promotion of local historical, cultural and art organisations and activities

Planning & Development

- Creation of a quality environment for the community in which land use and development is planned and assessed and the social, environmental, economic, agricultural, heritage and physical wellbeing of the community is enhanced and protected
- Planning the Shire's future whilst embracing the principles of Ecologically Sustainable Development
- Assessment and determination of development applications
- · Regulatory inspections

Waste Management

- · Effective management of waste collection, minimise waste whilst encouraging commercial and residential recycling
- · Collection & recycling
- Disposal

Infrastructure

 Provision of well constructed, maintained and functional roads, drains, public buildings and associated engineering structures; including operational support, construction and maintenance, design, stormwater management and aerodromes

continued on next page ...

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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

Recreational Facilities

- · Provision of equitable access to social, cultural, sporting and recreational services and facilities
- · Parks, playing fields and reserves
- · Recreational buildings and infrastructure
- · Swimming Pools

Economic Development

- Development and assistance in the implementation of strategies, programs and policies that will provide employment and a positive environment for the local economy
- Tourism & area promotion
- · Real estate development
- · Saleyards and markets
- External partnerships
- · Camping areas

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.

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations

\$ '000	2019	2018
(a) Rates and annual charges		
Ordinary rates		
Residential	1,455	1,525
Farmland	3,248	3,178
Mining	274	268
Business	770	561
Less: pensioner rebates (mandatory)	(72)	(71)
Rates levied to ratepayers	5,675	5,461
Pensioner rate subsidies received	40	39
Total ordinary rates	5,715	5,500
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	1,109	964
Stormwater management services	52	52
Water supply services	636	588
Sewerage services	1,096	1,059
Waste management services (non-domestic)	203	228
Less: pensioner rebates (mandatory)	(22)	(21)
Annual charges levied	3,074	2,870
Pensioner subsidies received:		
– Water	21	20
- Sewerage	20	19
- Domestic waste management	27	27
Total annual charges	3,142	2,936
TOTAL RATES AND ANNUAL CHARGES	8,857	8,436

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

Accounting policy for rates and charges

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government. Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

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

continued on next page ...

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(b) User charges and fees		
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Water supply services	1,283	1,301
Sewerage services	377	371
Waste management services (non-domestic)	189	54
Total specific user charges	1,849	1,726
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	96	100
Private works – section 67	315	159
Regulatory/ statutory fees	_	1
Registration fees	12	7
Regulatory fees	16	22
Section 10.7 certificates (EP&A Act)	21	41
Section 603 certificates	10	14
Other	2	4
Impounding fees	2	_
Total fees and charges – statutory/regulatory	474	348
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Cemeteries	86	71
Community centres	5	22
Gravel pits	288	308
Recycling income (non-domestic)	66	64
Saleyards	20	20
Swimming centres	70	78
Waste disposal tipping fees	94	137
Water connection fees	8	43
Showgrounds	38	32
Macquarie family day care	_	95
Sport and fitness centre	63	41
Other	2	3
Total fees and charges – other	740	914
TOTAL USER CHARGES AND FEES	3,063	2,988

Accounting policy for user charges and fees

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

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(c) Interest and investment revenue (including losses)		
Interest on financial assets measured at amortised cost		
 Overdue rates and annual charges (incl. special purpose rates) 	82	55
 Cash and investments 	425	582
Dividend income (other)	237	_
Fair value adjustments		
 Movements in investments at fair value through profit and loss 	266	_
TOTAL INTEREST AND INVESTMENT REVENUE	1,010	637
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	48	55
General Council cash and investments	915	405
Restricted investments/funds – external:		
Development contributions – Section 64	13	5
Water fund operations	19	102
Sewerage fund operations	15	70
Total interest and investment revenue	1,010	637

Accounting policy for interest and investment revenue

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

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

(d) Other revenues

Rental income – other council properties	214	254
Legal fees recovery – rates and charges (extra charges)	21	43
Diesel rebate	63	55
Insurance claims recoveries	4	21
Insurance rebates	56	3
Refunds of contributions	_	4
Other	114	152
TOTAL OTHER REVENUE	472	532

Accounting policy for other revenue

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

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

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

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

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

Carrent purpose (untied) Current year allocation Financial assistance — general component 718 703 7 7 7 7 7 7 7 7 7	\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
Current year allocation 1,492 1,351 — Financial assistance — general component 1,492 1,351 — Payment in advance - future year allocation 1,547 1,393 — Financial assistance — general component 1,547 1,393 — Financial assistance — general component 745 723 — Total general purpose 4,502 4,170 — — Specific purpose Pensioners' rates subsidies: — — 15 — — — — 15 —	(e) Grants				
Financial assistance - general component	General purpose (untied)				
Financial assistance – local roads component Payment in advance - future year allocation Financial assistance — general component Financial assistance — general component Financial assistance — local roads component 745 723 — Total general purpose 4,502 4,170 — Specific purpose Pensioners' rates subsidies: - Water — Water — — — 15 — 15 — 86 — 86 — Water supplies — — 16 — 111	Current year allocation				
Payment in advance - future year allocation 1,547 1,393 - Financial assistance – local roads component 745 723 - Total general purpose 4,502 4,170 - Specific purpose Pensioners' rates subsidies: - - 15 - Water - - 111 - - Domestic waste management - - 111 - - Other - - 15 21 Bushfire and emergency services 116 116 - - 15 21 Bushfire and emergency services 116 116 - - - 15 21 Community care - - - 350 66 Economic development - - - 58 - Eovironmental programs - - 58 - - - 66 Evillary 31 36 - - - - -	Financial assistance – general component	1,492	1,351	_	_
Financial assistance – general component 1,547 1,393 — Financial assistance – local roads component 745 723 — Total general purpose 4,502 4,170 — Sepecific purpose Pensioners' rates subsidies: — Water — — — 15 — 15 — 16 — 16 — 16 — 16 — 16	Financial assistance – local roads component	718	703	_	_
Financial assistance	Payment in advance - future year allocation				
Specific purpose 4,502 4,170 - - - - - - -	Financial assistance – general component	1,547	1,393	_	_
Specific purpose Pensioners' rates subsidies: Water	Financial assistance – local roads component	745	723	_	_
Pensioners' rates subsidies: - Water	Total general purpose	4,502	4,170	_	_
- Water	Specific purpose				
- Domestic waste management	Pensioners' rates subsidies:				
- Other	– Water	_	_	15	_
Water supplies – – 15 21 Bushfire and emergency services 1116 116 – – Community care – 3 – – Community centres – – 350 6 Economic development – 52 60 – Environmental programs – – 58 – Heritage and cultural 1 – – – Library 31 36 – – LIRS subsidy – – 62 – Noxious weeds 61 68 – – Recreation and culture – – 802 66 Street lighting 46 45 – – Recreation and culture – – 802 66 Street lighting 46 45 – – Traffic route subsidy – – 76 – Transport (roads to recovery) 1,105 1,251 – – – Transport (obter ro	– Domestic waste management	_	_	11	_
Bushfire and emergency services 1116 116 — Community care — 3 — 3 — 3 — 3 — 3 — 3 — 3 — 3 — 3 —	– Other	_	_	86	_
Community care - 3 -	Water supplies	_	_	15	211
Community centres - - 350 66 Economic development - 52 60 - Environmental programs - - 58 - Heritage and cultural 1 - - - Library 31 36 - - Noxious weeds 61 68 - - Recreation and culture - - 802 66 Street lighting 46 45 - - Traffic route subsidy - - 76 - Transport (foads to recovery) 1,105 1,251 - - Transport (fother roads and bridges funding) 46 353 812 1,37 Black Spot grant funding	Bushfire and emergency services	116	116	_	_
Economic development	Community care	_	3	_	_
Environmental programs	Community centres	_	_	350	63
Heritage and cultural	Economic development	_	52	60	_
Library 31 36 -	Environmental programs	_	_	58	_
LIRS subsidy Noxious weeds 61 68 - Recreation and culture	Heritage and cultural	1	_	_	_
Noxious weeds 61 68 - - - -	Library	31	36	_	_
Recreation and culture	LIRS subsidy	_	_	62	_
Street lighting 46 45 - - Traffic route subsidy - - 76 - Transport (roads to recovery) 1,105 1,251 - - Transport (other roads and bridges funding) 46 353 812 1,37 Black Spot grant funding - - - - 110 Community infrastructure grant 276 - 960 36 Family day care - child assistance - 420 - - Family day care - operational - 89 - - Other 3 - - - - Total specific purpose 1,685 2,433 3,307 2,778 Total grants 6,187 6,603 3,307 2,778 Grant revenue is attributable to: - - - - - Commonwealth funding 4,475 4,656 - - - State funding 1,712 1,947 3,307 2,778	Noxious weeds	61	68	_	_
Traffic route subsidy - - 76 - Transport (roads to recovery) 1,105 1,251 - - Transport (other roads and bridges funding) 46 353 812 1,37 Black Spot grant funding - - - - 110 Community infrastructure grant 276 - 960 36 Family day care - child assistance - 420 - - Family day care - operational - 89 - - Other 3 - - - - Total specific purpose 1,685 2,433 3,307 2,778 Total grants 6,187 6,603 3,307 2,778 Grant revenue is attributable to: - - - - - Commonwealth funding 4,475 4,656 - - - State funding 1,712 1,947 3,307 2,778	Recreation and culture	_	_	802	661
Transport (roads to recovery) 1,105 1,251 — — Transport (other roads and bridges funding) 46 353 812 1,37 Black Spot grant funding — — — — 110 Community infrastructure grant 276 — 960 36 Family day care – child assistance — 420 — — Family day care – operational — 89 — — Other 3 — — — Total specific purpose 1,685 2,433 3,307 2,778 Total grants 6,187 6,603 3,307 2,778 Grant revenue is attributable to: — — — — — Commonwealth funding 4,475 4,656 — — — State funding 1,712 1,947 3,307 2,778	Street lighting	46	45	_	_
Transport (other roads and bridges funding) 46 353 812 1,37 Black Spot grant funding - - - 110 Community infrastructure grant 276 - 960 36 Family day care – child assistance - 420 - - Family day care – operational - 89 - - Other 3 - - - - Total specific purpose 1,685 2,433 3,307 2,778 Total grants 6,187 6,603 3,307 2,778 Grant revenue is attributable to: - - - - - Commonwealth funding 4,475 4,656 - - - State funding 1,712 1,947 3,307 2,778	Traffic route subsidy	_	_	76	_
Black Spot grant funding	Transport (roads to recovery)	1,105	1,251	_	_
Community infrastructure grant 276 - 960 367 Family day care - child assistance - 420 - - Family day care - operational - 89 - - Other 3 - - - - Total specific purpose 1,685 2,433 3,307 2,778 Total grants 6,187 6,603 3,307 2,778 Grant revenue is attributable to: - - - - Commonwealth funding 4,475 4,656 - - - State funding 1,712 1,947 3,307 2,778	Transport (other roads and bridges funding)	46	353	812	1,371
Family day care – child assistance – 420 – – Family day care – operational – 89 – – Other 3 – – – Total specific purpose 1,685 2,433 3,307 2,778 Total grants 6,187 6,603 3,307 2,778 Grant revenue is attributable to: – – – – Commonwealth funding 4,475 4,656 – – – State funding 1,712 1,947 3,307 2,778	Black Spot grant funding	_	_	_	110
Family day care - operational - 89	Community infrastructure grant	276	_	960	362
Other 3 - - - Total specific purpose 1,685 2,433 3,307 2,778 Total grants 6,187 6,603 3,307 2,778 Grant revenue is attributable to: - <td>Family day care – child assistance</td> <td>_</td> <td>420</td> <td>_</td> <td>_</td>	Family day care – child assistance	_	420	_	_
Total specific purpose 1,685 2,433 3,307 2,778 Total grants 6,187 6,603 3,307 2,778 Grant revenue is attributable to: - Commonwealth funding 4,475 4,656 - - - State funding 1,712 1,947 3,307 2,778	Family day care – operational	_	89	_	_
Total grants 6,187 6,603 3,307 2,778 Grant revenue is attributable to: - Commonwealth funding 4,475 4,656 - State funding 1,712 1,947 3,307 2,778	Other	3	_	_	_
Grant revenue is attributable to: - Commonwealth funding 4,475 4,656 - - - State funding 1,712 1,947 3,307 2,778	Total specific purpose	1,685	2,433	3,307	2,778
- Commonwealth funding 4,475 4,656 - - - State funding 1,712 1,947 3,307 2,778	Total grants	6,187	6,603	3,307	2,778
- State funding 1,712 1,947 3,307 2,778	Grant revenue is attributable to:				
- State funding 1,712 1,947 3,307 2,778	 Commonwealth funding 	4,475	4,656	_	_
	– State funding			3,307	2,778
U. 101 U.000 3.301 Z.116		6,187	6,603	3,307	2,778

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(f) Contributions					
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA): Cash contributions					
S 7.12 – fixed development consent levies		33			50
Total developer contributions – cash		33			50
Total developer contributions	21	33			50
Other contributions: Cash contributions					
Dedications – subdivisions (other than by s7.11)		134	132	_	_
Recreation and culture		_	_	6	3
RMS contributions (regional roads, block grant)		1,199	1,125	77	_
Tourism		_	1	_	_
Other		49	51	_	_
Employment and training		6	_	_	_
Motor vehicle leaseback		41	36		
Total other contributions – cash		1,429	1,345	83	3
Total other contributions		1,429	1,345	83	3
<u>Total contributions</u>		1,462	1,345	83	53
TOTAL GRANTS AND CONTRIBUTIONS		7,649	7,948	3,390	2,831

Accounting policy for grants and contributions

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

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

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

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

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

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

continued on next page ...

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	2,553	3,519
Add: operating grants recognised in the current period but not yet spent	2,287	802
Less: operating grants recognised in a previous reporting period now spent	(1,101)	(1,768)
Unexpended and held as restricted assets (operating grants)	3,739	2,553

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations

\$ '000	2019	2018
(a) Employee benefits and on-costs		
Salaries and wages	5,638	5,178
Employee termination costs	_	41
Travel expenses	29	20
Employee leave entitlements (ELE)	547	1,262
Superannuation	731	652
Workers' compensation insurance	229	177
Fringe benefit tax (FBT)	35	25
Training costs (other than salaries and wages)	134	103
Sick leave insurance	4	12
Protective clothing	20	20
Other	22	22
Total employee costs	7,389	7,512
Less: capitalised costs	(765)	(437)
TOTAL EMPLOYEE COSTS EXPENSED	6,624	7,075
Number of 'full-time equivalent' employees (FTE) at year end	79	78

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

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

(b) Borrowing costs

(i) Interest bearing liability costs

Interest on loans	93	101
Total interest bearing liability costs expensed	93	101
TOTAL BORROWING COSTS EXPENSED	93	101

Accounting policy for borrowing costs

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

continued on next page ... Page 24 of 84

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(c) Materials and contracts		
Raw materials and consumables	3,083	2,918
Contractor and consultancy costs	2,215	1,577
Auditors remuneration ²	81	82
Legal expenses:		
- Legal expenses: other	30	68
Operating leases:		
 Operating lease rentals: minimum lease payments ¹ 	37	35
Other	34	6
Total materials and contracts	5,480	4,686
TOTAL MATERIALS AND CONTRACTS	5,480	4,686

Accounting policy for operating leases

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

1. Operating lease payments are attributable to:

Other	37	35
	37	35

2. Auditor remuneration

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

Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	73	82
Remuneration for audit and other assurance services	73	82
Total Auditor-General remuneration	73	82
Non NSW Auditor-General audit firms		
(ii) Non-assurance services		
Benchmarking advice	8	_
Remuneration for non-assurance services	8	_
Total remuneration of non NSW Auditor-General audit firms	8	_

Total Auditor remuneration

82

81

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2019	2018
(d) Depreciation, amortisation and impairment of			
intangible assets and IPP&E			
Depreciation and amortisation			
Plant and equipment		437	387
Office equipment		73	393
Furniture and fittings		11	17
Infrastructure:			
– Buildings – non-specialised		185	147
- Buildings - specialised		976	617
- Other structures		116	104
- Roads		2,280	2,191
- Bridges		240	243
- Footpaths		78	78
- Stormwater drainage		203	203
- Water supply network		483	616
Sewerage network		439	433
 Swimming pools 		50	41
- Other open space/recreational assets		130	139
- Other infrastructure		11	10
Other assets:			
– Aerodrome		138	226
Intangible assets		_	119
Total depreciation and amortisation costs		5,850	5,964
Impairment / revaluation decrement of IPP&E			
Infrastructure:			
– Buildings – specialised		116	_
- Other infrastructure		8	_
Intangible assets		125	_
Total IPP&E impairment / revaluation decrement costs /			
(reversals) charged to Income Statement		249	
TOTAL DEPRECIATION, AMORTISATION AND			
IMPAIRMENT / REVALUATION DECREMENT FOR			
INTANGIBLES AND IPP&E		6,099	5,964
			0,004

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

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

continued on next page ...

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(e) Other expenses		
Advertising	78	117
Bad and doubtful debts	57	20
Bank charges	30	36
Child care – carers payments	_	432
Computer software charges	112	159
Contributions/levies to other levels of government	111	_
- Emergency services levy (includes FRNSW, SES, and RFS levies)	9	11
- Macquarie regional library	381	367
– NSW fire brigade levy	32	32
- NSW rural fire service levy	223	229
Councillor expenses – mayoral fee	26	25
Councillor expenses – councillors' fees	107	102
Councillors' expenses (incl. mayor) – other (excluding fees above)	43	37
Donations, contributions and assistance to other organisations (Section 356)	58	52
Election expenses	_	49
Electricity and heating	395	380
Insurance	383	383
Office expenses (including computer expenses)	58	78
Postage	19	5
Street lighting	201	146
Subscriptions and publications	99	128
Telephone and communications	55	73
Valuation fees	53	29
Other	13	5
Total other expenses	2,543	2,895

Accounting policy for other expenses

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

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	Notes	2019	2018
Plant and equipment	9(a)		
Proceeds from disposal – plant and equipment		230	544
Less: carrying amount of plant and equipment assets sold/written off		(187)	(571)
Net gain/(loss) on disposal		43	(27)
Real estate assets held for sale	8		
Proceeds from disposal – real estate assets		_	411
Less: carrying amount of real estate assets sold/written off		_	(227)
Net gain/(loss) on disposal			184
Investments	6(b)		
Proceeds from disposal/redemptions/maturities – investments		24,000	25,570
Less: carrying amount of investments sold/redeemed/matured		(24,000)	(25,570)
Net gain/(loss) on disposal			_
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		43	157

Accounting policy for disposal of assets

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

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

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
Cash and cash equivalents		
Cash on hand and at bank	1,659	107
Cash-equivalent assets		
- Deposits at call	_	928
Total cash and cash equivalents	1,659	1,035

Accounting policy for cash and cash equivalents

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

Note 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Investments				
a. 'Financial assets at fair value through profit and loss'				
- 'Held for trading'	5,573	_	_	_
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	17,000	_	23,320	_
Total Investments	22,573	_	23,320	_
TOTAL CASH ASSETS, CASH				
EQUIVALENTS AND INVESTMENTS	24,232		24,355	
Financial assets at fair value through the profit and	loss			
Managed funds	5,523	_	_	_
Unlisted equity securities	50	_	_	_
Total	5,573			
Financial assets at amortised cost / held to maturity	<i>(</i> (2018)			
Long term deposits	17,000	_	23,320	_
Total	17,000		23,320	_

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

Accounting policy for investments

Accounting policy under AASB 9 – applicable from 1 July 2018

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Fair value through other comprehensive income – equity instruments

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

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

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

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

Accounting policy under AASB 139 - applicable for 2018 comparatives only

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

(b) Held to maturity investments

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

(c) Loans and receivables

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

(d) 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 are 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. Assets in this category are held at fair value with changes in fair value taken to other comprehensive income.

Recognition and de-recognition

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

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

Impairment of financial assets

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

Impairment of available for sale investments

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Notes to the Financial Statements

for the year ended 30 June 2019

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

	2019	2019	2018	2018
\$ '000	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	24,232		24,355	
attributable to:				
External restrictions	11,602	_	13,410	_
Internal restrictions	8,311	_	7,690	_
Unrestricted	4,319	_	3,255	_
	24,232		24,355	
\$ '000			2019	2018
Details of restrictions				
External restrictions – included in liabilities				
Specific purpose unexpended loans – general			_	5
External restrictions – included in liabilities				5
External restrictions – other				
Developer contributions – general			299	259
Developer contributions – water fund			144	141
Developer contributions – sewer fund			77	75
Specific purpose unexpended grants			1,452	2,058
Water supplies			2,151	4,062
Sewerage services			6,387	5,439
Domestic waste management			842	926
Board of control			142	105
OROC			38	205
OROC – Unexpended Grants			70	135
External restrictions – other			11,602	13,405
Total external restrictions			11,602	13,410

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
Internal restrictions		
Administration building	8	33
Aerodrome development	147	153
Alkane community contributions	106	87
Alkane environmental monitoring	92	69
Alkane roads contribution	_	55
Alkane Tomingley water tank project	80	60
Carry over works	1,600	1,340
Cemetery improvements	26	26
Community hall upgrades	_	34
Council buildings	62	52
Depot improvements	62	62
Drainage construction	322	122
Economic development reserve	12	12
Election expenses	32	19
Employees leave entitlement	545	545
FAGS advance grant	2,287	2,116
Family day care	_	199
Footpaths	16	5
Industrial land - Aerodrome	752	_
Irrigation System Establishment	72	72
IT strategy	129	129
Kerb and gutter	210	238
Land development	499	499
Library improvements	133	140
Medical centre	144	91
Natfly	4	4
Office equipment	7	21
OHS	102	84
Parks Amenities	95	95
Plant and vehicle replacement	-	306
Playground equipment	76	50
Playground Fencing	33	33
Playground shade	49	49
Pound improvements	8	16
Public amenities upgrade	45	35
Quarries	264	484
Showground improvements		1
Softfall Establishment	73	73
Sporting Facility Upgrades	54	146
Sports centre upgrades	35	25
Stormwater – levee bank	2	2
Street lighting	9	9
Street tree planting/irrigation	7	9
Swimming facilities upgrades	42	25
Tomingley - Dicken Park Landscaping	5	_
Trangie Historical Group	1	1
Wetlands development	46	46
Youth education activities	18	18
Toda Toda Gallott Gott Villo		
Total internal restrictions	Q 211	
Total internal restrictions TOTAL RESTRICTIONS	8,311	7,690

Narromine Shire Council

Financial Statements 2019

Page 34 of 84

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Purpose	670	276	600	260
Rates and annual charges Interest and extra charges	62	276 55	623 133	269 47
User charges and fees	842	181	528	142
Accrued revenues	072	101	020	172
- Interest on investments	51	_	110	_
Government grants and subsidies	_	_	527	_
Net GST receivable	259	_	141	_
Other debtors	88	_	36	_
Total	1,972	512	2,098	458
Less: provision of impairment				
Interest and extra charges	(33)	_	_	_
User charges and fees	(18)	_	(24)	_
Total provision for impairment –				
receivables	(51)		(24)	
TOTAL NET RECEIVABLES	1,921	512	2,074	458
Externally restricted receivables Water supply - Rates and availability charges	50	5	40	24
– Other	293	194	272	178
Sewerage services				
 Rates and availability charges 	129	39	86	66
– Other	160	_	178	_
Domestic waste management Other	145	56	68	43
– Unspent grants		_	466	_
Total external restrictions	777	294	1,110	311
Unrestricted receivables	1,144	218	964	147
TOTAL NET RECEIVABLES	1,921	512	2,074	458
\$ '000			2019	2018
Movement in provision for impairment o	f receivables			
· · · · · · · · · · · · · · · · · · ·		\ A CD 420\	24	
Balance at the beginning of the year (calculated	in accordance with A	NASB 139)	24	_
Balance at the beginning of the year (calculated + new provisions recognised during the year	in accordance with A	AASB 139)	28	24

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables (continued)

Accounting policy for receivables

Recognition and measurement

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Accounting policy under AASB 139 applicable for 2018 comparatives only

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

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly.

An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired.

When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Accounting policy under AASB 9 applicable from 1 July 2018

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

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

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

Rates and annual charges outstanding are secured against the property.

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

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

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

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

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

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

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

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Inventories				
(i) Inventories at cost				
Real estate for resale	600	_	471	_
Stores and materials	254	_	543	_
Total inventories at cost	854		1,014	_
TOTAL INVENTORIES	854		1,014	
(b) Other assets				
Prepayments	90	_	115	_
TOTAL OTHER ASSETS	90	_	115	_

(i) Other disclosures

\$ '000	Notes	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Details for real estate development					
Residential		499	_	404	_
Industrial/commercial		101	_	67	_
Total real estate for resale		600		471	_
(Valued at the lower of cost and net realisable value) Represented by:					
Acquisition costs		348	_	313	_
Development costs		252	_	158	_
Total costs	_	600		471	_
Total real estate for resale	_	600		471	
Movements:					
Real estate assets at beginning of the year		471	_	439	_
Purchases and other costs		129	_	259	_
- WDV of sales (expense)	5	_	_	(227)	_
Total real estate for resale		600		471	_

(b) Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2019	2018
Real estate for resale	538	471
	538	471

continued on next page ...

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets (continued)

Accounting policy for inventories and other assets

Raw materials and stores, work in progress and finished goods

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

Inventory held for distribution

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

Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Notes to the Financial Statements

for the year ended 30 June 2019

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

		as at 30/6/2018				Asset movements during the reporting period	its during the re	sporting period				as at 30/6/2019	
000.	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals 1	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	2,196	I	2,196	164	I	I	I	I	(460)	I	1,900	I	1,900
Plant and equipment	7,723	(3,796)	3,927	831	304	(115)	(437)	I	I	I	8,023	(3,627)	4,396
Office equipment	1,264	(781)	483	43	I	I	(73)	I	I	I	1,097	(821)	276
Furniture and fittings	300	(254)	46	I	I	I	(11)	I	I	I	300	(265)	35
Land:													
 Operational land 	4,150	I	4,150	I	I	I	I	I	I	I	4,150	I	4,150
 Community land 	1,758	I	1,758	I	I	I	I	I	I	I	1,758	I	1,758
Infrastructure:													
 Buildings – non-specialised 	5,573	(2,547)	3,026	I	29	I	(185)	I	I	I	5,602	(2,732)	2,870
 Buildings – specialised 	32,721	(16,177)	16,544	1,093	I	1	(926)	(116)	I	I	33,613	(16,953)	16,660
Other structures	3,249	(1,008)	2,241	1,179	I	I	(116)	I	229	202	4,762	(1,256)	3,506
- Roads	229,331	(35,964)	193,367	2,970	516	I	(2,280)	I	80	I	232,828	(38,253)	194,575
- Bridges	25,524	(6,372)	19,152	I	I	I	(240)	I	I	I	25,524	(6,615)	18,909
Footpaths	3,404	(1,621)	1,783	83	I	1	(78)	1	I	I	3,488	(1,699)	1,789
 Stormwater drainage 	20,423	(6,913)	13,510	230	45	I	(203)	I	151	I	20,698	(7,116)	13,582
 – Water supply network 	26,932	(12,383)	14,549	1,698	248	1	(483)	1	I	225	29,309	(13,072)	16,237
 Sewerage network 	27,208	(8,679)	18,529	368	12	1	(439)	I	I	289	28,024	(9,264)	18,760
- Swimming pools	2,712	(1,065)	1,647	929	82	I	(20)	I	I	(23)	3,427	(1,214)	2,213
 Other open space/recreational assets 	3,610	(1,908)	1,702	1,054	83	I	(130)	1	I	182	4,840	(1,949)	2,891
 Other Infrastructure 	386	(149)	237	38	I	I	(11)	(8)	I	I	414	(149)	265
Other assets:													
– Aerodrome	15,849	(12,308)	3,541	27	I	I	(138)	I	I	319	16,278	(12,542)	3,736
– Intangibles	449	(119)	330	I	I	I	I	I	I	I	864	(515)	349
Remediation Assets	I	I	I	I	144	I	I	I	I	I	144	I	144
Total Infrastructure, property, plant and equipment	414,762	(112,044)	302,718	10,334	1,463	(115)	(5,850)	(124)	ı	1,194	427,043	(118,042)	309,001

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

Page 38 of 84

Notes to the Financial Statements

for the year ended 30 June 2019

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

		as at 30/6/2017			Asset	Asset movements during the reporting period	the reporting pe	riod			as at 30/6/2018	
000. \$	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals 1	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	3,491	ı	3,491	144	I	I	I	(1,438)	I	2,196	I	2,196
Plant and equipment	7,684	(4,095)	3,589	1,282	I	(571)	(387)	4	I	7,723	(3,796)	3,927
Office equipment	1,003	(387)	616	236	24	I	(393)	I	I	1,264	(781)	483
Furniture and fittings	300	(237)	63	I	I	I	(17)	I	I	300	(254)	46
Land:												
 Operational land 	3,818	I	3,818	I	I	I	I	I	333	4,150	I	4,150
 Community land 	1,874	I	1,874	I	I	I	I	I	(116)	1,758	I	1,758
Infrastructure:												
Buildings – non–specialised	5,202	(2,638)	2,564	7	I	I	(147)	I	602	5,573	(2,547)	3,026
 Buildings – specialised 	28,880	(13,040)	15,840	635	I	I	(617)	145	541	32,721	(16,177)	16,544
Other structures	3,075	(906)	2,170	162	I	I	(104)	13	I	3,249	(1,008)	2,241
- Roads	226,031	(33,772)	192,259	2,842	10	I	(2,191)	448	I	229,331	(35,964)	193,367
- Bridges	24,719	(6,129)	18,590	805	I	I	(243)	I	I	25,524	(6,372)	19,152
- Footpaths	3,398	(1,543)	1,855	9	I	I	(78)	I	I	3,404	(1,621)	1,783
 Stormwater drainage 	20,386	(6,711)	13,675	39	I	I	(203)	I	I	20,423	(6,913)	13,510
 Water supply network 	24,433	(11,486)	12,947	1,325	6	I	(616)	517	366	26,932	(12,383)	14,549
 Sewerage network 	26,308	(8,068)	18,240	16	24	I	(433)	301	381	27,208	(8,679)	18,529
- Swimming pools	2,601	(1,023)	1,578	111	I	I	(41)	I	I	2,712	(1,065)	1,647
 Other open space/recreational assets 	3,529	(1,770)	1,759	59	22	I	(139)	I	I	3,610	(1,908)	1,702
Other infrastructureOther assets:	386	(139)	247	I	I	I	(10)	I	I	386	(149)	237
- Aerodrome	15,681	(12,082)	3,599	168	I	I	(226)	I	I	15,849	(12,308)	3,541
- Intangibles	I	I	1	I	449	1	(119)	I	1	449	(119)	330
Total Infrastructure, property, plant and equipment	402,799	(104,025)	298,774	7,837	538	(571)	(5,964)	ı	2,107	414,762	(112,044)	302,718

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

Page 39 of 84

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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

Accounting policy for infrastructure, property, plant and equipment

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	1 to 4		
Vehicles	5 to 20	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50 to 100
Other plant and equipment	5 to 50	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 100
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 100		
Pumps and telemetry	15 to 75		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 30	Bulk earthworks	infinite
Sealed roads: structure	20 to 50	Swimming pools	50 to 70
Unsealed roads	10 to 30	Other open space/recreational assets	10 to 100
Bridge: concrete	80 to 100	Other infrastructure	50 to 100
Bridge: other	50 to 80		
Road pavements	60 to 90		
Kerb, gutter and footpaths	40 to 100		

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

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

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.

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2019

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

Crown reserves

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

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

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

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

		2019			2018	
\$ '000	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	815	_	815	794	_	794
Plant and equipment	491	133	358	137	131	6
Land						
- Operational land	673	_	673	673	_	673
Other structures	118	_	118	118	77	41
Infrastructure	29,309	13,072	16,237	26,931	12,383	14,548
Total water supply	31,406	13,205	18,201	28,653	12,591	16,062
Sewerage services						
WIP	72	_	72	586	_	586
Plant and equipment	_	_	_	110	45	65
Land						
 Operational land 	226	_	226	226	_	226
Buildings	125	52	73	125	49	76
Other structures	_	_	_	59	25	34
Infrastructure	28,024	9,264	18,760	27,208	8,680	18,528
Total sewerage services	28,447	9,316	19,131	28,314	8,799	19,515
Domestic waste management						
Plant and equipment	273	248	25	401	361	40
Land						
- Community land	98	_	98	98	_	98
Buildings	157	60	97	215	54	161
Other assets	497	248	249	445	123	322
Total DWM	1,025	556	469	1,159	538	621
TOTAL RESTRICTED						
I,PP&E	60,878	23,077	37,801	58,126	21,928	36,198

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Payables				
Goods and services – operating expenditure	913	_	681	_
Goods and services – capital expenditure Accrued expenses:	565	-	155	-
- Borrowings	9	_	8	_
 Other expenditure accruals 	19	_	_	_
Security bonds, deposits and retentions	30	_	25	_
Other	22		15	_
Total payables	1,558		884	_
Income received in advance				
Payments received in advance	227	_	186	_
Total income received in advance	227		186	_
Borrowings				
Loans – secured ¹	390	2,858	385	2,494
Total borrowings	390	2,858	385	2,494
TOTAL PAYABLES AND				
BORROWINGS	2,175	2,858	1,455	2,494

⁽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 17.

(a) Changes in liabilities arising from financing activities

	as at 30/6/2018					as at 30/6/2019
\$ '000	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	2,879	(383)	752	_	_	3,248
TOTAL	2,879	(383)	752	_	_	3,248

	as at 30/6/2017					as at 30/6/2018
\$ '000	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	3,042	(363)	200	_	_	2,879
TOTAL	3,042	(363)	200	_	_	2,879

continued on next page ... Page 42 of 84

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Payables and borrowings (continued)

\$ '000	2019	2018
(b) Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Credit cards/purchase cards	60	60
Total financing arrangements	60	60
Undrawn facilities as at balance date:		
- Credit cards/purchase cards	60	60
Total undrawn financing arrangements	60	60

Additional financing arrangements information

Breaches and defaults

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

Accounting policy for payables and borrowings

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

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

Payables

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

Borrowings

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

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

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

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Provisions

	2019	2019	2018	2018
\$ '000	Current	Non-current	Current	Non-current
Provisions				
Employee benefits				
Annual leave	460	_	696	_
Long service leave	957	50	1,059	56
Other leave	159	_	6	_
Sub-total – aggregate employee benefits	1,576	50	1,761	56
Asset remediation/restoration:				
Asset remediation/restoration (future works)	_	144	_	_
Sub-total – asset remediation/restoration	_	144	_	_
TOTAL PROVISIONS	1,576	194	1,761	56
\$ '000			2019	2018
(a) Current provisions not anticipated to be so months	ettled within the r	next twelve		
The following provisions, even though classified as cu in the next 12 months.	ırrent, are not expec	ted to be settled		
Provisions – employees benefits			899	1,115
			899	1,115

(b) Description of and movements in provisions

	Other provi	visions	
\$ '000	Asset remediation	Total	
2019			
At beginning of year	_	_	
Additional provisions	144	144	
Amounts used (payments)	_	_	
Unwinding of discount	_	_	
Total other provisions at end of period	144	144	
2018			
At beginning of year	_	_	
Additional provisions	_	_	
Amounts used (payments)	_	_	
Unwinding of discount	_	_	
Total other provisions at end of period		_	

Accounting policy for provisions

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

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

continued on next page ...

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Provisions (continued)

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

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

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

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

The Council has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2018. As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the income statement. In prior year, this information was presented as part of other expenses.
- AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year.

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

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

Classification of financial assets

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9, based primarily on the business model in which a financial asset is managed and its contractual cash flow characteristics are:

- measured at amortised cost
- fair value through profit or loss
- fair value through other comprehensive income equity instruments

Measurement of equity instruments

All equity instruments of the Council are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 that allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) at 1 July 2018.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments, classified as fair value through other comprehensive income, are taken to the relevant reserve.

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an ECL model in AASB 9 for assets measured at amortised cost. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6(a)	1,659	1,035
Balance as per the Statement of Cash Flows		1,659	1,035
(b) Reconciliation of net operating result to cash provide operating activities	ded from		
Net operating result from Income Statement Adjust for non-cash items:		3,655	2,845
Depreciation and amortisation		5,850	5,964
Net losses/(gains) on disposal of assets		(43)	(157)
Losses/(gains) recognised on fair value re-measurements through the P	&L:		
 Investments classified as 'at fair value' or 'held for trading' 		(266)	_
 Revaluation decrements / impairments of IPP&E direct to P&L 		249	_
Share of net (profits)/losses of associates/joint ventures using the equity	method	(10)	(37)
+/- Movement in operating assets and liabilities and other cash iter	ns:		
Decrease/(increase) in receivables		72	(759)
Increase/(decrease) in provision for impairment of receivables		27	24
Decrease/(increase) in inventories		289	(212)
Decrease/(increase) in other current assets		25	(108)
Increase/(decrease) in payables		232	13
Increase/(decrease) in accrued interest payable		1	2
Increase/(decrease) in other accrued expenses payable		19	(1)
Increase/(decrease) in other liabilities		53	41
Increase/(decrease) in provision for employee benefits		(191)	(10)
Increase/(decrease) in other provisions		144	
Net cash provided from/(used in) operating activities			
from the Statement of Cash Flows		10,106	7,605

Note 14. Interests in other entities

	Council's share o	Council's share of net assets		
\$ '000	2019	2018	2019	2018
Joint ventures	10	37	298	288
Total	10	37	298	288

continued on next page ... Page 47 of 84

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Interests in other entities (continued)

Joint arrangements

(i) Joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

(a) Net carrying amounts - Council's share

\$ '000	Nature of relationship	Measurement method	2019	2018
Macquarie Regional Library	Joint Venture	Equity Method	298	288
Total carrying amounts – material joint ventures		_	298	288

(b) Details

	Principal activity	Place of business
Macquarie Regional Library	Provision of Library Services	Narromine

(c) Relevant interests and fair values

	Interest in outputs		Interest in ownership		Proportion of voting power	
\$ '000	2019	2018	2019	2018	2019	2018
Macquarie Regional Library	14.0%	14.0%	14.0%	14.0%	25.0%	25.0%

(d) Summarised financial information for joint ventures

	Macquarie Regional L		
\$ '000	2019	2018	
Statement of financial position			
Current assets			
Cash and cash equivalents	1,597	1,930	
Other current assets	19	31	
Non-current assets	1,245	1,128	
Current liabilities			
Current financial liabilities (excluding trade and other payables and provisions)	93	311	
Other current liabilities	598	698	
Non-current liabilities			
Non-current financial liabilities (excluding trade and other payables and provisions)	49	32	
Net assets	2,121	2,048	

continued on next page ... Page 48 of 84

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Interests in other entities (continued)

	Macquarie Regior	Macquarie Regional Library		
\$ '000	2019	2018		
Reconciliation of the carrying amount				
Opening net assets (1 July)	2,049	1,828		
Profit/(loss) for the period	74	221		
Closing net assets	2,123	2,049		
Council's share of net assets (%)	14.0%	14.1%		
Council's share of net assets (\$)	297	288		
Statement of comprehensive income				
Income	2,962	2,883		
Interest income	45	45		
Depreciation and amortisation	(340)	(331)		
Other expenses	(2,593)	(2,376)		
Profit/(loss) from continuing operations	74	221		
Profit/(loss) for the period	74	221		
Total comprehensive income	74	221		
Share of income – Council (%)	14.0%	16.7%		
Profit/(loss) – Council (\$)	10	37		
Total comprehensive income – Council (\$)	10	37		

Accounting policy for joint arrangements Joint ventures:

Interests in joint ventures are accounted for using the equity method in accordance with AASB128 Investments in Associates and Joint Ventures.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the council discontinues recognising its share of further losses.

The council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the council for the purposes of the consolidated financial statements.

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Commitments

\$ '000	2019	2018
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	2	286
Sports & Recreation	230	918
Other	508	_
Total commitments	740	1,204
These expenditures are payable as follows:		
Within the next year	740	1,204
Total payable	740	1,204

(b) Operating lease commitments (non-cancellable)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	25	15
Later than one year and not later than 5 years	27	7
Total non-cancellable operating lease commitments	52	22

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

Council utilises computer and copier equipment assets under operating lease.

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Contingencies and other assets/liabilities not recognised

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The scheme's most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme is a defined benefit plan that has been deemed to be a "multi-employer fund" for the purposes of AASB 119 Employee Benefits and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purpose of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

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

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

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

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

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

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

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

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

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

continued on next page ...

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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

The amount of Council 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 2019 was \$ 177,916.79

The last valuation of the scheme was performed by Mr Richard Boyfield FIAA (AFS Licence # 411770) on 31/12/2018 and covers the period ended 30/06/18.

Council's expected contribution to the Fund for the next annual reporting period is \$106,161.88.

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

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

^{*} excluding member accounts and reserves in both assets and liabilities.

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

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

^{*} Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed around November/December 2019.

Council's additional lump sum contribution per annum of 0.13% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub group.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

continued on next page ...

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management

Risk management

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

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

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

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

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	Carrying value	Fair value	Fair value 2018
2013	2010	2013	2010
1,659	1,035	1,659	1,035
2,433	2,532	2,205	2,532
17,000	23,320	17,000	23,320
5,573	_	5,573	_
26,665	26,887	26,437	26,887
1,558	884	1,558	884
3,248	2,879	3,248	2,879
4,806	3,763	4,806	3,763
	2,433 17,000 5,573 26,665 1,558 3,248	1,659 1,035 2,433 2,532 17,000 23,320 5,573 — 26,665 26,887 1,558 884 3,248 2,879	1,659 1,035 1,659 2,433 2,532 2,205 17,000 23,320 17,000 5,573 - 5,573 26,665 26,887 26,437 1,558 884 1,558 3,248 2,879 3,248

Fair value is determined as follows:

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

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

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

The risks associated with the 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.

continued on next page ... Page 54 of 84

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

- 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.
- **Liquidity risk** the risk that the Council will not be able to pay its debts as and when they fall due. Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

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

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

	Increase of value	ues/rates	Decrease of values/rates		
\$ '000	Profit	Equity	Profit	Equity	
2019					
Possible impact of a 10% movement in market values	557	557	(557)	(557)	
Possible impact of a 1% movement in interest rates	225	225	(225)	(225)	
2018					
Possible impact of a 10% movement in market values	507	507	(507)	(507)	
Possible impact of a 1% movement in interest rates	210	210	(210)	(210)	

continued on next page ... Page 55 of 84

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

(b) Credit risk

Council's major receivables comprise (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:

Credit risk profile

Receivables - rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2019						
Gross carrying amount	759	37	37	113	-	946
2018						
Gross carrying amount	322	245	325	_	_	892

Receivables - non-rates and annual charges

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

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

	Not yet	0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
\$ '000	overdue	overdue	overdue	overdue	overdue	Total
2019						
Gross carrying amount	1,411	32	1	70	24	1,538
Expected loss rate (%)	0.00%	0.00%	0.00%	38.00%	100.00%	3.29%
ECL provision	_	_	_	27	24	51
2018						
Gross carrying amount	1,135	419	14	85	11	1,664
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	_	_	_	_	_	_

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Financial risk management (continued)

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average	Subject		payable in:			Actual
\$ '000	interest rate	to no maturity	≤1 Year	1 - 5 Years	> 5 Years	Total cash outflows	carrying values
2019							
Trade/other payables	0.00%	30	1,528	_	_	1,558	1,558
Loans and advances	3.75%	_	495	2,345	408	3,248	3,248
Total financial liabilities		30	2,023	2,345	408	4,806	4,806
2018							
Trade/other payables	0.00%	25	859	_	_	884	884
Loans and advances	3.47%	_	495	2,345	487	3,327	2,879
Total financial liabilities		25	1,354	2,345	487	4,211	3,763

Loan agreement breaches

There have been no breaches to loan agreements during the reporting year.

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 28/06/2018 and is unaudited.

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

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

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

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

	2019	2019	2019	9	
\$ '000	Budget	Actual	Variance		
REVENUES					
Rates and annual charges	8,852	8,857	5	0%	F
User charges and fees - The increase in water usage revenue is due n	2,688 nostly to the prolonged dro	3,063 ught.	375	14%	F
Interest and investment revenue	634	1,010	376	59%	F
- The increase in Investment Revenue is due investments	to the reallocation of inv	estment funds t	to higher earning	TCorp man	aged

investments.

Other revenues	926	472	(454)	(49)%	U	
- The underachievement is due to less income from agencies including RFS, Emergency Services, Private Works and no land						
sales for the year.						

Operating grants and contributions	7,691	7,649	(42)	(1)%	U
Capital grants and contributions	3,293	3,390	97	3%	F
Net gains from disposal of assets	-	43	43	00	F
Joint ventures and associates – net profits	_	10	10	00	F

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Material budget variations

	2019	2019	2019	9	
\$ '000	Budget	Actual	Variar	rce	
EXPENSES					
Employee benefits and on-costs - The lower Employment costs are mostly due to high lev provision due to retirements, lower FBT, training and oth		6,624 alaries (\$600k),	1,096 reduction in emplo	14% byee entitlem	F nents
Borrowing costs - The lower costs are due to the new loan drawn much la	107 ater in the financia	93 I year.	14	13%	F
Materials and contracts Increase due mostly to acquitting operational grants (Dro	4,444 ught Country Com	5,480 munities) and ro	(1,036) ead material and g	(23)% ravel stock o	U osts.
Depreciation and amortisation	5,964	5,850	114	2%	F
Other expenses	2,375	2,543	(168)	(7)%	U
Revaluation decrement / impairment of IPP&E	-	249	(249)	∞	U
STATEMENT OF CASH FLOWS					
Net cash provided from (used in) operating activities	8,512	10,106	1,594	19%	F
- increase in Operating Cashflow is due to increased grentitlements and other on-costs).	rant revenue and	reduced operati	ng employee cos	ts (capitalisa	ation,
Net cash provided from (used in) investing activities - Investing cashflow variance is due mostly to less capital	(15,078) al expenditure on b	(9,851) oudgeted land d	5,227 evelopment.	(35)%	F
Net cash provided from (used in) financing activities	369	369	-	0%	F

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement

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

- Infrastructure, property, plant and equipment

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

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

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

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

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

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

			Fair value m	easurement hi	erarchy	
2019	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	Total
Recurring fair value measurements						
Financial assets						
Investments	6(b)					
 - 'Held for trading/fair value through profit or loss' 		30/06/19	5,574			5,574
Total financial assets			5,574	_	_	5,574
Infrastructure, property, plant and equipment	9(a)					
Operational land		30/06/18	_	_	4,150	4,150
Community land		30/06/18	_	_	1,758	1,758
Buildings – non-specialised		30/06/18	_	_	2,870	2,870
Buildings – specialised		30/06/18	_	_	16,660	16,660
Other structures		30/06/19	_	_	3,506	3,506
Roads		30/06/15	_	_	194,575	194,575
Bridges		30/06/15	_	_	18,909	18,909
Footpaths		30/06/15	_	_	1,789	1,789
Stormwater drainage		30/06/15	_	_	265	265
Water supply network		30/06/17	_	_	16,237	16,237
Sewerage network		30/06/17	_	_	18,760	18,760
Swimming pools		30/06/19	_	_	2,213	2,213
Other open space/recreational assets		30/06/19	_	_	2,891	2,891
Other infrastructure		30/06/15	_	_	3,506	3,506
Aerodrome		30/06/19	_	_	3,749	3,749
Total infrastructure, property, plant and equipment			_	_	291,838	291,838

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

			Fair value m	easurement hi	erarchy	
2018	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	Total
Recurring fair value measurements						
Infrastructure, property, plant and equipment	9(a)					
Plant and equipment		30/06/14	_	_	3,927	3,927
Office equipment		30/06/14	_	_	483	483
Furniture and fittings		30/06/14	_	_	46	46
Operational land		30/06/18	_	_	4,150	4,150
Community land		30/06/18	_	_	1,758	1,758
Land under roads		30/06/13	_	_	_	_
Buildings – non-specialised		30/06/18	_	_	3,026	3,026
Buildings – specialised		30/06/18	_	_	16,544	16,544
Other structures		30/06/14	_	_	2,241	2,241
Roads		30/06/15	_	_	193,367	193,367
Bridges		30/06/15	_	_	19,152	19,152
Footpaths		30/06/15	_	_	1,783	1,783
Stormwater drainage		30/06/15	_	_	13,510	13,510
Water supply network		30/06/17	_	_	14,549	14,549
Sewerage network		30/06/17	_	_	18,529	18,529
Swimming pools		30/06/14	_	_	1,647	1,647
Other open space/recreational assets		30/06/14	_	_	1,702	1,702
Other infrastructure		30/06/15	_	_	237	237
Aerodrome		30/06/14	_	_	3,541	3,541
Total infrastructure, property, plant and		•				
equipment			_	_	300,192	300,192

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

(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.

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

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

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

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

Plant and equipment, office equipment and furniture and fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value, with depreciation rates applicable to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment Graders, trucks, rollers, tractors, mowers and motor vehicles.
- Office Equipment Computer Servers, surveillance equipment, Software, photocopiers, radio equipment etc.
- Furniture & Fittings Desks, Cabinets, Ergonomic chairs

Operational and community land

Operational Land is based on the Land Value provided by an external Valuer in 2018.

continued on next page ...

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

It is based on average unit rate based on the Land Value for similar properties, having regard to the highest and best use for the land. Operational Land is based on the Valuer land value of the actual market values in the Narromine Shire LGA. Community Land has been valued in 2017 using valuations of the Valuer General.

Buildings - non-specialised and specialised

Non-Specialised & Specialised Buildings values were provided by an external Valuer in 2018. The approach estimated the replacement cost for each building by componentising the building into significant parts. While all buildings were physically inspected and the unit rates based on square metres no market based evidence (Level 2) could not be established. As such these assets were classified as having been valued as Level 3 valuation inputs.

Other structures

Other Structures comprise of Telemetry Systems, and components related to Cemetery, sale yards, waste facilities, and the family day care etc. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors. Other Structures have been revalued externally during 2018/19 by AssetVal Pty Ltd.

Roads

Roads Externally valued during 14/15 by AssetVal Pty Ltd, major changes include giving road pavement and Seal a long life and a short life component, and seperating the floodways which have shorter lives.

Market based evidence (level 2) were used for Gravel pavement, Seal, Culverts, Footpath, and K&G.

Bridges

Bridges Externally valued during 14/15 by AssetVal Pty Ltd, major changes include componentising bridges from one asset into components, Substructure, superstructure, abutments ect.

Major Culverts over 6m long were considered bridges and transfered from stormwater into bridges.

Footpaths

Footpaths Externally valued during 14/15 by AssetVal Pty Ltd,

Market based evidence (level 2) were used for concrete Footpaths and cycleways.

Stormwater drainage

Stormwater externally valued during 14/15 by AssetVal Pty Ltd, with previously unaccounted for assets now valued Market based evidence (level 2) were used for culverts, and K&G.

Water supply network

Assets in this class comprise of pipes, valves, pumps, bores, and reservoirs. The Water Network values were provided by an external valuer in 2017. The unit rates are based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. This asset class is indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

Sewerage network

Assets in this class comprise of Treatment Plants, Pumping stations, sewerage pipelines and Manholes. The Sewerage Network values were provided by an external valuer in 2017. The unit rates are based on linear metres of certain diameter pipes and prices per treatment item or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. This asset class is indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

Open space recreation

Assets within this class comprise playground equipment, softfall surfaces, shade structures, irrigation, fencing, lighting, furniture, sculptures and monuments etc. All Open Space Recreation Assets were revalued externally during 2018/19 by AssetVal Pty Ltd.

Aerodrome

Assets within this class comprise the Aerodrome sealed runways at Narromine, and the unsealed airstrip at Trangie along with assocated furniture, signage, lighting, fencing, and control structures. All assets were valued externally during 2018/19 by AssetVal Pty Ltd.

Swimming pools

Assets within this class comprise the 50m 8 lane outdoor pool, and childrens pool at Narromine, and the 25m outdoor pool at Trangie with assocated furniture, filtration systems etc. All assets were valued externally during 2018/19 by AssetVal Pty Ltd.

continued on next page ...

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

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

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

\$ '000	Plant and equipment	Office equipment	Furniture and fittings	Operational Land	Community Land
2018					
Opening balance	3,589	616	63	3,818	1,874
Purchases (GBV)	1,296	260	_	-	-
Disposals (WDV)	(571)	_	_	_	_
Depreciation and impairment	(387)	(393)	(17)	_	(116)
Revaluation	_	_	_	332	-
Closing balance	3,927	483	46	4,150	1,758
2019					
Opening balance	3,927	483	46	4,150	1,758
Purchases (GBV)	1,136	_	_	_	_
Disposals (WDV)	(232)	_	_	_	_
Depreciation and impairment	(436)	(207)	(11)	_	_
Closing balance	4,395	276	35	4,150	1,758

\$ '000	Buildings non- specialised	Buildings specialised	Other structures	Roads	Bridges
<u>Ψ 000</u>	Specialiseu	Specialiseu	Structures	Roaus	Diluges
2018					
Opening balance	2,564	15,840	2,169	192,259	18,590
Purchases (GBV)	7	780	175	3,300	805
Depreciation and impairment	(146)	(617)	(103)	(2,192)	(243)
Revaluation	601	541	_	_	_
Closing balance	3,026	16,544	2,241	193,367	19,152
2019					
Opening balance	3,026	16,544	2,241	193,367	19,152
Purchases (GBV)	29	1,093	1,179	3,486	_
Depreciation and impairment	(185)	(977)	(116)	(2,278)	(243)
Revaluation	_	_	201	_	_
Closing balance	2,870	16,660	3,505	194,575	18,909

continued on next page ... Page 63 of 84

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

\$ '000	Footpaths	Stormwater drainage	Water supply network	Sewerage network	Swimming pools
2018					
Opening balance	1,855	13,674	12,947	18,240	1,578
Purchases (GBV)	6	39	1,851	341	110
Depreciation and impairment	(78)	(203)	(615)	(433)	(41)
Revaluation	_	_	366	381	_
Closing balance	1,783	13,510	14,549	18,529	1,647
2019					
Opening balance	1,783	13,510	14,549	18,529	1,647
Purchases (GBV)	84	275	1,947	381	639
Depreciation and impairment	(78)	(203)	(688)	(439)	(73)
Revaluation	_	_	429	289	_
Closing balance	1,789	13,582	16,237	18,760	2,213
		Other open space/ recreational	Other		
\$ '000		assets	infrastructure	Aerodrome	Total
2018					
Opening balance		1,759	247	3,599	295,281
Purchases (GBV)		82	_	168	9,220
Disposals (WDV)		_	_	_	(571)
Depreciation and impairment		(139)	(10)	(226)	(5,959)
Revaluation					2,221
Closing balance		1,702	237	3,541	300,192
2019					
Opening balance		1,702	237	3,541	300,192
Purchases (GBV)		1,138	38	27	11,452
Disposals (WDV)		_	_	_	(232)
Depreciation and impairment		(130)	(11)	(138)	(6,213)
Revaluation		181		319	1,419
Closing balance		2,891	264	3,749	306,618

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Fair Value Measurement (continued)

b. The valuation process for level 3 fair value measurements

Fair Value- Valuation techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

'Cost Approach': A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost).

Income Approach: Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (i.e. discounted) amount.

The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

'Market Approach': A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (I.e. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows: Level 2 valuation process for some asset classes where the basis was Cost Approach under level 2 input which were determined based on, whereby maximising observable inputs and minimising unobservable inputs as below:

- · Quoted prices for similar asset in active markets
- · Current replacement cost concept
- · Purchase price
- Useful life

Level 3 valuation process for some asset classes where the basis was Cost Approach, The inputs used for this technique were:

- · Pattern of consumption
- Residual Value
- Asset Condition
- Unit rates
- Useful life

(5) Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Related Party Transactions

(a) Key management personnel

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

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

\$.000	2019	2018
Compensation:		
Short-term benefits	1,164	1,309
Post-employment benefits	26	110
Other long-term benefits	I	2
Total	1261	1421

(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	Outstanding balance		Provisions for impairment	Expense recognised for
000. \$	Ref	transactions during year	(inci. loans and commitments)	(Inc.: loans and commitments) Terms and conditions	or receivables outstanding	impairment of receivables
2019						
Office Supplies 2018	₩	7	I	30 days	I	I
Office Supplies	~	15	I	30 days	I	I

- Council makes ad hoc purchases from Stationery Store Online, a company which is controlled by a member of the KMP of the council. The total annual contract value is around \$11,000 and purchases are made in accordance with the Procurement policy and based on market rates.
- Council hired plant and equipment during the year from McCutcheon Agri Trust, a trust which has a KMP has an interest. Amounts were billed based on on normal rates for such supplies and services and were due and payable under normal payment terms following the Council's procurement process. α

continued on next page ...

Page 66 of 84

Page 67 of 84

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Related Party Transactions (continued)

(c) Other related party transactions

	tran	Value of sactions	Outstanding balance (incl. loans and		Provisions for impairment of receivables	Expense recognised for impairment
000, \$	Ref du	during year		commitments) Terms and conditions	outstanding	of receivables
2019						
Library Services 2018	2	381	I	30 days	I	I
Library Services	2	382	I	30 days	I	I

Council has joined with Western Plains Regional Council and Warrumbungle Shire Council to form a Joint Venture arrangement called Macquarie Regional Library. Council contributes a proportion of the costs of the entity and receives a share of profits and net assets. က

Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Statement of developer contributions

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

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

Summary of contributions and levies

	as at 30/6/2018						as at 30/6/2019	019
		Contributions received during the year	year	Interest	Expenditure	Internal	Held as	Cumulative internal
000. \$	Opening Balance	Cash	Non-cash	earned in year	during	borrowing (to)/from	restricted asset	borrowings due/(payable)
S7.12 levies – under a plan	259	33	1	7	1	1	599	1
l otal S7.11 and S7.12 revenue under plans	259	33	I	7	1	ı	299	1
S64 contributions	216	1	I	2	I	I	221	I
Total contributions	475	33	1	12	1	1	520	1

S7.12 Levies – under a plan

					299
	I	1	I	1	1
	I	I	I	I	1
	I	I	I	7	7
	I	1	I	I	1
	I	I	I	33	33
	10	80	26	215	259
S7.12 LEVIES – UNDER A PLAN	Drainage	Roads	Open space	Community facilities	Total

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial result and financial position by fund

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	7,139	605	1,113
User charges and fees	1,419	1,278	366
Interest and investment revenue	855	92	63
Other revenues	457	15	_
Grants and contributions provided for operating purposes	7,634	15	_
Grants and contributions provided for capital purposes Other income	3,390	_	_
Net gains from disposal of assets	43	_	_
Share of interests in joint ventures and associates using the equity method	10	-	_
Total income from continuing operations	20,947	2,005	1,542
Expenses from continuing operations			
Employee benefits and on-costs	6,016	434	174
Borrowing costs	93	_	_
Materials and contracts	3,798	1,054	628
Depreciation and amortisation	4,928	483	439
Other expenses	2,516	_	27
Revaluation decrement /impairment of IPPE	249	_	_
Total expenses from continuing operations	17,600	1,971	1,268
Operating result from continuing operations	3,347	34	274
Net operating result for the year	3,347	34	274
Net operating result attributable to each council fund	3,347	34	274
Net operating result for the year before grants and contributions provided for capital purposes	(43)	34	274

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

continued on next page ... Page 69 of 84

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Financial result and financial position by fund (continued)

\$ '000	General ¹ 2019	Water 2019	Sewer 2019
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	(3,605)	628	4,636
Investments	19,078	1,667	1,828
Receivables	1,289	343	289
Inventories	854	_	_
Other	90		_
Total current assets	17,706	2,638	6,753
Non-current assets			
Receivables	274	199	39
Infrastructure, property, plant and equipment	271,669	18,201	19,131
Investments accounted for using the equity method	298		_
Total non-current assets	272,241	18,400	19,170
TOTAL ASSETS	289,947	21,038	25,923
LIABILITIES			
Current liabilities			
Payables	1,558	_	_
Income received in advance	227	_	_
Borrowings	390	_	_
Provisions	1,576	_	_
Total current liabilities	3,751		_
Non-current liabilities			
Borrowings	2,858	_	_
Provisions	194	_	_
Total non-current liabilities	3,052	_	_
TOTAL LIABILITIES	6,803		_
Net assets	283,144	21,038	25,923
		21,000	20,020
EQUITY			
Accumulated surplus	114,445	11,456	10,444
Revaluation reserves	168,699	9,582	15,479
Council equity interest	283,144	21,038	25,923
<u>Total equity</u>	283,144	21,038	25,923
		<u> </u>	•

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(a). Statement of performance measures – consolidated results

	Amounts	Indicator	Prior p	eriods	Benchmark
\$ '000	2019	2019	2018	2017	
Operating performance ratio					
Total continuing operating revenue excluding capital	405				
grants and contributions less operating expenses 1,2	195	0.94%	(0.88)%	18.72%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	20,785				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	13,028	53.89%	53.43%	47.89%	>60.00%
Total continuing operating revenue ¹	24,175	33.09 /	33.43 //	47.0970	~ 00.00 /6
3. Unrestricted current ratio					
Current assets less all external restrictions	14,180	4.97x	5.98x	E 20v	> 1 F0v
Current liabilities less specific purpose liabilities	2,852	4.97X	5.98X	5.38x	>1.50x
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6,138	40.00	40.00	40.00	. 0.00
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	476	12.89x	12.68x	19.96x	>2.00x
5. Rates, annual charges, interest and extra					
charges outstanding percentage	4.020				
Rates, annual and extra charges outstanding Rates, annual and extra charges collectible	1,030 9,924	10.38%	11.61%	9.20%	<10.00%
rates, allitual and extra charges collectible	9,924				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	18,659	15.34	18.93	19.90	>3.00
Monthly payments from cash flow of operating and financing activities	1,216	mths	mths	mths	mths

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(b). Statement of performance measures – by fund

000. \$	General Indicators 2019 2018	dicators ³ 2018	Water Indicators 2019 2018	dicators 2018	Sewer Indicators 2019 2018	dicators 2018	Benchmark
1. Operating performance ratio Total continuing operating revenue excluding capital grants and contributions less operating expenses 1.2 Total continuing operating revenue excluding capital grants and contributions 1	%(99.0)	(4.48)%	1.70%	10.82%	17.77%	23.37%	%00.0<
2. Own source operating revenue ratio Total continuing operating revenue excluding capital grants and contributions ¹ Total continuing operating revenue ¹	46.03%	45.66%	99.25%	89.87%	100.00%	98.75%	>00.09<
3. Unrestricted current ratio Current assets less all external restrictions Current liabilities less specific purpose liabilities	4.97x	5.98x	8	8	8	8	>1.50x
4. Debt service cover ratio Operating result before capital excluding interest and depreciation/impairment/amortisation ¹ Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	10.31x	9.17x	8	8	8	8	>2.00x
5. Rates, annual charges, interest and extra charges outstanding percentage Rates, annual and extra charges outstanding Rates, annual and extra charges collectible	12.55%	11.46%	0.00%	9.45%	0.00%	14.02%	<10.00%
6. Cash expense cover ratio Current year's cash and cash equivalents plus all term deposits Payments from cash flow of operating and financing activities	11.01 mths	16.84 mths	8	17.27 mths	8	60.21 mths	>3.00 mths
(1) - (2) Refer to Notes at Note 23a above.							

^{(1) - (2)} Refer to Notes at Note 23a above.
(3) General fund refers to all of Council's activites except for its water and sewer activities which are listed separately.

Page 72 of 84

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(c). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2018/19 result

2018/19 ratio 0.94%

Council's Operating Performance Ratio is favourable (greater than 0%) indicating an operating surplus was made for the financial year.

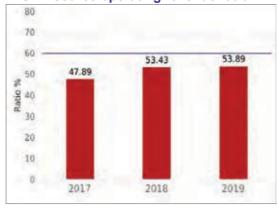
Benchmark: - > 0.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2018/19 result

2018/19 ratio 53.89%

Council's ratio is 53.89 which indicates Council produces 53.89% of its own revenue. Whilst below the state-wide benchmark of 60% it is typical for a regional Council.

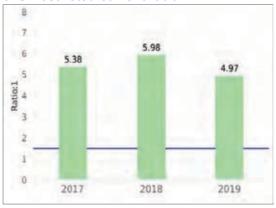
Benchmark: — > 60.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2018/19 result

2018/19 ratio 4.97x

This indicates Council has more than sufficient working capital to meet its short term financial obligations.

Benchmark: — > 1.50x

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

Ratio achieves benchmark

Ratio is outside benchmark

continued on next page ... Page 73 of 84

Narromine Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2018/19 result

2018/19 ratio 12.89x

This ratio indicates Council's ability to service its debt is in excess of the OLG benchmark of 2.0 times indicating Council's operating cash surplus is many times greater than its loan repayments.

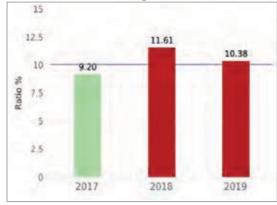
> 2.00xBenchmark: -

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

Ratio achieves benchmark

Ratio is outside benchmark

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



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

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

Commentary on 2018/19 result

2018/19 ratio 10.38%

Council's ratio of overdue rates and charges (10.38%) is greater than the OLG benchmark (10.00). While not within the OLG benchmark Council deems this acceptable given the drought conditions experienced across all ratepayers. This also an improvement on the previous year (11.61%).

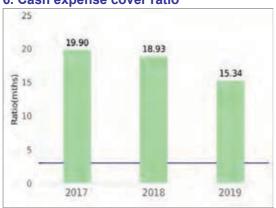
< 10.00% Benchmark: -

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

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2018/19 result

2018/19 ratio 15.34 mths

Council has enough cash to operate for 15.34 months without the need to raise more cash. This is in excess of the OLG benchmark of 3.0 months.

Benchmark: -> 3.00mths

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

Ratio achieves benchmark

Ratio is outside benchmark

Narromine Shire Council

Financial Statements 2019

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Council information and contact details

Principal place of business:

124 Dandaloo Street Narromine NSW 2821

Contact details

Mailing Address:

PO Box 115 Narromine NSW 2821

Telephone: 02 6889 9999 **Facsimile:** 02 6889 9998

Officers

General Manager Jane Redden

Responsible Accounting Officer

John Sevil

Public Officer

NSW Auditor General

Auditors

NSW Auditor General

Level 15

1 Margaret Street Sydney NSW 2000

Other information

ABN: 99 352 328 405

Opening hours:

M-F 8:30 am to 5:00 pm

Internet:www.narromine.nsw.gov.auEmail:mail@narromine.nsw.gov.au

Elected members

Mayor

Cr Craig Davies

Deputy Mayor

Cr Dawn Collins

Cr Colin Hamilton Cr James Craft

Cr Les Lambert

Cr Lyn Jablonski

Cr Mark Munro Cr Robert McCutcheon

Cr Trudy Everingham

Attachment No 1

Provided Under Separate Cover - Confidential

INDEPENDENT AUDITOR'S REPORT

SOUTH WA

Report on the general purpose financial statements Narromine Shire Council

To the Councillors of the Narromine Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

Attachment No 1

Provided Under Separate Cover - Confidential

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

My opinion does not provide assurance:

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

Cathy Wu

Delegate of the Auditor-General for New South Wales

28 October 2019 SYDNEY



Clr Craig Davies
Mayor
Narromine Shire Council
PO Box 115
NARROMINE NSW 2821

Contact: Cathy Wu

Phone no: 02 9275 7212

Our ref: D1924704/1769

28 October 2019

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2019	2018	Variance
	\$m	\$m	%
Rates and annual charges revenue	8.9	8.4	5.9
Grants and contributions revenue	11.0	10.8	1.9
Operating result for the year	3.7	2.8	28.5
Net operating result before capital grants and contributions	0.3	0.01	1793

Council's operating result of \$3.7 million (including the effect of depreciation and amortisation expense of \$5.9 million) was \$0.9 million higher than the 2017–18 result. This was primarily due to increases in rates and annual charges and capital grants and contributions, while total expenses remained relatively stable.

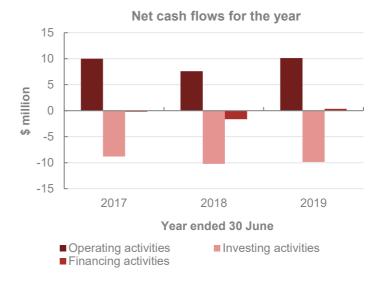
The net operating result before capital grants and contributions of \$0.3 million was \$251,000 higher than the 2017–18 result. This movement was largely attributable to the growth in rates and annual charges as noted above.

Rates and annual charges revenue of \$8.9 million increased by \$0.5 million (5.9 per cent) in 2018–2019 due to the rate peg increase of 2.3 per cent, together with movements in property valuations during the year.

Grants and contributions revenue of \$11.0 million increased by \$0.2 million (1.9 per cent) in 2018–2019. The main movements were a decrease in transport (other roads and bridges) funding, offset by increased funds for community centres and financial assistance grants.

STATEMENT OF CASH FLOWS

- The Council reported a slight decrease in cash and cash equivalents from \$24.4 million at 30 June 2018 to \$24.2 million at 30 June 2019.
- Cash inflows from operating activities increased from 2017–18 mainly as a result of higher receipts from grants and contributions.
- Cash outflows from investing activities decreased mainly due to a reduction in purchases of investment securities.
- Cash inflows from financing activities increased as a result of receipts from borrowings and advances during 2018–19.



FINANCIAL POSITION

Cash and investments

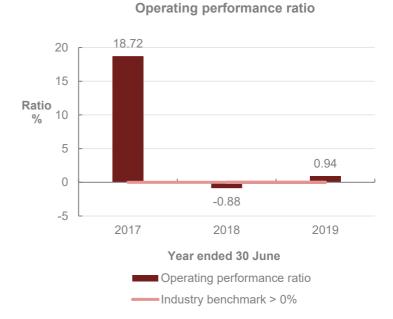
Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	11.6	13.4	External restrictions primarily include funds for
Internal restrictions	8.3	7.7	water supply and sewerage services, specific purpose unexpended grants and domestic waste
Unrestricted	4.3	3.3	management.
Cash and investments	24.2	24.4	 Internal restrictions are due to Council policy or decisions for forward plans including the capital works program.
			 Unrestricted balances provide liquidity for day-to-day operations and have increased from the prior year due to reduced external restrictions.

PERFORMANCE

Operating performance ratio

- Council met the industry benchmark for 2018–19.
- This ratio increased slightly from last year, in line with the increase in net operating result before capital grants and contributions.
- The ratio in 2016–17 was particularly high due to Council receiving greater operating grants that year.

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

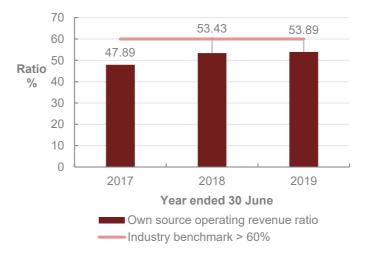


Own source operating revenue ratio

- Council has not met the industry benchmark in the last three years.
- The ratio in 2018–19 remained fairly consistent with the prior year.

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

Own source operating revenue ratio



Unrestricted current ratio

- Council's unrestricted current ratio has exceeded the industry benchmark for the past three years.
- This ratio indicates that Council currently has \$4.97 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

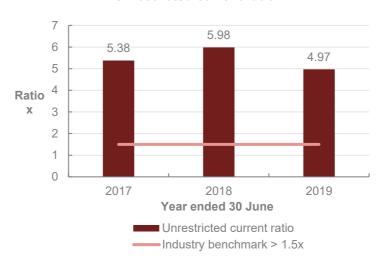
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.

Debt service cover ratio

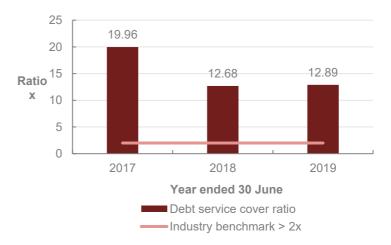
- Council's debt service cover ratio has exceeded the industry benchmark for the past three years.
- Council appears to be effectively monitoring its liquidity levels to ensure it can meet its borrowing costs when they fall due.

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

Unrestricted current ratio



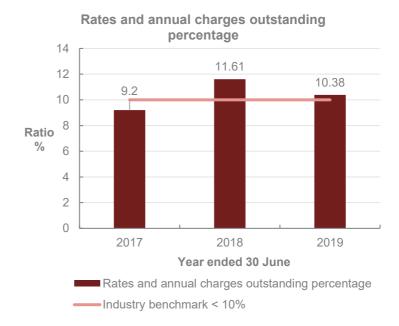
Debt service cover ratio



Rates and annual charges outstanding percentage

- Council has not met the rural council benchmark for this ratio in the last two years.
- The ratio has improved in 2018– 19 from the previous year, reducing slightly to 10.38 per cent.

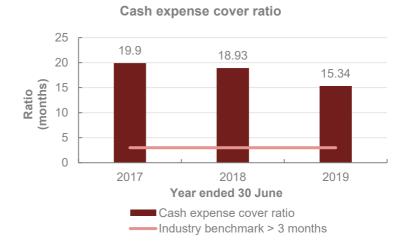
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

- Council's cash expense cover ratio exceeded the industry benchmark for the past three years.
- This indicates that Council had the capacity to cover 15.34 months of cash expenditure without additional cash inflows at 30 June 2019.

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



Infrastructure, property, plant and equipment renewals

Council spent \$11.8 million on asset renewals in 2018–19 compared to \$7.8 million in 2017–18. Asset renewals are defined as the replacement of existing assets as opposed to the acquisition of new assets.

A short-term benchmark of Council's strategic asset management is to assess the rate at which Council's assets are being renewed against the rate at which they are depreciating. In 2018–19, asset renewals of \$11.8 million represented 177 per cent of Council's \$5.9 million depreciation expense. This result was higher than the 2017–18 result of 131 per cent.

Asset renewals in 2018–19 were carried out in accordance with Council's capital works program and primarily related to roads, water supply network and building assets.

OTHER MATTERS

New accounting standards implemented

Application period

Overview

AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'

For the year ended 30 June 2019

AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.

Key changes include:

- a simplified model for classifying and measuring financial assets
- · a new method for calculating impairment
- a new type of hedge accounting that more closely aligns with risk management.

The revised AASB 7 includes new disclosures as a result of AASB 9. Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 12(b).

Legislative compliance

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

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

Cathy Wu

Delegate of the Auditor-General for New South Wales

cc: Ms Jane Redden, General Manager

Mr Neil Maltby, Chair of the Audit, Risk and Improvement Committee Jim Betts, Secretary of the Department of Planning, Industry and Environment Attachment No 1

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Narromine Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2019



Narromine Shire Council

Special Purpose Financial Statements 2019

Special Purpose Financial Statements

for the year ended 30 June 2019

Contents	Page
Statement by Councillors & Management	3
Special Purpose Financial Statements	
Income Statement – Water Supply Business Activity Income Statement – Sewerage Business Activity	4 5
Statement of Financial Position – Water Supply Business Activity Statement of Financial Position – Sewerage Business Activity	6 7
Note 1 – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.
 - Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.
 - These include (a) those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and (b) those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must (a) adopt a corporatisation model and (b) apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Special Purpose Financial Statements

for the year ended 30 June 2019.

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 11 September 2019.

Craig Davies

Mayor

11 September 2019

Dawn Collins Councillor

11 September 2019

Jane Redden

General Manager

11 September 2019

Responsible Accounting Officer

11 September 2019

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Narromine Shire Council

Income Statement – Water Supply Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	605	627
User charges	1,236	1,255
Fees	42	50
Interest	92	102
Grants and contributions provided for non-capital purposes	15	20
Other income	15	16
Total income from continuing operations	2,005	2,070
Expenses from continuing operations		
Employee benefits and on-costs	434	460
Materials and contracts	1,054	770
Depreciation, amortisation and impairment	483	616
Total expenses from continuing operations	1,971	1,846
Surplus (deficit) from continuing operations before capital amounts	34	224
Grants and contributions provided for capital purposes	_	211
Surplus (deficit) from continuing operations after capital amounts	34	435
Surplus (deficit) from all operations before tax	34	435
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(9)	(67)
SURPLUS (DEFICIT) AFTER TAX	25	368
Plus accumulated surplus	11,423	10,988
Plus adjustments for amounts unpaid: - Corporate taxation equivalent	9	67
Closing accumulated surplus	11,457	11,423
Return on capital %	0.2%	1.4%
Subsidy from Council	206	198
Calculation of dividend payable:		
Surplus (deficit) after tax	25	368
Less: capital grants and contributions (excluding developer contributions)	_	(74)
Surplus for dividend calculation purposes	25	294
Potential dividend calculated from surplus	12	147

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Narromine Shire Council

Income Statement – Sewerage Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	1,113	1,084
User charges	354	322
Liquid trade waste charges	12	13
Fees	_	15
Interest	63	70
Grants and contributions provided for non-capital purposes		19
Total income from continuing operations	1,542	1,523
Expenses from continuing operations		
Employee benefits and on-costs	174	181
Materials and contracts	628	553
Depreciation, amortisation and impairment	439	433
Other expenses	27	
Total expenses from continuing operations	1,268	1,167
Surplus (deficit) from continuing operations before capital amounts	274	356
Surplus (deficit) from continuing operations after capital amounts	274	356
Surplus (deficit) from all operations before tax	274	356
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(75)	(107)
SURPLUS (DEFICIT) AFTER TAX	199	249
Plus accumulated surplus	10,169	9,813
Plus adjustments for amounts unpaid: - Corporate taxation equivalent	75	107
Closing accumulated surplus	10,443	10,169
Return on capital %	1.4%	1.8%
Subsidy from Council	_	157
Calculation of dividend payable:		
Surplus (deficit) after tax	199	249
Less: capital grants and contributions (excluding developer contributions)	_	73
Surplus for dividend calculation purposes	199	322
Potential dividend calculated from surplus	99	161

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Narromine Shire Council

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	628	1,772
Investments	1,667	2,431
Receivables	343	313
Total current assets	2,638	4,516
Non-current assets		
Receivables	199	202
Infrastructure, property, plant and equipment	18,201	16,062
Total non-current assets	18,400	16,264
TOTAL ASSETS	21,038	20,780
NET ASSETS	21,038	20,780
EQUITY		
Accumulated surplus	11,456	11,423
Revaluation reserves	9,582	9,357
TOTAL EQUITY	21,038	20,780
		<u> </u>

Provided Under Separate Cover - Confidential Special Purpose Financial Statements 2019

Narromine Shire Council

Statement of Financial Position – Sewerage Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	4,636	3,678
Investments	1,828	1,835
Receivables	289	264
Total current assets	6,753	5,777
Non-current assets		
Receivables	39	66
Infrastructure, property, plant and equipment	19,131	19,515
Total non-current assets	19,170	19,581
TOTAL ASSETS	25,923	25,358
NET ASSETS	25,923	25,358
EQUITY		
Accumulated surplus	10,444	10,169
Revaluation reserves	15,479	15,189
TOTAL EQUITY	25,923	25,358

Narromine Shire Council

Special Purpose Financial Statements 2019

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

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

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

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

Declared business activities

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

Category 1

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

Narromine Shire Council Water Supply

Comprising the whole of the operations and net assets of the water supply activities of Council servicing the towns of Narromine, Trangie, and Tomingley.

Category 2

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

Narromine Shire Council Sewerage Service

Comprising the whole of the operations and net assets of the sewerage reticulation and treatment activities of Council servicing the towns of Narromine and Trangie.

Narromine Shire Council

Special Purpose Financial Statements 2019

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Department of Industry (DoI) - Water, the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate - 27.5%

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

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

In accordance with the Dol - Water, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water 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 to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

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

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Narromine Shire Council

Special Purpose Financial Statements 2019

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

Local government rates and charges

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

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30 June 2019.

(iv) Dividends

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

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

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

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

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

Attachment No 1

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INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements Narromine Shire Council

To the Councillors of the Narromine Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Narromine Shire Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2019, the Statement of Financial Position of each Declared Business Activity as at 30 June 2019, Note 1 Significant accounting policies for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's Declared Business Activities as at 30 June 2019, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

Cathy Wu

Delegate of the Auditor-General for New South Wales

28 October 2019 SYDNEY Attachment No 1

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Narromine Shire Council

SPECIAL SCHEDULES for the year ended 30 June 2019



Attachment No 1

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Narromine Shire Council

Special Schedules 2019

Special	Schedules
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for the year ended 30 June 2019

Contents	Page
Special Schedules	
Permissible income for general rates	3
Report on Infrastructure Assets - Values	7

Special Schedules 2019

Narromine Shire Council

Permissible income for general rates

for the year ended 30 June 2019

\$ '000		Calculation 2019/20	Calculation 2018/19
Notional general income calculation ¹			
Last year notional general income yield	а	5,718	5,577
Plus or minus adjustments ²	b	(1)	15
Notional general income	c = a + b	5,717	5,592
Permissible income calculation			
Or rate peg percentage	е	2.70%	2.30%
Or plus rate peg amount Sub-total	$i = e \times (c + g)$	154	129
	k = (c + g + h + i + j)	5,871	5,721
Plus (or minus) last year's carry forward total	I	1	(2)
Sub-total	n = (I + m)	1	(2)
Total permissible income	o = k + n	5,872	5,719
Less notional general income yield	р	5,872	5,718
Catch-up or (excess) result	q = o - p	_	1
Carry forward to next year ⁶	t = q + r + s	_	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.

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Narromine Shire Council (the Council) for the year ending 30 June 2020.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

Special Schedules 2019

My opinion does not provide assurance:

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

Cathy Wu

Delegate of the Auditor-General for New South Wales

28 October 2019 SYDNEY

Narromine Shire Council

Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring to the to bring assets agreed level of to satisfactory service set by standard Council	Estimated cost to bring to the agreed level of service set by Council ma	ted cost g to the 2018/19 level of Required Council maintenance	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost	n condition as a percen gross replacement cost 2 3 4	on as a p lacemen 3	ercenta t cost 4	ge of
(a) Report	(a) Report on Infrastructure Assets - Values	Se										
Buildings	Buildings Other	766	766	1,058	1,139	19,529	38,294	19.0%	59.0% 2	20.0% 2	2.0% 0.0%	%0.0
	Sub-total	928	928	1,058	1,139	19,530	38,354					0.1%
Other	Other structures	I	I	I	I	3,506	2,241	%0:0	0.0%	0.0%	0.0% 1	100.0%
structures	Sub-total		ı	1	1	3,506	2,241	%0.0	0.0%	0.0%	0.0% 1	100.0%
Roads	Sealed roads	1,333	1,333	1,436	1,165	110,639	133,281	26.0%	11.0% 6	62.0% 1	1.0%	%0.0
	Orisealed roads Bridges	255	255	C,040,	7,201	19,152	99,039 25,524					%0.0 0.0%
	Footpaths	89	89	2	2	178	3,404	17.0%	38.0% 4		2.0%	%0.0
	Other road assets	4	4	373	370	264	386	32.0%	28.0% 3	39.0%	1.0%	%0.0
	Other	I	I	I	I	2,311	I	%0.0	0.0%	0.0%	%0.0	%0.0
	Sub-total	3,653	3,653	4,659	3,801	215,273	262,254	35.4%	26.8% 3	37.2%	%9.0	%0.0
Water supply		539	539	1,370	1,345	14,548	26,931					2.0%
network	Other	1 000	1 00	1 070	1 245	1,689	1 20 30			0.0%	%0.0	%0.0
	Sub-total	800	866	0/2,1	1,540	10,237	106,02	41.0%	40.0%			%0.3
Sewerage network	Sewerage network Other	272	272	700	740	18,529	28,207	74.0%	7.0% 1	15.0% 1	1.0%	3.0%
	Sub-total	272	272	200	740	18,760	28,207		7.0% 1	15.0%	1.0%	3.0%
Stormwater	Stormwater drainage	613	613	280	245	13,510	20,423				3.0%	%0.0
di alliage	Sub-total	613	613	280	245	13,582	20,423	28.0%	38.0% 3	31.0%		%0.0 %0.0
Open space /		27	27	256	394	3,402	2,712					2.0%
recreational assets	Other Open Space Recreational	72	72	1,006	1,039	1,702	3,610	14.0%	50.0% 3	33.0%	2.0%	1.0%
		3	3	101.	2,1	5	1,0,0		-			

Page 7 of 11

Narromine Shire Council

Report on Infrastructure Assets - Values (continued)

as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring to the to bring assets agreed level of	Estimated cost to bring to the agreed level of	2018/19	2018/19		Gross	Assets	in cond	Assets in condition as a percentage of gross replacement cost	percen	tage of
		to satisfactory service set by standard Council	service set by Council m	ce set by Required Council maintenance	Actual maintenance	Net carrying amount	replacement cost (GRC)	-	2 3	ო	4	2
Other	Other	158	158	1,766	1,777	265	15,848	13.0%	17.0%	13.0% 17.0% 68.0% 1.0% 1.0%	1.0%	1.0%
assets	Sub-total	158	158	1,766	1,777	265	15,848	13.0%	17.0%	13.0% 17.0% 68.0% 1.0%	1.0%	1.0%
	TOTAL - ALL ASSETS	6,262	6,262	11,095	10,480	292,257	400,580	35.0%	30.1%	35.0% 30.1% 32.9% 1.0% 1.0%	1.0%	1.0%

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

Infrastructure asset condition assessment 'key'

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

Page 8 of 11

Narromine Shire Council

Special Schedules 2019

Report on Infrastructure Assets (continued)

as at 30 June 2019

	Amounts	Indicator	Prior p	eriods	Benchmark
\$ '000	2019	2019	2018	2017	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹ Asset renewals ² Depreciation, amortisation and impairment		190.39%	148.36%	93.43%	>=100.00%
Infrastructure backlog ratio ¹ Estimated cost to bring assets to a satisfactory standard Net carrying amount of infrastructure assets		2.14%	7.23%	11.64%	<2.00%
Asset maintenance ratio Actual asset maintenance Required asset maintenance	10,480 11,095	94.46%	97.92%	60.37%	>100.00%
Cost to bring assets to agreed service level Estimated cost to bring assets to an agreed service level set by Council Gross replacement cost		1.56%	5.01%	6.08%	

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

⁽¹⁾ Excludes WIP

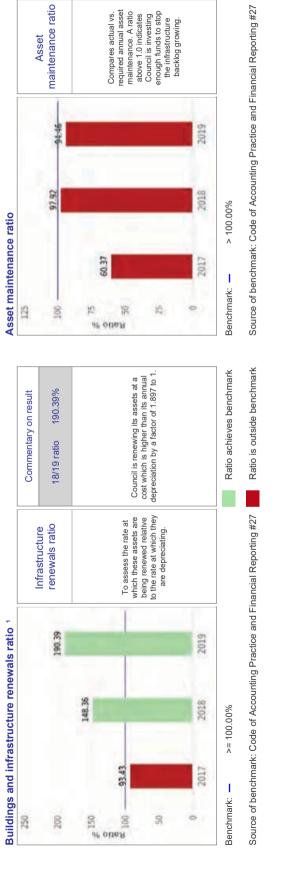
⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Ratio is outside benchmark Ratio achieves benchmark

Narromine Shire Council

Report on Infrastructure Assets (continued)

as at 30 June 2019



Council's maintenance expenditure of 94.46% is marginally below OLG's NSW benchmark of 100%.

backlog growing.

94.46%

18/19 ratio

Commentary on result

Asset



Commentary on result

2.14%

18/19 ratio

backlog ratio

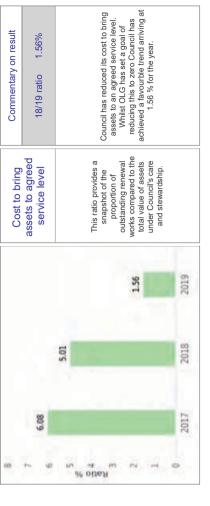
Infrastructure

Infrastructure backlog ratio

11.64

12.5

9



Council is reducing its infrastructure backlog whose ratio of 2.14% is marginally above OLG's benchmark

This ratio shows what proportion the backlog is against the total value of a Council's

7.23

7.5

Ratio %

m

2

infrastructure.

2.14

2019

2017

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

< 2.00%

Benchmark: -

Ratio is outside benchmark

Ratio achieves benchmark

(1) Excludes WIP

continued on next page ...

Page 10 of 11

Special Schedules 2019

Narromine Shire Council

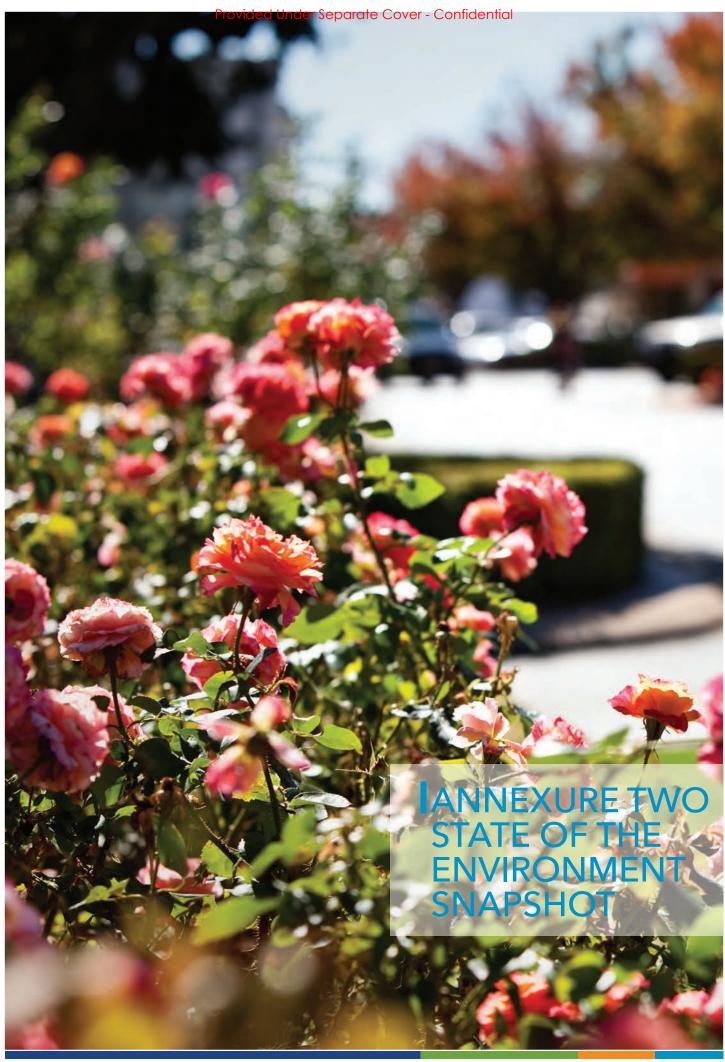
Report on Infrastructure Assets (continued)

as at 30 June 2019

000. \$	General fund 2019 20	l fund 2018	Water 2019	Water fund 9 2018	Sewer fund 2019	fund 2018	Benchmark
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio ¹ Asset renewals ² Depreciation, amortisation and impairment	183.31%	154.07%	351.55%	215.10%	83.83%	3.70%	>=100.00%
Infrastructure backlog ratio ¹ Estimated cost to bring assets to a satisfactory standard Net carrying amount of infrastructure assets	2.12%	4.98%	3.32%	48.13%	1.45%	5.87%	<2.00%
Asset maintenance ratio Actual asset maintenance Required asset maintenance	93.02%	%96'.26	98.18%	97.81%	105.71%	97.38%	>100.00%
Cost to bring assets to agreed service level Estimated cost to bring assets to an agreed service level set by Council Gross replacement cost	1.58%	3.51%	2.00%	26.00%	0.96%	4.00%	

⁽¹⁾ Excludes WIP

⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.





State of the Environment

A State of the Environment (SoE) Report is an important management tool which aims to provide the community and Local Council with information on the condition of the environment in the local area to assist in decision-making.

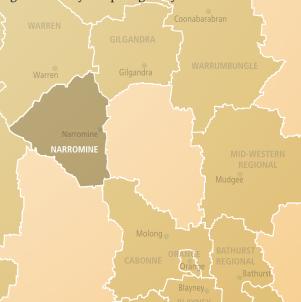
Since 2007, the Councils of the Greater Central West Region of NSW (see map) have joined to produce Regional SoE Reports as part of Council reporting requirements.

Changes to NSW legislation mean that Councils are no longer required to produce SoE Reports each year, but only once every four years, in the year of the Council election. However, the participating Councils have decided to continue reporting on an annual basis so that they can provide a detailed Regional SoE report that covers trends in the intervening years.

This is a brief snapshot of data for the Narromine Local Government Area in 2018-19 across a range of environmental indicators as shown in the tables below. The tables provide an understanding of trends by comparing this year's data with an average of previous years.

2018-19 Highlights

- Council used less water for irrigation of its parks in 2018-19 than in the previous year.
- There was less household hazardous waste collected in 2018-19 than in previous years.
- Council's electricity consumption in 2018-19 was at its greatest level in the past four years.
- Council's total fuel consumption in 2018-19 was at its lowest level in the past four years.
- There were no drinking water complaints to Council in 2018-19.



Land

Issue	Indicator	2015-16	2016-17	2017-18	2018-19	Trend
	Contaminated land sites - Contaminated Land Register (number)	0	0	0	0	-
Contamination	Contaminated land sites - potentially contaminated sites (number)	49	49	49	74	•
	Contaminated sites rehabilitated (number)	0	0	0	0	-
Erosion	Erosion affected land rehabilitated (ha)	0	0	0	0	-
	Number of development consents and building approvals	115	57	73	82	•
Land use planning and management	Landuse conflict complaints (number)	0	2	1	3	0
	Loss of primary agricultural land through rezoning (ha)	0	0	0	0	-
Minerals & Petroleum	Number of mining and exploration titles	23	23		21	•
	Area covered by mining and exploration titles (ha)	89,586	75,835	137,000	75,787	•

improvement



worsening trend

Attachment No 1

Provided Under Separate Cover - Confidentia

Biodiversity

Issue	Indicator	2015-16	2016-17	2017-18	2018-19	Trend
	Total Area in the National Parks Estate (ha)	4,401	4,401	4,401	4,401	-
	Total Area of State Forests (ha)	1,056	1,056	1,056	1,056	<u>-</u>
	Total Area Protected in Wildlife Refuges (ha)	0	0	0	0	-
Habitat Loss	Area protected in conservation reserves & under voluntary conservation agreements (ha)	140	140	140	140	0
Habitat Loss	Extent of Traveling Stock Reserves in LGA (ha)	5,566	6,815		6,880	•
	Habitat areas revegetated (ha)	0	0	0	0	-
	Roadside vegetation management plan	Yes	Yes	Yes	Yes	-
	Roadside vegetation rehabilitated (ha)	0	0	0	0	-
Threatened Species	Threatened species actions implemented (e.g. PAS, recovery plans) (number)	0	0	0		
Till eateried Species	Fish restocking activities: native species (number)	10,714	11,736	4,132	6,000	•
	Fish restocking activities: non-native species (number)	0	0	0	0	-
Noxious weeds and feral animals	Number of declared priority weeds	116	91	91	92	•
	Invasive species (listed priority or WONS) under active management (number)	12	12		11	•

Water and Waterways

Issue	Indicator	2015-16	2016-17	2017-18	2018-19	Trend
Surface & Ground Water Quality	Ecoli remote from wastewater treatment plants (per 100ml)			0	0	0
Disavian	Riparian vegetation recovery actions (number)	0	0	0	0	•
Riparian	Riparian vegetation recovery area (ha)	0	0	0	0	•
Industrial/	Load Based Licencing Volume (kg)	0	0	0		
Agricultural	Exceedances of license discharge consent recorded (number)	0	0	0	0	•
Pollution	Erosion & Sediment Control complaints received by Council (number)	0	0	0	0	•
	Number of gross pollutant traps installed	0	- 1	1	1	(
Stormwater Pollution	Total catchment area of GPTs (ha)	0	0	0	0	-
	Water pollution complaints (number)	0	0	0	0	-
T W. O. B.	Number of instances drinking water guidelines not met	6	0	0	0	•
Town Water Quality	Number of drinking water complaints	6	0	0	0	1
	Number of Water Supply Work Approvals from surface water sources	122	129			
	Volume of surface water permissible for extraction under licences (GL)	195	196			
Water extraction	Number of Water Supply Work Approvals from groundwater resources	977	984			
	Volume of groundwater permissible for extraction under licences (GL)	77	77			
	Actual volume extracted through groundwater licences (GL)	49				
Council water	Area of irrigated Council managed parks, sportsgrounds, public open space (ha)	118	118	118	118	•
consumption	Water used by council for irrigation (including treated and untreated) (ML)	45	53	59	45	1
	Annual metered supply (ML)	1,039	1,141	1,376	1,376	•
	Annual consumption (Total from WTP) (ML)				1,145	
Town water consumption	Average annual household mains potable water usage (kL)				34	
	Average level of water restrictions implemented	0	0	2	3	
	Water conservation programs (number)	0	0	ı	ı	•

Attachment No 1

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Towards Sustainability

Issue	Indicator	2015-16	2016-17	2017-18	2018-19	Trend
}	Total waste entombed at primary landfill (tonnes)					
Waste Generation	Total waste entombed at other landfills (exc recyclables) (tonnes)					
	Average total waste generated per person (tonnes)					
Hazardous/Liquid	DrumMuster collections (number of drums)	0	19,749	22,321		
Waste	Household Hazardous Wastes collected (kg)	2,888	3,351	3,769	2,454	•
Reduce	Organics collected (diverted from landfill) (tonnes)	1,027	2,121	1,413		
Reduce	E-Waste collected (diverted from landfill) (tonnes)	0			10	•
Paguala	Volume of material recycled (tonnes)	540	591	575	328	•
Recycle	Volume of material recycled per person (kg)	79	90	88	50	•
Littering and illegal dumping	Number of illegal waste disposal complaints to Council	6	3	5	43	•
Engineering, Infrastructure and	New road construction (km)	0	6	0	0	1
Civil Works	Road upgrades (km)	75	644	682	500	•
Diele Management	Flood management plans/ flood mapping - increase in area covered (ha)	0	0	0	0	-
Risk Management	Hazard reduction burns (number)	0	0	0	0	-
	Office paper used by Council (A4 & A3 reams)	1,225	836	945	933	1
Climate Change Mitigation	Council sustainability initiatives (number)	0	0	0	0	-
	Council mitigation initiatives (number)	0	0	0		-
	Annual electricity consumption for Council controlled facilities (MWh)	1,644	1,596	1,820	1,906	•
	Annual natural gas consumption for Council controlled facilities (GJ)	0	0	0	0	-
Council	Annual bottled gas consumption for Council controlled facilities (L)	0	0	0	0	-
Greenhouse Gas	Total fuel consumption (KL)	309	297	294	289	1
Emissions	Proportion of Council's electrical energy demand met from council-owned renewable energy infrastructure	0.0%	0.0%	0.0%	0.0%	•
	Council total operational greenhouse gas emissions (tCO ₂ -e/year)	6,157	6,076	6,348	6,412	0
Community Greenhouse Gas	Small scale renewable energy uptake (kw installed) (kW)	664	742	917	768	•
Emissions	Number of solar water heaters and heat pumps installed	4	5	6	5	0

People and Communities

Issue	Indicator	2015-16	2016-17	2017-18	2018-19	Trend
	Environmental volunteers working on public open space (hrs)	0	0	0	0	-
Active community involvement	Number of environmental community engagement programs	0	0	1	, I	1
	Number of growers markets/local food retailers specialising in local food	0	- 1		1-1	4
	Number of Indigenous sites on AHIMS register	272	279	293	363	1
	Inclusion in DCPs & rural strategies (Yes or No)		Yes	Yes	Yes	-
Indigenous Heritage	Extent of liaison with Indigenous communities (self-assessed from 0 = none to 3 = High)	0.0	0.0	3.0	0.0	•
	Development approvals on listed Indigenous sites (number)	0	0	0	0	-
	Number of Indigenous heritage management actions/responses	0	0	0	0	-
	NSW Heritage Items (number)	0	0	0	0	-
	Locally listed heritage items (number)	П	11	, II	П	-
Non-Indigenous Heritage	Actions to protect non-Indigenous heritage (including management plans) (number)	0	0	I	1	1
	Heritage buildings on statutory heritage lists demolished/degraded in past year (number)	0	0	0	0	-
	Heritage buildings on statutory heritage lists renovated/improved in past year (number)	I	0	0	0	•

Attachment No 1

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Narromine Wetlands



Narromine Shire Council 124 Dandaloo St Narromine NSW 2821 Phone: (02) 6889 9999 www.narromine.nsw.gov.au Mailing Address General Manager Narromine Shire Council PO Box 115 Narromine NSW 2821





SUMMARY OF COSTS

Class of insurance	Expiring Year's Premium	Total Annual Premium	Suggested Option (i.e. increased limits / additional cover/ excess options)	Recommended Provider
Public Liability Professional Indemnity	\$1*5,151,45	\$116,993.88	As per expiring	Statewide Liability Scheme
Casual Hirers Liability	\$3.928.21	\$3,991.06	As per expining	Statewide - Casual Hirers Scheme
Crime	\$23,078.09	\$23,447.34	As per expiring	Statewide - Fidelity Guarantee Scheme
Property	\$159,230.61	\$173,126.37	Please review the changes to Business interruption tabled below.	Statewide Property Mutual
Councillors and Officers Liability	\$22,118.02	\$22,471.91	As per expiring	Statewide Liability Scheme
Motor Vehicle	\$69,758 58	\$71,651 72	Please review the table of product changes in the table below	Statewide Motor Vehicle Scheme
Environmental Impairment Liability	\$26,438.50	\$26,438.50	As per expiring	AIG Australia Limited
Personal Accident	\$3,477.38	\$3.554.38	As per expiring	Chubb Insurance Australia Limited
Public & Products Liability	\$687.50	\$687.50	As per expiring	QBE Insurance (Australia) Ltd - LCIS A/c
Accumulated Sick Leave	\$4,085.63	\$TBA	Terms not yet provided from insurer, hold coer arrangement in place. We will advise once terms are received.	Hannover Life Re Australasia
Total	\$427,953.97	\$442,362.66	Charges exclude Accumulated Sick Leave, premium to be provided when received.	



29/07/2019

StateCover Mutual Limited ABN 35 090 394 755

PO Box R1865 Royal Exchange NSW 1225

P (02) 8235 2802 F (02) 8004 8253

F linostock@statecover.net.au

Narromine Shire Council Attention: Belinda Hollingworth

PO Box 115

NARROMINE NSW 2821

Certificate of Currency

The following policy of insurance covers the full amount of the employer's liability under the Workers Compensation Act 1987.

This Certificate is valid from 30/06/2019 to 30/06/2020

The information provided in this Certificate of Currency is correct at 29/07/2019.

Employer:

Narromine Shire Council

Policy Number:

WC01096

ABN:

99352328405

WIC	INDUSTRY	NO.OF WORKERS (SEE POINT 1 BELOW)	WAGES *
811300	Local Government Administration	121	7,147,870

⁺ Number of workers includes contractors/deemed workers

Important Information:

- Principals relying on this certificate should ensure it is accompanied by a statement under section 175B of the Workers Compensation Act 1987. Principals should also check and satisfy themselves that the above information is correct and ensure that proper workers compensation insurance is in place i.e. Compare the number of employees on site to the average number of employees estimated; ensure that the wages are reasonable to cover the labour component of the work being performed; and confirm that the description of the industry/industries noted is appropriate.
- 2. A Principal contractor may become liable for any outstanding premium of the sub-contractor if the principal has failed to obtain a statement or has accepted a statement where there was reason to believe it was false.

Yours faithfully,

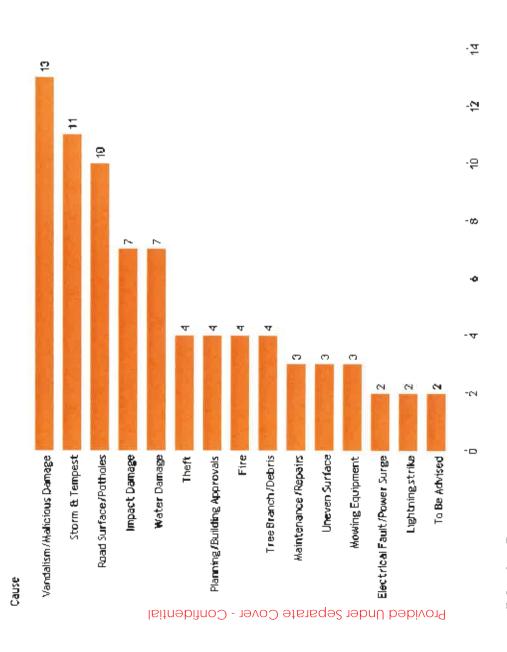
Linda Bostock

CEO

MONOCH

^{*} Total wages estimated for the current period

Claims by Cause



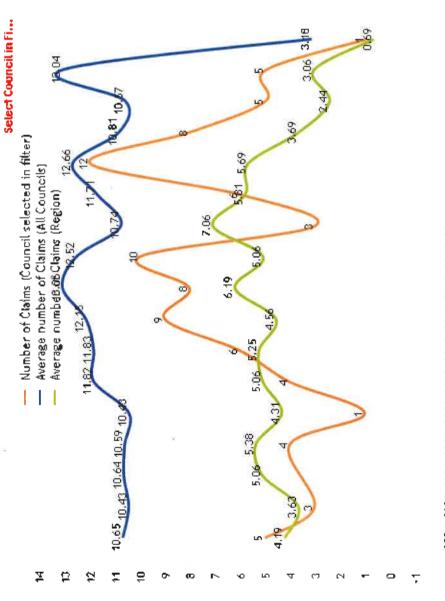
SAUSER NARROM Selection Status:

Claims by Cause

Benchmarking

11/4/2019

Benchmarking



2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

SAUSER NARROM Selection Status:

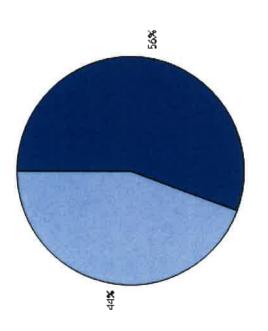
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Claims by Class / Sub-Class

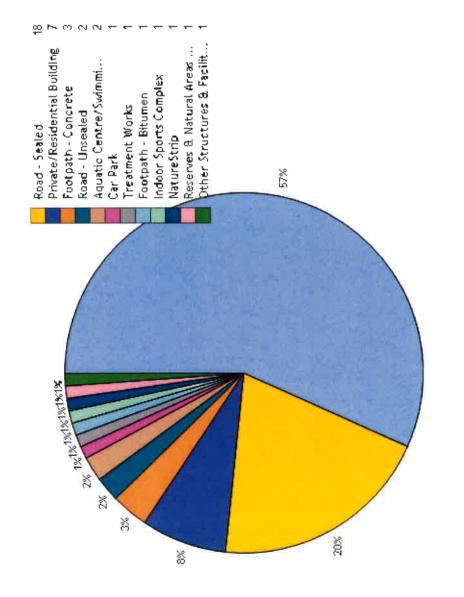




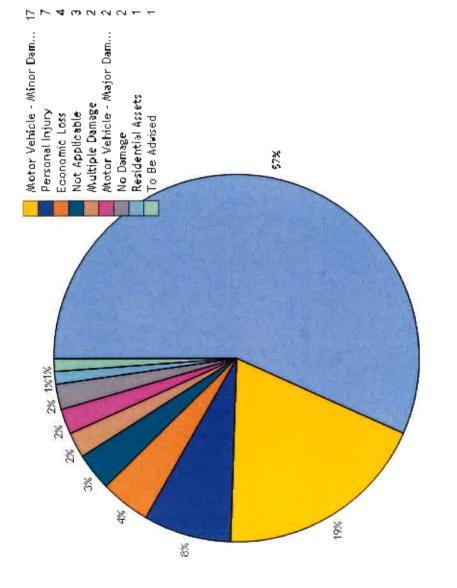
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Selection Status:



Selection Status: SAUSER NARROM https://cdn2.jtta.com.au/extranetcors/Proxy.aspx?fila=QvsViewClienf.aspx&public=only&size=long&host=QVS%40au-syd-p-qves01&name=Temp/1e00645a9d0t4c1ca0c708ba35cda46f.html



SAUSER NARROM Selection Status:

A NEW RISK MANAGEMENT AND INTERNAL AUDIT FRAMEWORK for local councils in NSW

Snapshot Guide

September 2019





A NEW RISK MANAGEMENT AND INTERNAL AUDIT FRAMEWORK FOR LOCAL COUNCILS IN NSW – SNAPSHOT GUIDE

2019

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A NEW RISK MANAGEMENT AND INTERNAL AUDIT FRAMEWORK FOR LOCAL GOVERNMENT IN NSW - Snapshot Guide

Purpose

This summary guide provides a 'snapshot' of the mandatory internal audit and risk management framework that is being proposed for NSW councils.

For a full understanding of the proposed framework, please refer to the discussion paper, *A new risk management and internal audit framework for local councils in NSW*, which can be found at www.olg.nsw.gov.au.

Introduction

In 2016, the NSW Government made it a requirement under the *Local Government Act* 1993 ('Local Government Act') that each council have an Audit, Risk and Improvement Committee. This requirement is likely to take effect from March 2021. Councils are also required to proactively manage any risks they face under the new guiding principles of the Act.

The Government is consulting on the proposed regulatory framework that will support the operation of these committees, and the establishment of a risk management framework and internal audit function in each council.

There will be nine core requirements that councils will be required to comply with when establishing their Audit, Risk and Improvement Committees, risk management framework and internal audit function.

These requirements are based on international standards and the experience of Australian and NSW Government public sector agencies who have already implemented risk management and internal audit.

There are also components of the proposed framework that are designed to reflect the unique needs and structure of NSW councils.

The framework will apply to councils, county councils and joint organisations.

Have Your Say

The NSW Government would like to know what you think of the framework being proposed.

Submissions may be made in writing by **31 December 2019** to the following addresses.

Post: Locked Bag 3015 NOWRA NSW 2541 **Email:** olg@olg.nsw.gov.au

Key questions you may wish to consider when providing your feedback include:

- will the proposed framework achieve the outcomes sought?
- what challenges do you see for your council when implementing the proposed framework?
- does the proposed framework include all important elements of an effective internal audit and risk framework?
- is there anything you don't like about the proposed framework?
- can you suggest any improvements to the proposed framework?

Proposed regulatory framework

The NSW Government's objective is to ensure that:

- each council in NSW has an independent Audit, Risk and Improvement Committee that adds value to the council
- each council in NSW has a robust risk management framework in place that accurately identifies and mitigates the risks facing the council and its operations
- each council in NSW has an effective internal audit function that provides independent assurance that the council is functioning effectively and the internal controls the council has put into place to manage risk are working, and
- councils comply with minimum standards for these mechanisms that are based on internationally accepted standards and good practice.

The proposed statutory framework will consist of the following three elements:

1. Current provisions in the Local Government Act

Section 428A

Section 428A (when proclaimed) will require each council to establish an Audit, Risk and Improvement Committee to continuously review and provide independent advice to the general manager and the governing body of council about:

- whether the council is complying with all necessary legislation
- the adequacy and effectiveness of the council's risk management framework, fraud and corruption prevention activities, financial management processes, and the council's financial position and performance
- the council's governance arrangements

- the achievement of the goals set out in the council's community strategic plan, delivery program, operational plan and other strategies
- how the council delivers local services and how to improve the council's performance of its functions more generally
- the collection of performance measurement data by the council, and
- any other matters prescribed by the *Local Government (General) Regulation 2005* (i.e. internal audit).

Section 428B

Section 428B (when proclaimed) will also allow a council to establish a joint Audit, Risk and Improvement Committee with another council/s including through joint or regional organisations of councils.

Guiding principles and roles and responsibilities

Amendments made to the Local Government Act in 2016 prescribed new guiding principles for councils and updated the prescribed roles and responsibilities of the governing body (section 223) and general manager (section 335). These amendments will operate to support the work of Audit, Risk and Improvement Committees and provide for the future establishment of a risk management and internal audit function in each council.

These guiding principles and roles and responsibilities have already commenced.

2. New regulations

The operation of sections 428A and 428B will be supported by new regulations in the *Local Government (General) Regulation 2005*.

These will prescribe the requirements that councils are to comply with when appointing their Audit, Risk and Improvement Committee and establishing their risk management framework and internal audit function.

The regulations will also provide for a model internal audit charter and model terms of reference for Audit, Risk and Improvement

Committees which all councils must adopt and comply with.

3. New Guidelines

New guidelines will be issued setting out the core requirements that each council's Audit, Risk and Improvement Committee, risk management framework and internal audit function must comply with.

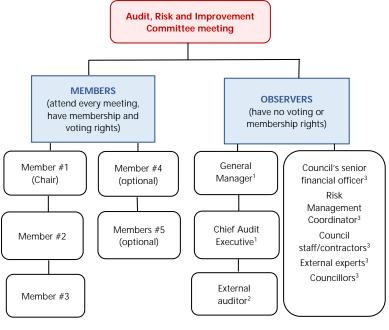
These core requirements are detailed below.

Core requirement 1:

Appoint an independent Audit, Risk and Improvement Committee

- Each council is to have an independent Audit, Risk and Improvement Committee that reviews all the matters prescribed in section 428A of the Local Government Act
- The Audit, Risk and Improvement Committee is to operate according to terms of reference, based on a model terms of reference, and approved by the governing body of the council after endorsement by the Committee
- The Audit, Risk and Improvement Committee is to comprise of three to five independent members who are prequalified via the NSW Government's Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members
- Audit, Risk and Improvement Committee members and the Chair are to serve a three to five-year term. A member's term cannot exceed eight years and the Chair's term cannot exceed five years
- The Audit, Risk and Improvement Committee is to meet quarterly, with the ability to hold extra meetings if required. A council's general manager and Chief Audit

- Executive (see below) should attend except where excluded by the Committee
- Audit, Risk and Improvement Committee members are to comply with the council's code of conduct and the conduct requirements of the NSW Government's Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members
- Disputes between the general manager and/or the Chief Audit Executive are to be resolved by the Audit, Risk and Improvement Committee. Disputes with the Committee are to be resolved by the governing body of the council
- The Audit, Risk and Improvement
 Committee is to provide an annual
 assurance report to the governing body of
 the council and be assessed by an external
 party at least once each council term as
 part of council's quality assurance and
 improvement program
- The general manager is to nominate a council employee/s to provide secretariat support to the Audit, Risk and Improvement Committee. Minutes are to be recorded for all committee meetings



¹ Attends each meeting except where excluded by the Committee

² Open invitation to attend every meeting as an independent advisor ³ When invited by the Committee to attend/give information

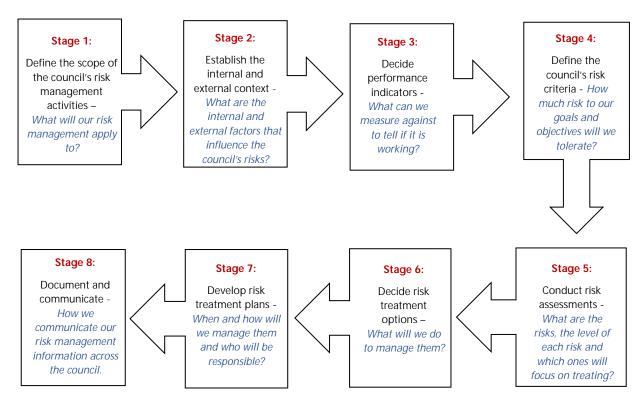
Core requirement 2:

Establish a risk management framework consistent with the current Australian risk management standards

- Each council is to establish a risk management framework that is consistent with current Australian standards for risk management
- The governing body of the council is to ensure that council is sufficiently resourced to implement an appropriate and effective risk management framework
- Each council's risk management framework is to include the implementation of a risk management policy, risk management plan and risk management process (see below). This includes deciding the council's risk criteria and how risk that falls outside tolerance levels will be treated

- Each council is to fully integrate its risk management framework within all of council's decision-making, operational and integrated planning and reporting processes
- Each council is to formally assign responsibilities for risk management to the general manager, senior managers and other council staff and ensure accountability
- Each council is to ensure its risk management framework is regularly monitored and reviewed
- The Audit, Risk and Improvement Committee and the council's internal audit function are to provide independent assurance of risk management activities
- The general manager is to publish in the council's annual report an attestation certificate indicating whether the council has complied with the risk management requirements

Stages of a council's risk management process



Core requirement 3:

Establish an internal audit function mandated by an Internal Audit Charter

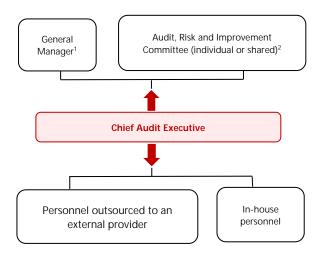
- Each council is to establish an internal audit function
- The governing body is to ensure that the council's internal audit function is sufficiently resourced to carry out its work
- The governing body of the council is to assign administrative responsibility for internal audit to the general manager and include this in their employment contract and performance reviews
- The Chief Audit Executive is to develop an Internal Audit Charter, based on a model charter, which will guide how internal audit is conducted by the council. The Charter is to be approved by the governing body of the council after endorsement by the Audit, Risk and Improvement Committee

Core requirement 4:

Appoint internal audit personnel and establish reporting lines

- The general manager is to appoint a Chief Audit Executive to oversee the council's internal audit activities in consultation with the Audit, Risk and Improvement Committee
- The Chief Audit Executive is to report functionally to the Audit, Risk and Improvement Committee and administratively to the general manager and attend all committee meetings

 The general manager is to ensure that, if required, the council has adequate internal audit personnel to support the Chief Audit Executive. Councils will be able to appoint in-house internal audit personnel or completely or partially outsource their internal audit function to an external provider



¹ reports administratively (day-to-day processes and resources)

Core requirement 5:

Develop an agreed internal audit work program

- The Chief Audit Executive is to develop a four-year strategic plan to guide the council's longer term internal audits in consultation with the governing body, general manager and senior managers. The strategic plan is to be approved by the Audit, Risk and Improvement Committee
- The Chief Audit Executive is to develop an annual risk-based internal audit work plan, based on the strategic plan, to guide the council's internal audits each year. The work plan is to be developed in consultation with the governing body, general manager and senior managers and approved by the Audit, Risk and Improvement Committee

² reports functionally (strategic direction, accountability)

 The Chief Audit Executive is to ensure performance against the annual and strategic plans can be assessed

Core requirement 6:

How to perform and report internal audits

- The Chief Audit Executive is to ensure that council's internal audits are performed in accordance with the IPPF and current Australian risk management standards (where applicable), and approved by the Audit, Risk and Improvement Committee
- The Chief Audit Executive is to develop policies and procedures to guide the operation of the internal audit function, including the performance of internal audits
- The Chief Audit Executive is to report internal audit findings and recommendations to the Audit, Risk and Improvement Committee. Each finding is to have a recommended remedial action and a response from the relevant senior manager/s
- All internal audit documentation is to remain the property of, and can be accessed by, the audited council, including where internal audit services are performed by an external provider. It can also be accessed by the Audit Risk and Improvement Committee, external auditor and governing body of the council (by resolution)

Core requirement 7:

Undertake ongoing monitoring and reporting

 The Audit, Risk and Improvement Committee is to be advised at each quarterly meeting of the internal audits

- undertaken and progress made implementing corrective actions
- The governing body of the council is to be advised after each quarterly meeting of the Audit, Risk and Improvement Committee of the internal audits undertaken and the progress made implementing corrective actions
- The Audit, Risk and Improvement Committee can raise any concerns with the governing body of the council at any time through the Chair

Core requirement 8:

Establish a quality assurance and improvement program

- The Chief Audit Executive is to establish a quality assurance and improvement program which includes ongoing monitoring and periodic self-assessments, an annual review and strategic external review at least once each council term
- The general manager is to publish in the council's annual report an annual attestation certificate indicating whether the council has complied with the core requirements for the Audit, Risk and Improvement Committee and the internal audit function

Quality assurance and improvement program

Ongoing monitoring and selfassessment by the Chief Audit

Executive

Annual review

- Annual internal audit review to Committee by the Chief Audit Executive
- Annual assurance report to the governing body by the Audit, Risk and Improvement Committee
 - Annual Attestation Certificate - by the general manager

4-year strategic review to the Committee and governing body by

external

assessor

Core requirement 9:

Councils can establish shared internal audit arrangements

- A council can share all or part of its internal audit function with another council/s by either establishing an independent shared arrangement with another council/s of its choosing, or utilising an internal audit function established by a joint or regional organisation of councils that is shared by member councils
- The core requirements that apply to standalone internal audit functions will also apply to shared internal audit functions, with specified exceptions that reflect the unique structure of shared arrangements
- The general manager of each council in any shared arrangement must sign a 'Shared Internal Audit Arrangement' that describes the agreed arrangements

Implementation timeline

The transitional arrangements built into the Local Government Act mean that the requirement to have an Audit, Risk and Improvement Committee will not come into force until six months after the next ordinary elections in September 2020 at the earliest. Councils will therefore have until March 2021 to establish their committees.

It is proposed that councils will then have a further 18 months, until December 2022, to establish their internal audit function and risk management framework (guided by the Audit, Risk and Improvement Committee).

As these functions are bedded down and greater time and resources become available to the Audit, Risk and Improvement Committee and the council, the role of the committee is to broaden to comply with the

remaining requirements of sections 428A of the Local Government Act.

Full compliance with section 428A of the Local Government Act will be expected by 2026.

Councils with established Audit, Risk and Improvement Committees and mature risk management and internal audit functions will be encouraged to comply sooner.

→ By March 2021

Audit, Risk and Improvement Committee established and appointed (core requirement 1 or 9 for shared arrangements)

→ By December 2022

Risk management framework developed, including appointment of a Risk Management Coordinator (core requirement 2)

Internal audit function established, including employment of a Chief Audit Executive and personnel (core requirements 3-4 or 9 for shared arrangements)

\rightarrow By 2024

Risk management framework fully implemented throughout council and operating in compliance with regulatory requirements (core requirement 2)

Internal audit function fully implemented by the council and operating in compliance with regulatory requirements (core requirements 5-8)

→ By 2026

Audit, Risk and Improvement Committee's role expanded to include compliance, fraud control, financial management, governance, integrated planning and reporting, service reviews, performance measurement data and performance improvement in compliance with section 428A of the Local Government Act.





A NEW RISK MANAGEMENT AND INTERNAL AUDIT FRAMEWORK for local councils in NSW

Discussion paper

September 2019





A NEW RISK MANAGEMENT AND INTERNAL AUDIT FRAMEWORK FOR LOCAL COUNCILS IN NSW – DISCUSSION PAPER

2019

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MINISTER'S FOREWARD



Risk is inevitable in any organisation, including local councils. If a council can identify its risks and how they are caused, a council is more likely to succeed in managing these risks and achieving its community objectives.

Internal audit is a globally accepted mechanism for ensuring that an organisation has good governance and is managing its risks successfully. There has been a steady push over recent years for internal audit to be mandated in the NSW local government sector.

As a first step, in 2008, the government released guidelines to assist councils to establish an internal audit function. These guidelines were updated in 2010. The benefits realised by councils who had introduced internal audit into their business led to calls for internal audit to be made mandatory for every council in NSW.

In 2016, the NSW Government made it a requirement under the *Local Government Act 1993* ('Local Government Act') that each council have an Audit, Risk and Improvement Committee in place. This requirement is likely to take effect from March 2021. Councils are also required to proactively manage any risks they face under the new guiding principles of the Act.

The government has since been working to develop the regulatory framework that will support the operation of these committees, and the establishment of a risk management framework and internal audit function in each council. This discussion paper details the regulatory requirements and operational framework being proposed.

There will be nine core requirements that councils will be required to comply with when establishing their Audit, Risk and Improvement Committee, risk management framework and internal audit function. These requirements are based on international standards and the experience of Australian and NSW Government public sector agencies who have implemented risk management and internal audit. Most importantly, they reflect the unique needs, structure and resources of NSW local government.

Formal risk management and internal audit is a vital part of the NSW Government's plan to ensure that councils achieve their strategic objectives in the most efficient, effective and economical manner. A strong and effective risk management and internal audit framework will result in better services for the community, reduced opportunities for fraud and corruption, increased accountability of councils to their communities and a culture of continuous improvement in councils.

I encourage you to provide your feedback and ideas on the proposed model so we can ensure NSW has in place the most robust and effective risk management and internal audit framework for local government possible.

The Hon Shelley Hancock MP Minister for Local Government

CONTENTS

BA	ACKGROUND AND PURPOSE	5
1.	Risk	5
2.	Good governance	5
3.	Purpose of this discussion paper	9
<u>IN1</u>	TRODUCTION TO RISK MANAGEMENT AND INTERNAL AUDIT	10
1.	Risk management	10
2.	Internal audit	12
3.	Audit Committees	14
4.	Use of risk management, internal audit and audit committees in the private and government sectors	15
<u>PR</u>	OPOSED RISK MANAGEMENT AND INTERNAL AUDIT FRAMEWORK - THE ROAD AHEAD	18
1.	Risk management and internal audit in NSW local government – the story so far	18
2.	Proposed statutory framework	19
3.	Benefits of risk management and internal audit for NSW local government	27
<u>PR</u>	OPOSED CORE REQUIREMENTS	28
Со	re requirement 1: Appoint an independent Audit, Risk and Improvement Committee	28
Co	re requirement 2: Establish a risk management framework consistent with current Australian risk management standards	45
Со	re requirement 3: Establish an internal audit function mandated by an Internal Audit Charter	60
Со	re requirement 4: Appoint internal audit personnel and establish reporting lines	63
Со	Core requirement 5: Develop an agreed internal audit work program	
Со	re requirement 6: How to perform and report internal audits	73
Со	Core requirement 7: Undertake ongoing monitoring and reporting	
Со	re requirement 8: Establish a quality assurance and improvement program	79
Со	re requirement 9: Councils can establish shared internal audit arrangements	85
<u>NE</u>	XT STEPS	92
RE	SOURCES USED	93
<u>AP</u>	PENDIX 1 – TIMELINE OF KEY INFLUENTIAL EVENTS	99

BACKGROUND AND PURPOSE

1. Risk

All organisations and governments, including councils, operate in uncertain and changing economic, social, political, legal, business and local environments. Risk is defined as the effect of this uncertainty on an organisation's ability to achieve its goals and objectives, where the effect is the potential for a result that is different to what was expected or planned for 1. Risks that go so far as to threaten to harm or destroy an object, event or person are known as material risks.

Risk can be positive, negative or both, and can address, create or result in opportunities and threats. Risk is often expressed in terms of an event's consequences and the likelihood of its occurrence. Negative risks can include, for example, unexpected financial loss, project failure, extreme weather events, failure of council policy, and fraud or corruption. Positive risks can include, for example, unexpected favourable publicity, changes to legislation, improved technology, new commercial relationships and business contracts.

Internal controls

Internal controls are any action taken by an organisation to manage and minimise the impacts of negative risks or to promote and harness positive risks to increase the likelihood that the organisation's goals and objectives will be achieved. Internal controls can be:

- preventative to deter undesirable events from occurring
- detective to detect and correct undesirable events from happening, or
- directive to cause or encourage a desirable event to occur.

Internal controls generally fall into two categories:

- hard/formal controls for example, systems, processes, policies, procedures, management approvals, or
- soft controls for example, employee capability, organisational culture, ethical behaviour of management and staff.

2. Good governance

Governance can be described as the combination and interconnection of decisions, policies, procedures, processes and structures implemented by an organisation's board/governing body to direct and control the organisation and ensure it functions effectively.

Good governance is a key component of successful organisations. It supports an organisation to ensure its goals and objectives are achieved, its operations are performed successfully, it complies with all necessary legal and other requirements, and it uses its resources responsibly with accountability. It also helps an organisation to promote confidence with stakeholders and adapt and function in changing and uncertain environments.

Good governance is directly linked to an organisation's risk management and compliance frameworks.

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¹ Adapted from the definition of risk in AS ISO 31000:2018

The three lines of defence against risk

There are a number of different mechanisms organisations can use to ensure they have good governance and are managing their risks. These governance activities are often referred to as 'the three lines of defence' and are described below in the context of local government. A summary diagram is provided on page 8.

1st line of defence – operational functions implemented by a council to own and manage risk

A council's first line of defence against risk is for council staff to own and manage the risks that occur in their sphere of influence. This means they are given responsibility and held accountable for identifying risks and implementing internal controls (where appropriate).

In practice, this generally sees operational management responsible for identifying and assessing risks that occur in their work area and developing internal controls to manage these risks. This can include guiding the development of council policies and procedures and overseeing the implementation of internal controls by the council staff they supervise. Council staff are responsible for following policies and procedures, implementing other controls and notifying managers when issues arise.

Examples of first line of defence activities could include development assessment processes, operational procedures for technical equipment, maintenance of specific pieces of equipment, cash handling procedures, work health and safety requirements, following project plans etc.

2nd line of defence – management functions implemented by a council to ensure operational functions are managing risks

A council's second line of defence against risk is to ensure that the controls in the first line of defence are properly designed, implemented and operating as intended. Examples of the management frameworks that can be implemented in a council's second line of defence include:

- <u>a risk management framework</u> which identifies known and emerging risks the council faces and controls being implemented to manage these risks (further described in this discussion paper)
- <u>a compliance framework</u> which identifies and monitors council's risk of non-compliance with applicable laws, regulations, contracts and policies, and alerts council to changing compliance requirements
- <u>a financial management framework</u> which identifies and monitors council's financial risks, including financial reporting and external accountability²
- <u>a fraud control framework</u> which identifies and manages the risk of the incidence of fraud or corruption and includes prevention and monitoring strategies³
- <u>business and performance improvement</u> which identifies and manages any business/performance risks and helps council to improve the efficiency, effectiveness and economy of its operations, for example, information technology and work health and safety, and
- <u>project management</u> which is used to identify and manage project risks, for example, poor project governance, flawed scope definition and insufficient resourcing.

-

² Councils are required under the Local Government Act (s 413) to prepare financial reports each year to prescribed standards. These reports must be externally audited, be made available for public inspection (s 418), presented at a council meeting along with the auditor's reports (s 419) and included in council's annual report (s 428).

³ Councils are required to have a fraud and corruption control plan which includes risk management processes that examine the risk of fraud and corruption both internally and externally across the council. The plan should also include internal controls that seek to minimise fraud and corruption occurring.

Second line of defence activities are generally reported to senior and mid-level management, and can be of interest to the Audit, Risk and Improvement Committee.

3rd line of defence – functions that provide independent external assurance

Council's third line of defence against risk is to receive assurance from an independent body external to the council that its risks are being managed appropriately in the first and second lines of defence. External assurance is designed to provide a council with a level of confidence that its goals and objectives will be achieved within an acceptable level of risk.

Independent external assurance is provided by an Audit, Risk and Improvement Committee, supported by an internal audit function.

External assurance activities are reported to the governing body of the council and the general manager.

Other lines of defence

There are also other lines of defence that sit outside an organisation and provide independent assurance that an organisation has good governance and is managing its risk appropriately.

For councils, these include:

- <u>external audit</u> an annual independent examination and opinion of council's financial statements which also assesses council's compliance with accounting standards, laws and regulations⁴
- <u>performance audit</u> an audit of council activities to determine whether the council is carrying out these activities effectively, economically, efficiently and in compliance with all laws. A performance audit can include an individual program or service provided by a group of councils, all or part of an individual council, or issues affecting the sector as a whole⁵, and
- <u>regulatory bodies</u> these set minimum requirements for council's lines of defence, and/or assess the effectiveness of council's governance (for example, the Office of Local Government, NSW Ombudsman, Independent Commission Against Corruption, NSW Parliament).

⁴ The Local Government Act (s 415) requires each council to have their annual financial reports externally audited by the NSW Auditor-General (s 422) so that the community and the governing body of the council have access to an independent opinion on their validity. The Auditor-General is to also provide a copy of the Independent Audit Report and the Conduct of the Audit to the Office of Local Government, and report to Parliament on local government sector-wide matters arising from the examination of the financial statements of councils and any other issues the Auditor-General has identified during its audit and the exercise of her other functions (s 421C).

The NSW Auditor-General conducts performance audits of councils under the Local Government Act and reports to the Office of Local Government, the council concerned and the Minister for Local Government any findings, recommendations or concerns that arise from a performance audit (s 421B)

Council's three lines of defence against risk

Other lines of defence: external audit, regulators, other external bodies

3rd line of defence: functions that provide independent external assurance

reported to governing body and general manager

e.g. Audit, Risk and Improvement Committee, internal audit function

2nd line of defence: management functions implemented by council to ensure operational functions are managing risks

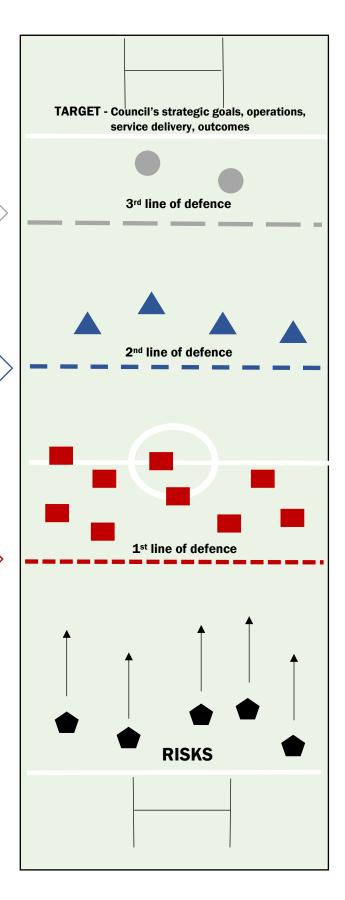
- reported to mid-level/senior management

e.g. risk management framework, regulatory compliance framework, financial management framework, fraud & corruption control framework, business & performance improvement, project management

1st line of defence: operational functions implemented by council to own and manage risk

- conducted by risk owners/managers
- reported to operational management

e.g. identifying risks and implementing controls



3. Purpose of this discussion paper

Amendments made to the Local Government Act in 2016 require each council to be financially sustainable, continuously review its performance, properly exercise its regulatory functions, operate honestly, efficiently and appropriately, and have sound decision-making and risk management practices (s 8A-8C and 223).

They also require each council to establish an Audit, Risk and Improvement Committee as a third line of defence to continuously review and provide independent advice and assurance on council's first and second lines of defence (s 428A). The Local Government Act also envisages the establishment of a risk management framework and internal audit function in each council to support the work of the Committee.

The purpose of this discussion paper is to propose how councils should establish and implement these functions.

It is envisaged that each council's Audit, Risk and Improvement Committee, once established by March 2021, will undertake assurance activities by overseeing each council's internal audit function and risk management framework.

Over time (post-2021), and as resources allow, each council's Audit, Risk and Improvement Committee will be expected to expand its reach to include the other management functions that councils should have in place as part of their second line of defence (for example, financial management, integrated planning and reporting, fraud control, performance etc.).

INTRODUCTION TO RISK MANAGEMENT AND INTERNAL AUDIT

1. Risk management

Risk management describes the coordinated activities an organisation takes to ensure it knows the risks it faces, makes informed decisions about how to respond to these risks, and identifies and harnesses potential opportunities⁶.

In practice, it is a deliberate, systematic, comprehensive and documented program that provides a structure to managing risk consistently across the entire organisation, regardless of where, and by who, decisions are made. It also provides a mechanism to shape organisational culture – 'the way we do things around here'.

Risk management is not about being risk averse and it is not a guaranteed way to eliminate all the risks an organisation faces altogether. It is a framework that can help an organisation to reduce its risks to a level that is acceptable and take calculated and appropriate risks that will help it to achieve its strategic goals and deal positively with opportunities.

As required under Australian risk management standards, councils will be required to adopt an 'enterprise risk management' approach under the new regulatory framework.

This will require councils to identify, assess and manage all the risks that affect the ability of the council to meet its goals and objectives, and goes beyond traditional risk management that focuses on insurable risks. Further explanation is provided in the table below.

Traditional risk management	Enterprise risk management
Focuses on insurable risks	Considers all risks that could affect a council's ability to meet its goals, including risks that cannot be insured, for example, a council's reputation
Focused on threats and minimising losses	Considers risks that present both negative and positive consequences or impacts and focuses on adding value
Manages each risk individually and in isolation, often within the particular business unit	Considers risks holistically across the entire council taking into account any connections or interdependencies that could reduce losses or maximize growth opportunities. Risk management is integrated across the entire council
Responses to risk are largely reactive and sporadic	Responses to risk are proactive and continually applied and assessed. Risk management is embedded in organisational culture

⁶ Adapted from the definition of risk management in AS ISO 31000:2018

Governing standards

A number of worldwide standards have been developed to help organisations implement risk management. These standards are set by recognised international standards bodies or industry groups and provide an accepted benchmark for risk management practices.

In Australia, the International Organisation for Standardisation's risk management standard *ISO 31000:2009*, *Risk Management – Guidelines* (AS/NZS ISO 31000:2009) has been accepted as the Australian risk management standard and widely adopted in the private and public sectors. AS/NZS ISO 31000:2009 has just been replaced by AS ISO 31000:2018⁷.

AS ISO 31000:2018 states that an organisation's approach to risk management must be based on the following eight specific principles to ensure it is effective:

- risk management is integrated into all organisational activities and decision-making processes
- risk management is structured and comprehensive process that achieves consistent and comparable results
- the risk management framework and process is **customised** to the organisation
- risk management is inclusive of all stakeholders and enables their knowledge, views and perceptions to be considered
- risk management is **dynamic** and able to respond to changes and events in an appropriate and timely manner
- risk management decisions are based on the **best available information** and takes into account any limitations and uncertainties
- risk management takes into account human and cultural factors, and
- risk management is continuously and periodically **evaluated and improved** through learning and experience.

To achieve these principles, AS ISO 31000:2018 requires each organisation to ensure its risk management framework includes the following elements:

• **leadership and commitment** – the organisation's board/governing body must clearly communicate and demonstrate strong leadership and commitment to risk management.

This will be shown by the board/governing body:

- o adopting a <u>risk management policy</u> which communicates the organisation's commitment to risk management and how risk management will be undertaken
- o ensuring the necessary resources are allocated to risk management, and
- o assigning authority and accountability for risk management at appropriate levels in the organisation and aligning risk management to the organisation's objectives
- **integration** integration of risk management into a council should be a dynamic and iterative process, customised to the organisation's unique needs and culture. Risk management must be made part of the organisation's purpose, governance, leadership, strategy, objectives and operations and everyone in the organisation must understand their responsibility for managing risk.

This can be achieved through the development and implementation of a <u>risk management plan</u> that provides structure for how the organisation will implement its risk management policy and conduct its risk management activities

⁷ More information about AS ISO 31000:2018 can be found at https://www.iso.org/iso-31000-risk-management.html.

 design – the organisation's risk management framework must be based on the unique needs, characteristics and risks of the organisation, and its external and internal context.

This can be achieved by following a tailored <u>risk management process</u> that:

- o evaluates the organisation's internal and external context, operations, stakeholders, complexity, culture, capabilities etc.
- o identifies, assesses and prioritises the risks these present
- o decides how they will be managed
- o allocates resources
- o assigns risk management roles, responsibilities and accountabilities
- o documents and communicates this across the organisation, and
- o demonstrates the organisation's continual commitment to risk management.
- **evaluation** and **improvement** the organisation must regularly evaluate the effectiveness of its risk management framework and continually adapt and improve how it is designed and integrated throughout the organisation and ensure it is fit for purpose.

2. Internal audit

Internal audit is a mechanism that an organisation can use to receive independent assurance that its first and second lines of defence are appropriate and working effectively. Internal audit can also help an organisation to improve its overall performance.

It does this by:

- providing management with information on the effectiveness of risk management, control and governance processes, and acting as a catalyst for improvement
- providing an independent and unbiased assessment of the organisation's culture, decisionmaking, financial management, operations, fraud risk, safeguarding of assets, information, policies, processes and systems
- assessing the efficiency, effectiveness, economy and ethical conduct of business activities
- reviewing the achievement of organisational goals and objectives
- assessing compliance with laws, regulation, policies and contracts, and
- looking for better ways the organisation can be doing things.

In relation to risk management, internal audit provides assurance that an organisation's:

- risk management framework is effective and regularly reviewed
- · risks are correctly identified and assessed
- risks are being managed to an acceptable level in accordance with the organisation's risk criteria⁸, goals and objectives
- internal controls are appropriately designed and effectively implemented, and
- risk information is captured and communicated in a timely manner across the organisation, enabling staff to carry out their risk management responsibilities.

Unlike organisational staff, an internal audit function has no direct involvement in day-to-day operations or financial management of an organisation. It sits within an organisation, but external to it, and investigates how an organisation conducts its day-to-day operations and financial management and helps an organisation to improve those processes and systems.

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⁸ 'Risk criteria' can also be known as 'risk appetite'

To preserve an internal audit function's independence, it cannot be responsible or held accountable for:

- setting an organisation's risk criteria
- implementing risk management processes
- · deciding how an organisation responds to risk, or
- implementing risk responses or controls.

The internal audit function also reports functionally (for internal audit operations) to an organisation's Audit, Risk and Improvement Committee to ensure that it is allowed to operate without inappropriate interference.

Governing standards

The Institute of Internal Auditors (IIA) is the recognised international standard setting body for internal audit and provides professional certification for internal auditors.

The IIA has developed the International Professional Practices Framework (IPPF)⁹ which outlines the mandatory requirements for the practice of internal auditing. It describes:

- the definition of internal auditing
- the core principles for the practice of internal auditing
- the international standards for the professional practice of internal auditing, and
- a Code of Ethics which describe the minimum behavioural and conduct requirements of individuals and organisations in the conduct of internal auditing.

These standards are international and are to be applied consistently to the practice of internal audit activity worldwide.

The core components required for internal audit under the IPPF include:

- an **internal audit charter** which communicates internal audit's purpose and authority, its position within the organisation and how internal audit will be undertaken
- reporting arrangements and responsibilities that provide the internal audit function with independence from the organisation so that it can be objective and unbiased in its work
- authority for the internal audit function to have **full access** to the records, information, property and personnel it needs to undertake its work
- work plans which provide a short-term and long-term structure for the internal audits to be undertaken
- use of **approved methods** and procedures to conduct audits
- a system to **monitor and report** on internal audit findings and the implementation of corrective actions, and
- a quality assurance and improvement process to continuously review and improve internal audit activities.

⁹ More information about the IPPF can be found at https://www.iia.org.au/technical-resources/professionalGuidance.aspx

Under the IPPF, an effective internal audit function must also exhibit the following 10 mandatory core principles:

- demonstrates integrity
- · demonstrates competence and due professional care
- is objective and free from undue influence
- aligns with the strategies, objectives and risks of the organisation
- is appropriately positioned and adequately resourced
- demonstrates quality and continuous improvement
- communicates effectively
- provides risk-based assurance
- is insightful, proactive and future-focused, and
- promotes organisational improvement.

3. Audit Committees

An audit committee is a committee of experts that plays a key role in assisting the board/governing body of an organisation to fulfil its corporate governance and oversight responsibilities. Its main role is to provide advice and assurance regarding:

- the organisation's culture and ethics
- the organisation's first and second lines of defence, including:
 - o the effectiveness of risk management and the organisation's internal controls
 - o the organisation's fraud and corruption controls
 - o business performance and improvement
 - o the adequacy of financial management practices and the organisation's accounting, financial records and external reporting
 - o systems for managing the organisation's assets
 - o compliance with applicable laws, regulations, standards and best practice guidelines, and
- matters that are raised during external and internal audits.

An audit committee also provides a forum for communication between the organisation, senior management, risk and compliance managers, internal auditors and external auditors.

To be effective, an audit committee must be independent from the organisation's management and free from any undue influence.

The size and nature of the committee depends on the industry and size of the organisation. Some organisations establish one committee with responsibility for all these tasks. Larger organisations may establish more than one committee, for example, an audit committee, a risk committee, a compliance committee etc. depending on the nature and extent of the organisation's operations.

There are a number of legal requirements and good practice guides that apply to audit committees depending on the jurisdiction and type of industry and organisation.

4. Use of risk management, internal audit and audit committees in the private and government sectors

Private sector

Audit committees, risk management and internal audit are widely used in the corporate sector worldwide as a mechanism to manage risk and provide independent assurance on governance, controls and financial reporting.

The *Corporations Act 2001* (Commonwealth) requires some Australian companies to ensure that financial reports are true and fair and comply with accounting standards made by the Australian Accounting Standards Board. Most of these companies have audit committees to monitor and oversight their financial reporting (in consultation with external auditors).

The Australian Securities Exchange requires entities included in the S&P/ASX All Ordinaries Index at the beginning of their financial year to have an audit committee during that year ¹⁰, and to comply with specific requirements ¹¹ regarding the composition, operation and responsibilities of their audit committee. If an entity does not have an audit committee, this must be disclosed along with the processes the board/governing body employs to independently verify and safeguard the integrity of its corporate reporting.

The establishment of an internal audit function is seen by many investors as essential before they will invest in a company. Since 2014, entities listed on the Australian Securities Exchange have been required to disclose to potential investors whether they have an internal audit function, how the function is structured and what role it performs. If an entity does not have an internal audit function, it must outline why it doesn't, and what assurance arrangements it has in place to manage risk and verify the integrity of financial records¹². Whilst it is not mandatory, non-listed companies are recommended under Australian standards to have an audit committee as part of good governance¹³.

The Australian Prudential Regulation Authority has also mandated the requirement for financial, insurance and superannuation institutions to have internal audit and an audit committee ¹⁴. The audit committee must also meet specific requirements.

Australian Government public sector

While risk management and internal audit is often voluntary in the private sector, many governments around the world have mandated through legislation a requirement for public sector agencies to have an audit committee and some form of risk management.

The Australian Government, under the *Public Governance, Performance and Accountability Act 2013,* requires all Commonwealth entities to establish and maintain appropriate risk management systems and have an audit committee. The *Public Governance, Performance and Accountability Rule 2014* and Commonwealth Risk Management Policy¹⁵ prescribe the requirements for how risk is to be managed.

¹⁰ ASX Corporate Governance Council (2016) ASX Listing Rules – Rule 12.7

¹¹ As set out in ASX Corporate Governance Council (2019) Corporate Governance Principles and Recommendations 4th Edition

¹² ASX Corporate Governance Council (2014) Corporate Governance Principles and Recommendations 3rd Edition

¹³ Standards Australia International (2004) Australian Standard - Good Governance Principles (AS 8000-2003)

¹⁴ Australian Prudential Regulation Authority (2019) *Prudential Standard CPS 510 Governance (July 2019)*

¹⁵ Australian Government, Department of Finance (2014) Commonwealth Risk Management Policy

While an internal audit function is not mandated by legislation, it is recommended that Commonwealth entities establish one to support the audit committee ¹⁶ and to ensure that the Secretary or Chief Executive is able to fulfil their other responsibilities under the Act. There have been calls for internal audit to be mandated for Commonwealth entities under the *Public Governance*, *Performance and Accountability Act 2013*¹⁷.

There are no legislated standards for risk management or internal audit in Commonwealth entities. However, the Australian Government recommends Commonwealth entities conform to ISO risk management standards and the IPPF.

State and Territory public sectors

Most Australian states and territories have mandated risk management, internal audit and/or audit committees in their public sector agencies – these include NSW, Queensland 18, Tasmania 19, Western Australia 20, Victoria 21, and the Northern Territory 22.

In South Australia, only public corporations are required to have an audit committee and an internal audit function²³. While not mandatory, the Australian Capital Territory recommends its agencies have an audit committee and internal audit function and provides guidance on how they should be established and operate²⁴.

In NSW, the new *Government Sector Finance Act 2018* requires all NSW Government departments and statutory bodies to have effective systems for risk management, internal control and assurance (including internal audit) that are appropriate for the agency²⁵.

The NSW Government's Internal Audit and Risk Management Policy²⁶ further stipulates that all NSW Government departments and statutory bodies are required to establish an Audit and Risk Committee, risk management framework and internal audit function. The core requirements of this policy are modelled on AS ISO 31000:2009²⁷ and the IPPF. The policy is currently under review by the NSW Government following the release of AS ISO 31000:2018.

¹⁶ Australian Government, Department of Finance (2018) Resource Management Guide No. 202. A guide for non-corporate Commonwealth entities on the role of the audit committee and Australian Government, Department of Finance (2018) Resource Management Guide No. 202. A guide for corporate Commonwealth entities on the role of the audit committee

¹⁷ IIA (2017) Submission to the Department of Finance's Review of the Public Governance, Performance and Accountability Act 2013

¹⁸ Section 78 of the Financial Accountability Act 2009 (QLD) and Financial and Performance Management Standard 2009 (QLD)

¹⁹ Treasurer's Instruction 108 – Internal Audit (TAS) September 2011

²⁰ Part 4 of the Financial Management Act 2006 (WA) and Government of Western Australia, Department of Treasury (2018)
Treasurer's Instructions Part XII – Internal Audit

²¹ Victorian Government (2018) Standing Directions 2018 under the Financial Management Act 1994

²² Financial Management Act 1995 (NT) and NT Government (2001) Treasurer's Directions L4/01– Part 3 Responsible and Accountable Officers, Section 3 Internal Audit (originally published 1995)

²³ Section 31 of the *Public Corporations Act 1993* (SA)

²⁴ ACT Government (2007) *Internal Audit Framework 2007* – this is currently under review by the Act Government and changes may occur during 2019-2020

²⁵ Section 3.6 of the *Government Sector Finance Act 2018*

²⁶ NSW Treasury (2015) TPP 15-03 Internal Audit and Risk Management Policy for the NSW Public Sector

²⁷ AS ISO 31000:2018 did not exist when the policy was developed in 2015

Local government

The regulation of audit committees, risk management and internal audit in local councils varies between states and territories. Some jurisdictions, such as South Australia and Tasmania do not explicitly require their councils to have an audit committee, risk management or internal audit function. For those jurisdictions that do require an audit committee and an internal audit function, the approach varies.

All councils in Victoria are legislatively required to have an audit committee²⁸ and recommended to have an internal audit function that complies with the IPPF²⁹.

Only large councils in Queensland are legislatively required to have an audit committee³⁰, but all councils are required to have an internal audit function³¹ that complies with the IPPF³².

The Western Australian Government has legislatively mandated that each council has an audit committee comprising a majority of councillors³³. A formal internal audit function is not mandated, but encouraged³⁴.

The experience in NSW is detailed in the next part of this discussion paper.

²⁸ Section 139 of the *Local Government Act 1989 (VIC)*

²⁹ Local Government Victoria (2011) Audit Committees, A Guide to Good Practice for Local Government

³⁰ Section 105 of the Local Government Act 2009 (QLD)

³¹ Clause 207 of the Local Government Regulation 2012 (QLD)

³² Local Government Bulletin 08/15: Internal Audit and Audit Committees

³³ Part 7 of the Local Government Act 1995 (WA) and the Local Government (Audit) Regulations 1996 (WA)

³⁴ Government of Western Australia, Department of Local Government and Communities (2013) *Local Government Operational Guidelines Number 9: Audit in Local Government. The Appointment, Function and Responsibilities of Audit Committees*

PROPOSED RISK MANAGEMENT AND INTERNAL AUDIT FRAMEWORK – THE ROAD AHEAD

1. Risk management and internal audit in NSW local government – the story so far

Local councils in NSW were initially created to provide local communities with basic public services such as water, roads and waste removal on behalf of the NSW Government. As NSW has grown since federation, so too have the responsibilities of local councils. In most local government areas, councils now also provide a wide variety of community services, social infrastructure and local facilities.

NSW councils continue to largely rely on funding from the NSW Government to fulfil their responsibilities, coupled with grants from the Australian Government and rates paid by private citizens. Councils must therefore be accountable to the community and the governments who fund their activities for the way they spend this money and manage public assets.

External independent assurance via an audit committee and internal audit function has been seen for some time as key mechanisms to deliver this accountability. Up to 2008, around 20% of NSW councils were voluntarily following the example set by the private sector and implementing some aspect of external assurance or internal audit function into their operations³⁵.

In 2008, the Office of Local Government³⁶ first released guidelines to encourage councils to establish an Audit, Risk and Improvement Committee, risk management framework and internal audit function and set minimum requirements. This led to more councils establishing these mechanisms recognising the benefits they offer.

In 2009, integrated planning and reporting (IP&R) was introduced into the Local Government Act to provide a strategic planning framework for councils. IP&R could also be used to improve the management by councils of actual or potential risks to the strategic goals and objectives.

Reviews by the NSW Auditor-General found that by 2012 over 75 councils had some sort of internal audit function³⁷, and by 2016 about 60 councils (out of 152 councils), equivalent to 39%, had or shared an Audit, Risk and Improvement Committee³⁸. Other research conducted in 2015 suggested full adoption by councils of the other minimum requirements in the Office of Local Government's 2008 Internal Audit Guidelines may have been lower³⁹.

By June 2018, the NSW Auditor-General ⁴⁰ found that 86 councils or 62% (out of 138 councils and county councils) now had an internal audit function and the number of councils that had an Audit, Risk and Improvement Committee had risen to 97 or 70%. In terms of risk management, the NSW Auditor-General found that 18 councils did not have a risk management policy and 38 councils did not have a risk register.

NSW Auditor-General (2012) NSW Auditor-General's Report - Monitoring local government: Department of Premier and Cabinet, Division of Local Government

³⁶ Then the Department of Local Government

³⁷ NSW Auditor-General (2012) *NSW Auditor-General's Report - Monitoring local government: Department of Premier and Cabinet, Division of Local Government*

³⁸ Audit Office of NSW (2017) NSW Auditor-General Update for Audit, Risk and Improvement Committee Chairs

³⁹ Jones and Beattie (2015) Local Government Internal Audit Compliance, Australasian Accounting, Business and Finance Journal 9/3)

⁴⁰ NSW Auditor-General (2019) *Report on Local Government 2018* (see erratum)

The findings of various public inquiries and corruption investigations since 2008 have led to increased calls for risk management and internal audit to be mandated for NSW councils.

This was realised in 2016 with amendments to the Local Government Act which require councils to establish an Audit, Risk and Improvement Committee by March 2021. These amendments also enable the making of future regulations to mandate a risk management framework and internal audit function in all councils and set a minimum standard of compliance.

This discussion paper outlines what this regulatory framework is proposed to look like.

A timeline of the key influential events that lead to the development of the proposed mandatory framework is provided in **Appendix 1**.

2. Proposed policy framework

The risk management and internal audit framework proposed for the NSW local government sector seeks to:

- ensure each council (including county council/joint organisation) in NSW has an independent Audit, Risk and Improvement Committee that adds value to the council
- ensure each council (including county council/joint organisation) in NSW has a robust risk
 management framework in place that accurately identifies and mitigates the risks facing the
 council and its operations
- ensure each council (including county council/joint organisation) in NSW has an effective internal audit function that provides independent assurance that the council is functioning effectively and the internal controls the council has put into place to manage risk are working, and
- establish a minimum standard for these mechanisms based on internationally accepted standards and good practice guidance.

The framework has been based primarily on the NSW public sector risk management and internal audit framework (as recommended by the Independent Commission Against Corruption⁴¹) and the IPPF⁴².

It has also taken into consideration:

- the existing *Internal Audit Guidelines* updated by the Office of Local Government in 2010⁴³
- the internal audit-related recommendations of the Independent Local Government Review Panel's 2013 inquiry⁴⁴ and the Local Government Acts Taskforce's 2013 review⁴⁵
- recommendations made by the Independent Commission Against Corruption in its various public inquiries into local councils in NSW⁴⁶
- the Australian Government's public sector internal audit framework

⁴¹ Independent Commission Against Corruption (2011) *Investigation into the alleged corrupt conduct involving Burwood Council's general manager and others*

⁴² The Institute of Internal Auditors (2017) *International Professionals Practices Framework. International Standards for the Professional Practice of Internal Auditing*

⁴³ Division of Local Government (2010) Internal Audit Guidelines

⁴⁴ Independent Local Government Review Panel (2013) Revitalising Local Government. Final Report of the NSW Independent Local Government Review Panel

⁴⁵ Local Government Acts Taskforce (2013) A New Local Act for New South Wales and Review of the City of Sydney Act 1988

⁴⁶ Independent Commission Against Corruption (2017) Investigation into the former City of Botany Bay Council Chief Financial Officer and others. ICAC Report July 2017 and Independent Commission Against Corruption (2011) Investigation into the alleged corrupt conduct involving Burwood Council's general manager and others

- opinions, research and recommendations of leaders and practitioners in risk management and internal audit, and
- feedback obtained from NSW Treasury, the NSW Audit Office, the Department of Finance, Services
 and Innovation, the Institute of Internal Auditors and executive members of the Local Government
 Internal Auditors Network on earlier drafts of this discussion paper.

An overriding concern has been to ensure that the proposed framework reflects the unique structure and needs of NSW local government and that it also minimises the administrative and resource impacts for councils. For this reason, there are components of the proposed framework that are unique to NSW councils and not reflected in the above-mentioned resources.

3. Proposed statutory framework

The proposed statutory framework regulating internal audit in NSW councils (including county council/joint organisation) will consist of the current provisions in the Local Government Act, new regulations in the Local Government Regulation and new guidelines.

Current legislation

Audit, Risk and Improvement Committee

Section 428A of the Local Government Act (when proclaimed) will require each council to establish an Audit, Risk and Improvement Committee to continuously review and provide independent advice to the general manager and the governing body of the council about:

- whether the council is complying with all necessary legislation
- the adequacy and effectiveness of the council's risk management framework, fraud and corruption prevention activities, financial management processes, and the council's financial position and performance
- the council's governance arrangements
- the achievement of the goals set out in the council's community strategic plan, delivery program, operational plan and other strategies
- how the council delivers local services and how to improve the council's performance of its functions more generally
- the collection of performance measurement data by the council, and
- any other matters prescribed by the Local Government Regulation⁴⁷.

Section 428B (when proclaimed) will also allow a council to establish a joint Audit, Risk and Improvement Committee with another council/s including through joint or regional organisations of councils.

Other supporting provisions

Amendments made to the Local Government Act in 2016 to prescribe new guiding principles for councils, and update the prescribed roles and responsibilities of the governing body and general manager will support and inform the work of the Audit, Risk and Improvement Committee and provide for the future establishment of a risk management and internal audit function in each council. These guiding principles and roles and responsibilities have already been proclaimed.

⁴⁷ Internal audit will be a matter prescribed under the Regulation.

Guiding principles

The guiding principles of the Local Government Act require each council to carry out its functions in a way that provides the best possible value for residents and ratepayers. The guiding principles also specify that councils are to:

- spend money responsibly and sustainably, and align general revenue and expenses (s 8B(a))
- invest in responsible and sustainable infrastructure for the benefit of the local community (s 8B(b))
- effectively manage their finances and assets and have sound policies and processes for performance management and reporting, asset maintenance and enhancement, funding decisions, and risk management practices (s 8B(c))
- ensure the current generation funds the cost of its services and achieves intergenerational equity (s 8B(d)), and
- manage risks to the local community, area or council effectively and proactively (s 8C(h)).

Role of the governing body

Under section 223, the statutory role and responsibilities of the governing body include:

- directing and controlling the affairs of the council in accordance with the Local Government Act (s 223 (1)(a))
- ensuring as far as possible the financial sustainability of the council (s 223 (1)(c))
- ensuring as far as possible that the council complies with the guiding principles of the Local Government Act (s 223 (1)(d))
- keeping the performance of the council under review (s 223 (1)(g))
- making the decisions necessary to ensure the council properly exercises its regulatory functions (s 223 (1)(h)), and
- being responsible for ensuring that the council acts honestly, efficiently and appropriately (s 223 (1)(I)).

Role of the general manager

Under section 335, the general manager is responsible for ensuring the operational delivery of council's risk management framework and internal audit function. This includes:

- conducting the day-to-day management of the council in accordance with the strategic plans, programs, strategies and policies of the council (s 335(a))
- implementing, without undue delay, the lawful decisions of the council (s 335(b))
- advising the governing body on the development and implementation of the council's plans, programs, strategies and policies (s335(c)), and
- ensuring that the Mayor and other councillors are given timely information and advice and the administrative and professional support necessary to effectively discharge their functions (s335(f)).

Clause 209 of the Local Government Regulation also states that the general manager must ensure that:

- the council complies with all legal financial obligations, including the keeping of accounting records
- effective measures are taken to secure the effective, efficient and economical management of financial operations within each division of the council's administration
- authorised and recorded procedures are established to provide effective control over the council's assets, liabilities, revenue and expenditure and secure the accuracy of the accounting records, and
- lines of authority and the responsibilities of members of the council's staff for related tasks are clearly defined.

New regulations

The operation of sections 428A and 428B will be supported by new regulations. These will prescribe the requirements that councils are to comply with when appointing their Audit, Risk and Improvement Committee and establishing their risk management framework and internal audit function. They will also include internal audit as a function of the Committee under section 428A(2)(i) of the Local Government Act.

The Local Government Regulation will provide for a Model Internal Audit Charter and Model Terms of Reference for Audit, Risk and Improvement Committees which all councils must adopt and comply with. This discussion paper describes the key requirements that will ultimately be prescribed by the Local Government Regulation.

New guidelines

To support compliance with the Local Government Act and Regulation, *Guidelines for NSW Local Government Audit, Risk and Improvement Committees, Risk Management Frameworks and Internal Audit Functions* will be issued under section 23A of the Local Government Act. These Guidelines will outline the core requirements that each council's Audit, Risk and Improvement Committee, risk management framework and internal audit function must have.

A key aim of the Guidelines will be to create a strong and effective risk management framework and internal audit function in all councils by establishing minimum standards that reflect accepted international standards.

The nine core requirements of the Guidelines that councils will need to comply with are summarised below and explained in greater detail throughout the rest of this discussion paper.

The Office of Local Government will, on a periodic basis and at least once every five years, review the Local Government Regulation and Guidelines to assess the efficiency and effectiveness of internal audit requirements and the local government sector's compliance.

CORE REQUIREMENT 1:

Appoint an independent Audit, Risk and Improvement Committee

- (a) Each council (including county council/joint organisation) is to have an independent Audit, Risk and Improvement Committee that reviews all the matters prescribed in section 428A of the Local Government Act
- (b) The Audit, Risk and Improvement Committee is to operate according to terms of reference, based on a model terms of reference, and approved by the governing body of the council after endorsement by the Committee
- (c) The Audit, Risk and Improvement Committee is to comprise of three to five independent members who are prequalified via the NSW Government's *Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members*
- (d) Audit, Risk and Improvement Committee members and the Chair are to serve a three to five-year term. A member's term cannot exceed eight years and the Chair's term cannot exceed five years
- (e) The Audit, Risk and Improvement Committee is to meet quarterly, with the ability to hold extra meetings if required. A council's general manager and Chief Audit Executive should attend except where excluded by the Committee
- (f) Audit, Risk and Improvement Committee members are to comply with council's Code of Conduct and the conduct requirements of the NSW Government's *Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members*
- (g) Disputes between the general manager and/or the Chief Audit Executive are to be resolved by the Audit, Risk and Improvement Committee. Disputes with the Committee are to be resolved by the governing body of the council
- (h) The Audit, Risk and Improvement Committee is to provide an annual assurance report to the governing body of the council and be assessed by an external party at least once each council term as part of council's quality assurance and improvement program
- (i) The general manager is to nominate a council employee/s to provide secretariat support to the Audit, Risk and Improvement Committee. Minutes are to be recorded for all committee meetings

CORE REQUIREMENT 2:

Establish a risk management framework consistent with the current Australian risk management standards

- (a) Each council (including county council/joint organisation) is to establish a risk management framework that is consistent with current Australian standards for risk management
- (b) The governing body of the council is to ensure that the council is sufficiently resourced to implement an appropriate and effective risk management framework
- (c) Each council's risk management framework is to include the implementation of a risk management policy, risk management plan and risk management process. This includes deciding council's risk criteria and how risk that falls outside tolerance levels will be treated
- (d) Each council is to fully integrate its risk management framework within all of council's decision-making, operational and integrated planning and reporting processes
- (e) Each council is to formally assign responsibilities for risk management to the general manager, senior managers and other council staff and to ensure accountability
- (f) Each council is to ensure its risk management framework is regularly monitored and reviewed
- (g) The Audit, Risk and Improvement Committee and the council's internal audit function are to provide independent assurance of risk management activities, and
- (h) The general manager is to publish in council's annual report an attestation certificate indicating whether the council has complied with the risk management requirements

CORE REQUIREMENT 3:

Establish an internal audit function mandated by an Internal Audit Charter

- (a) Each council (including county council/joint organisation) is to establish and internal audit function
- (b) The governing body is to ensure that the council's internal audit function is sufficiently resourced to carry out its work
- (c) The governing body of the council is to assign administrative responsibility for internal audit to the general manager and to include this in their employment contract and performance reviews
- (d) The Chief Audit Executive is to develop an Internal Audit Charter, based on a model charter, which will guide how internal audit is conducted by the council. The Charter is to be approved by the governing body of the council after endorsement by the Audit, Risk and Improvement Committee

CORE REQUIREMENT 4:

Appoint internal audit personnel and establish reporting lines

- (a) The general manager is to appoint a Chief Audit Executive to oversee the council's internal audit activities in consultation with the Audit, Risk and Improvement Committee
- (b) The Chief Audit Executive is to report functionally to the Audit, Risk and Improvement Committee and administratively to the general manager and attend all committee meetings
- (c) The general manager is to ensure that, if required, council has adequate internal audit personnel to support the Chief Audit Executive. Councils will be able to appoint in-house internal audit personnel or completely or partially outsource their internal audit function to an external provider

CORE REQUIREMENT 5:

Develop an agreed internal audit work program

- (a) The Chief Audit Executive is to develop a four-year strategic plan to guide the council's longer term internal audits in consultation with the governing body, general manager and senior managers. The strategic plan is to be approved by the Audit, Risk and Improvement Committee
- (b) The Chief Audit Executive is to develop an annual risk-based internal audit work plan, based on the strategic plan, to guide council's internal audits each year. The work plan is to be developed in consultation with the governing body, general manager and senior managers and approved by the Audit, Risk and Improvement Committee
- (c) The Chief Audit Executive is to ensure performance against the annual and strategic plans can be assessed

CORE REQUIREMENT 6:

How to performing and report internal audits

- (a) The Chief Audit Executive is to ensure that the council's internal audits are performed in accordance with the IPPF and current Australian risk management standards (where applicable), and approved by the Audit, Risk and Improvement Committee
- (b) The Chief Audit Executive is to develop policies and procedures to guide the operation of the internal audit function, including the performance of internal audits
- (c) The Chief Audit Executive is to report internal audit findings and recommendations to the Audit, Risk and Improvement Committee. Each finding is to have a recommended remedial action and a response from the relevant senior manager/s
- (d) All internal audit documentation is to remain the property of, and can be accessed by, the audited council, including where internal audit services are performed by an external provider. It can also be accessed by the Audit Risk and Improvement Committee, external auditor and governing body of the council (by resolution)

CORE REQUIREMENT 7:

Undertake ongoing monitoring and reporting

- (a) The Audit, Risk and Improvement Committee is to be advised at each quarterly meeting of the internal audits undertaken and progress made implementing corrective actions
- (b) The governing body of the council is to be advised after each quarterly meeting of the Audit, Risk and Improvement Committee of the internal audits undertaken and the progress made implementing corrective actions
- (c) The Audit, Risk and Improvement Committee can raise any concerns with the governing body of the council at any time through the Chair

CORE REQUIREMENT 8:

Establish a quality assurance and improvement program

- (a) The Chief Audit Executive is to establish a quality assurance and improvement program which includes ongoing monitoring and periodic self-assessments, an annual review and strategic external review at least once each council term
- (b) The general manager is to publish in the council's annual report an annual attestation certificate indicating whether council has complied with the core requirements for the Audit, Risk and Improvement Committee and the internal audit function

CORE REQUIREMENT 9:

Councils can establish shared internal audit arrangements

- (a) A council can share all or part of its internal audit function with another council/s by either establishing an independent shared arrangement with another council/s of its choosing, or utilising an internal audit function established by a joint or regional organisation of councils that is shared by member councils
- (b) The core requirements that apply to stand-alone internal audit functions will also apply to shared internal audit functions, with specified exceptions that reflect the unique structure of shared arrangements
- (c) The general manager of each council in any shared arrangement must sign a 'Shared Internal Audit Arrangement' that describes the agreed arrangements

Implementation timelines

The transitional arrangements built into the Local Government Act mean that the requirement to have an Audit, Risk and Improvement Committee will not come into force until six months after the next ordinary elections in September 2020. Councils will therefore have until March 2021 to establish their Audit, Risk and Improvement Committees in line with the regulatory requirements proposed in this discussion paper.

It is proposed that councils will then have a further 18 months, until December 2022, to establish and resource their internal audit function and risk management framework (guided by the Audit, Risk and Improvement Committee).

Councils' Audit, Risk and Improvement Committees will focus on ensuring the council's internal audit function and risk management framework comply with regulatory requirements during the following three years, until 2024.

As these functions are bedded down, the role of the committee is to broaden to comply with the remaining requirements of sections 428A of the Local Government Act.

Full compliance with s 428A of the Local Government Act will be expected by 2026. However, councils that already have an Audit, Risk and Improvement Committee and a mature internal audit function and risk management framework will be encouraged to comply sooner.

This implementation timeline is illustrated below.

Implementation timeline

By March 2021

 Audit, Risk and Improvement Committee established and appointed (core requirement 1 or 9 for shared arrangements)

By December 2022

- Risk management framework developed, including appointment of Risk Management Coordinator (core requirement 2)
- Internal audit function established, including employment of Chief Audit Executive and personnel (core requirements 3-4 or 9 for shared arrangements)

By 2024

- Risk management framework fully implemented throughout council and operating in compliance with regulatory requirements (core requirement 2)
- Internal audit function fully implemented by council and operating in compliance with regulatory requirements (core requirements 5-8)

By 2026

 Audit, Risk and Improvement Committee's role expanded to include compliance, fraud control, financial management, governance, integrated planning and reporting, service reviews, performance measurement data and performance improvement in compliance with s 428A of the Local Government Act.

4. Benefits of risk management and internal audit for NSW local government

Risk management and internal audit will be a valuable asset for councils.

Risk management will help each council to ensure that any risks to the achievement of its strategic goals and objectives are identified and managed effectively.

Audit, Risk and Improvement Committees and internal audit will provide councils with independent, objective assurance that they are doing things the best way that they can for their community. It will also lead to each council having effective risk management, control and governance processes which will help to instill stakeholder and community confidence in the council's ability to operate effectively.

If implemented effectively, these mechanisms will also lead to each council:

- having better and more efficient levels of service delivery
- achieving better operational consistency across council
- having a greater likelihood of achieving its goals and objectives
- using its resources more efficiently and effectively
- having improved responsiveness and flexibility
- having increased accountability and transparency
- achieving better decision-making and having the confidence to make difficult decisions
- developing good internal governance
- having increased financial stability
- being more resilient to change
- achieving and maintaining compliance with all laws, regulations, internal policies and procedures
- safeguarding its assets
- more reliable, timely and accurate financial and management reporting
- · maintaining business continuity, and
- focusing on doing the right things, the right way.

PROPOSED CORE REQUIREMENTS

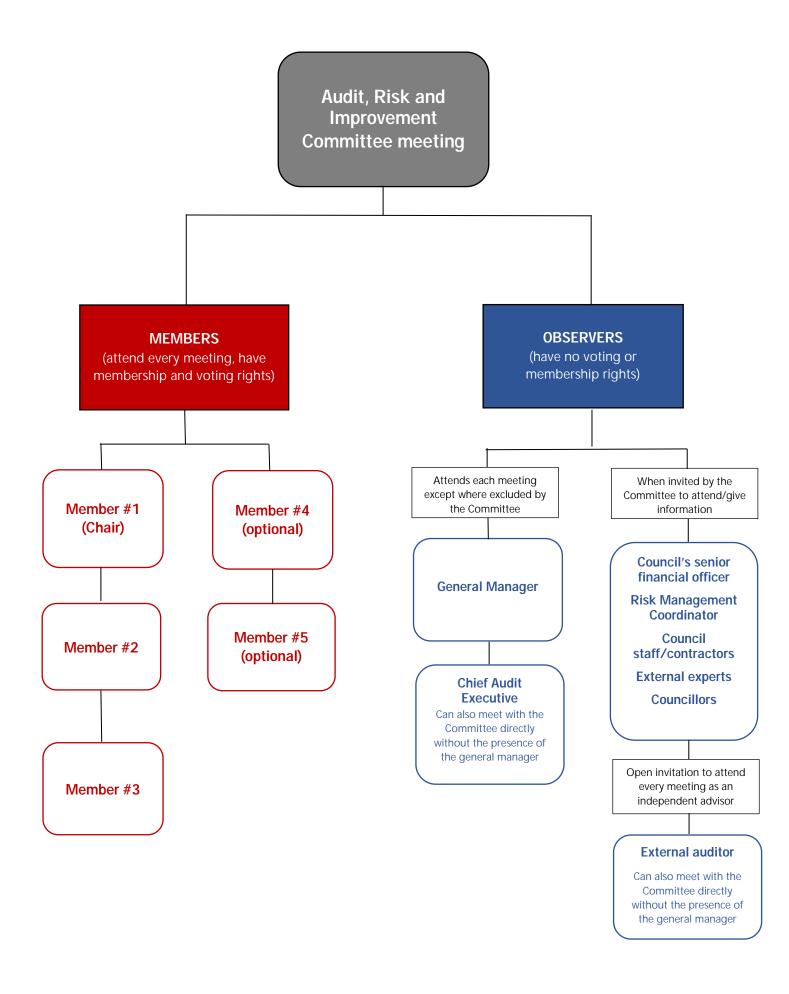
Core requirement 1:

Appoint an independent Audit, Risk and Improvement Committee

Proposal

It is proposed that:

- (a) each council (including county council/joint organisation) is to have an independent Audit, Risk and Improvement Committee that reviews all the matters prescribed in section 428A of the Local Government Act
- (b) the Audit, Risk and Improvement Committee is to operate according to terms of reference, based on model terms of reference, approved by the governing body of the council after endorsement by the Committee
- (c) the Audit, Risk and Improvement Committee is to comprise of three to five independent members who are prequalified via the NSW Government's *Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members*
- (d) Audit, Risk and Improvement Committee members and the Chair are to serve a three to five-year term. A member's term cannot exceed eight years and the Chair's term cannot exceed five years
- (e) the Audit, Risk and Improvement Committee is to meet quarterly, with the ability to hold extra meetings if required. A council's general manager and Chief Audit Executive should attend except where excluded by the Committee
- (f) Audit, Risk and Improvement Committee members are to comply with the council's Code of Conduct and the conduct requirements of the NSW Government's *Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members*
- (g) disputes between the general manager and/or the Chief Audit Executive are to be resolved by the Audit, Risk and Improvement Committee. Disputes with the Committee are to be resolved by the governing body of the council
- (h) the Audit, Risk and Improvement Committee is to provide an annual assurance review to the governing body of the council and be assessed by an external party at least once each council term as part of the council's quality assurance and improvement program, and
- the general manager is to nominate a council employee/s to provide secretariat support to the Audit, Risk and Improvement Committee. Minutes must be recorded for all committee meetings.



Description

(a) Each council (including county council/joint organisation) is to have an independent Audit, Risk and Improvement Committee that reviews all matters prescribed in section 428A of the Local Government Act

Each council in NSW, (including county council/joint organisation), will be required to have an independent Audit, Risk and Improvement Committee that reviews all matters prescribed in section 428A of the Local Government Act.

It is recognised that each council will have different Audit, Risk and Improvement Committee requirements depending on its size, needs, budget and complexity of operations. To provide councils greater flexibility, they can either:

- directly appoint an Audit, Risk and Improvement Committee for their exclusive use
- utilise a joint Committee established by their joint or regional organisation of councils that is shared by member councils, or
- share their Committee with another council/s in close proximity or of their choosing as part of an independent shared arrangement.

It is recommended that county councils, due to their size, enter into a shared arrangement with one of their member councils or utilise an internal audit function established by a joint or regional organisation of councils.

Some of the requirements for shared arrangements will differ from those of stand-alone Audit, Risk and Improvement Committees established for a council's exclusive use (as described in core requirements 1-8). Core requirement 9 outlines the specific requirements of shared arrangements.

Role and functions

Under section 428A of the Local Government Act, each council must have an Audit, Risk and Improvement Committee to keep under review the following aspects of the council's operations:

- (a) compliance
- (b) risk management
- (c) fraud control
- (d) financial management
- (e) governance
- (f) implementation of the strategic plan, delivery program and strategies
- (g) service reviews
- (h) collection of performance measurement data by the council, and
- (i) any other matters prescribed by the regulation (i.e. internal audit).

The Committee will also provide information to the council for the purpose of improving council's performance of its functions.

The Audit, Risk and Improvement Committee is to provide an advisory and assurance role only, and is to have no administrative function, delegated financial responsibility or any management functions.

Audit, Risk and Improvement Committees will be required to give independent advice and assurance to the general manager and the governing body of the council on the issues listed in the following table. It is envisaged that these items will be standing items on agenda of each committee meeting. Beyond this, committees will have the flexibility to address the unique challenges and operating environment of each council.

It will be a matter for each council to decide whether or not it's Audit, Risk and Improvement Committee also serves any entities formed by the council.

Audit, Risk and Improvement Committee: role and responsibilities

Audit

Issue (s 428A)	Committee's role and responsibilities		
Internal audit	 Advisory: providing overall strategic and executive direction for internal audit activities advising the general manager and governing body of the council of the resources necessary to successfully deliver the internal audit function assessing the adequacy and effectiveness of council's internal audit activities acting as a forum for communication between the governing body, general manager, senior management, the internal audit function and external audit overseeing the coordination of audit programs conducted by internal and external audit and other review functions, and ensuring the council achieves maximum value from its internal audit activities. Review: the appropriateness of council's Internal Audit Charter, internal audit policies and procedures audit/risk methodologies used the findings/recommendations of internal audit activities, particularly recommendations that have been assessed as the most significant according to the risk to the council if they are not implemented the effectiveness of corrective actions implemented the effectiveness of corrective actions implemented compliance with statutory requirements the performance of the Chief Audit Executive and the internal audit function as part of the council's internal audit quality improvement program the findings of any external reviews of the internal audit function Endorsement of: the council's Internal Audit Charter, internal audit strategic four-year plan and annual work plan, and the appointment and remuneration of the Chief Audit Executive 		
External audit	 Advisory: acting as a forum for communication on external audit issues, and advising on the findings of external audits and monitoring the implementation by the council of any recommendations for corrective action. 		

Risk

Issue (s 428A)	Committee's role and responsibilities		
Risk management	Advisory – advising whether: • the council has provided sufficient resources for risk management and staff are able to carry out their risk management responsibilities		
	the council's risk management framework complies with current Australian risk management standards		
	the council's risk management framework operates effectively and supports the achievement of council's strategic goals and objectives		
	management has embedded a positive risk management culture		
	risk management is fully integrated into all aspects of the council, including decision- making processes and operations		
	risks are formally considered when developing and implementing all council policies, programs, projects and other activities, including procurement		
	major risks have been identified and assessed by the council and appropriate risk treatments have been implemented that reflect council's risk criteria		
	risk information is captured and communicated in a timely manner across the council, enabling management and staff to carry out their responsibilities		
	there are council-specific, fit-for-purpose tools, systems and processes to help all those responsible for managing risk to fulfil their responsibilities, and		
	the council's risk management policies, procedures and plans are being complied with.		
	Review the appropriateness and effectiveness of the council's: • risk criteria		
	internal control framework		
	risk register and risk profile		
	risk reports		
	risk management framework in relation to its insurance arrangements, and		
	business continuity plans and natural disaster plans (including periodic testing).		
	Endorsement of: the council's risk management policy, risk management plan and risk criteria prior to their approval by the governing body of the council, and		
	the council's risk profile and risk register/s prior to their approval by the general manager.		
Control framework	Providing independent assurance on the following internal controls implemented by the council to manage specific categories of risk:		
	The council's compliance framework - advising whether:		
	management has embedded a culture which is committed to lawful and ethical behaviour		
	the council has in place necessary policies and procedures and that these are periodically reviewed and updated		
	the council is complying with all necessary legislation, regulations, policies and procedures		
	management has appropriately considered all legal and compliance risks as part of the council's risk assessment and management arrangements		
	delegations are properly managed and exercised, and		
	the council's system for monitoring compliance is effective		

Issue (s 428A)	Committee's role and responsibilities		
	 The council's fraud and corruption framework - advising whether the: council's fraud and corruption prevention plan and activities are adequate and effective, and council has appropriate processes and systems in place to capture and effectively investigate fraud-related information 		
	 The council's financial management and external accountability framework – including: advising whether the council's financial management processes are adequate assessing the policies and procedures for council management's review and consideration of the council's current and future financial position and performance and the nature of that review (including the approach taken to addressing variances and budget risks) 		
	 advising on the adequacy of early close and year-end review procedures, and reviewing council's financial statements, including: providing input and feedback on council's financial statements advising whether council is meeting its external accountability requirements 		
	 advising whether appropriate action has been taken in response to audit recommendations and adjustments satisfying itself that the financial statements are supported by appropriate management signoff 		
	 reviewing the 'Statement by Councillors and Management' (made pursuant to s 413(2)(c) of the Local Government Act) 		
	 reviewing the processes in place designed to ensure that financial information included in the council's annual report is consistent with the signed financial statements 		
	 reviewing cash management policies and procedures 		
	 reviewing policies and procedures for the collection, management and disbursement of grants and tied funding, and 		
	 satisfying itself that the council has a performance management framework that is linked to organisational objectives and outcomes. 		
	The council's governance framework – including:		
	advising on the adequacy and robustness of the processes and systems that the council has put in place to govern day-to-day activities and decision-making, and		
	reviewing whether controls over external parties such as contractors and advisors are sound and effective.		

Improvement

Issue (s 428A)	Committee's role and responsibilities		
Strategic planning	advising whether the council is achieving the objectives and goals it set out in its community strategic plan and has successfully implemented its delivery program, operational plan and other strategies		
Service delivery	advising how the council is delivering local services and how it could improve its service delivery performance		
Performance data and measurement	assessing the adequacy of the performance indicators and data the council uses to measure its performance		

Learning and development program

Some councils, particularly larger metropolitan councils, already have an established risk management and internal audit framework and have been successfully been using these assurance methods for some time. They may just need to make some adjustments to their frameworks to comply with the proposed requirements.

There are other councils that are just starting this journey - for example, they may have appointed an Audit, Risk and Improvement Committee and are now beginning the process of bedding down internal audit and risk management in their councils.

There are also some councils, particularly in rural areas, who do not have any type of internal audit or risk management in place yet, and are starting to think about how this might work for their council.

There is an opportunity for councils to learn from each other's knowledge and experiences, especially during the initial implementation stage.

A sharing and learning program for Audit, Risk and Improvement Committees will be established to facilitate sharing information between committees about how they implement s428A of the Local Government Act and perform the other regulatory requirements placed upon them.

A sharing and learning program for councils (general managers, Chief Audit Executives and/or Risk Management Coordinators) will also be established to facilitate the sharing of information and learning from each other, particularly between councils that have already established a strong internal audit and risk management function and those that are just starting this journey.

The development of these programs will be guided by similar programs established by the Australian Government and bodies such as Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and the Actuaries Institute.

(b) The Audit, Risk and Improvement Committee is to operate according to terms of reference, based on model terms of reference, approved by the governing body of the council after endorsement by the Committee

Each Audit, Risk and Improvement Committee is to prepare terms of reference to define how it is structured and how it will operate. The terms of reference are to be approved by the governing body after endorsement by the Committee. The terms of reference can also be used by the council as a benchmarking tool to measure the effectiveness of the committee.

The general manager is to ensure that each member of the Audit, Risk and Improvement Committee, including new appointments, are provided with a copy of the terms of reference and a formal induction.

Each Audit, Risk and Improvement Committee's terms of reference are to comply with Model Terms of Reference⁴⁸. This is consistent with councils being required to adopt policies based on model documents (for example, the Model Code of Conduct and the Model Code of Meeting Practice).

The Model Terms of Reference will require each Audit, Risk and Improvement Committee's terms of reference to:

- set out the committee's objectives, authority, composition, tenure, roles, responsibilities, duties, reporting lines, reporting and administrative arrangements
- be sufficiently detailed to ensure there is no ambiguity, and
- have clear guidance on key aspects of the committee's operations.

The Audit, Risk and Improvement Committee will be able to include additional provisions in its terms of reference as long as they do not conflict with the Model Terms of Reference or the IPPF. This will ensure any matters not contemplated by the Model Terms of Reference are addressed by councils in a robust way that complies with internationally recognised industry standards.

As part of the council's quality assurance and improvement program, where the Audit, Risk and Improvement Committee's Terms of Reference include additional provisions, they are to be reviewed annually by the Audit, Risk and Improvement Committee, and once each council term (i.e. four years) by an external party.

(c) The Audit, Risk and Improvement Committee is to comprise of three to five independent members who are prequalified via the NSW Government's Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members

Appointment and size of the Committee

The Audit, Risk and Improvement Committee is to be appointed by the governing body of the council. Councils may find it practical to establish a small committee of councillors and the general manager to conduct the selection process and make appointment recommendations to the larger governing body.

⁴⁸ The Model Terms of Reference will be drafted by the Office of Local Government in consultation with councils based on the final internal audit framework developed following consultation on this discussion paper

Each council's Audit, Risk and Improvement Committee is to have no fewer than three members and no more than five members. The Chair is to be counted as a member of the committee. The exact size of the committee is to be determined by the governing body of the council, in consultation with the general manager, taking into account the size and complexity of the council's operations and risk profile.

The Chair of the Audit, Risk and Improvement Committee is to act as the interface between the Committee and the general manager, the Committee and the governing body of council, and the Committee and the Chief Audit Executive.

Independence of members

All Audit, Risk and Improvement Committee members must be independent. To be classified as 'independent', a member must be both:

1. Free of any relationships that could be perceived to result in bias or a conflict of interest or interfere with their ability to act independently.

This means an independent committee member cannot:

- o be a councillor of any council in Australia, a candidate at the last election of a council or a person who has held office in a council during its previous two terms
- o be employed (currently or during the last three years) by any council in Australia
- o have a close personal or business relationship with a councillor or a person who has a senior role in the council
- be a current service provider to the NSW Audit Office, or have been a service provider during the last three years
- currently, or within the last three years, provided any material goods or services (including consultancy, legal, internal audit and advisory services) to the council which directly affect subjects or issues considered by the Audit, Risk and Improvement Committee
- be a substantial shareholder, owner, officer or employee of a company that has a material business, contractual relationship, direct financial interest or material indirect financial interest with the council or a related entity, or have an immediate or close family member who is, which could be perceived to interfere with the individual's ability to act in the best interests of the council
- currently or previously acted as an advocate of a material interest on behalf of the council or a related entity, or

2. Selected from the panel of prequalified audit and risk committee independent chairs and members administered by the NSW Government ⁴⁹.

The evaluation criteria for prequalification as a member on the Panel includes⁵⁰:

- extensive senior level experience in governance and management of complex organisations
- an ability to read and understand financial statements

The NSW Government's *Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members* streamlines selection processes by providing an impartial third party assessment of independent persons seeking appointment to public sector Audit and Risk Committee positions. Individuals prequalified under the scheme have satisfied key skills, knowledge and experience criteria that ensure they will be able to undertake their role on an audit committee effectively. Further information about the scheme can be found at https://www.procurepoint.nsw.gov.au/scm2421. The scheme's prequalification criteria may be amended to ensure that members who wish to work with local government satisfy the unique needs and requirements of councils.

⁵⁰ See the prequalification scheme's conditions at https://tenders.nsw.gov.au/dfs/?event=public.scheme.show&RFTUUID=32C22F9B-DCD8-D61D-59601E7558E2FA26 for more information on the scheme's prequalification criteria. These criteria may be amended in relation to council Audit, Risk and Improvement Committees to ensure that members who wish to work with local government satisfy the unique needs and requirements of councils.

- a capacity to understand the ethical requirements of government (including potential conflicts of interest)
- functional knowledge of areas such as:
 - o risk management
 - o performance management
 - o human resources management
 - o internal and external auditing
 - o financial reporting
 - o accounting
 - o management control frameworks
 - o financial internal controls
 - o governance (including planning, reporting and oversight), or
 - business operations
- a capacity to form independent judgements and willingness to constructively challenge/question management practices and information
- a professional, ethical approach to the exercise of their duties
- the capacity to devote the necessary time and effort to the responsibilities of a member of an Audit, Risk and Improvement Committee, and
- possession of a relevant professional qualification or membership (for example, Certified Internal Auditor, Certified Practising Accountant, Chartered Accountant, Certified Practicing Risk Manager, Graduate Member of the Australian Institute of Company Directors) is desirable.

Chairs must also possess:

- leadership qualities and the ability to promote effective working relationships in complex organisations
- an ability to communicate complex and sensitive assessments in a tactful manner to chief audit executives, senior management, board members and Ministers
- a sound understanding of:
 - the principles of good organisational governance and capacity to understand public sector accountability, including financial reporting
 - o the business of the department or statutory body or the environment in which it operates
 - o internal audit operations, including selection and review of chief audit executives, and
 - o risk management principles.

A person prequalified under the scheme as a 'committee member' can only be appointed as a member of an Audit, Risk and Improvement Committee – they cannot be appointed as the Chair. Similarly, only a person pre-qualified as a 'Chair' can be appointed as the Chair of an Audit, Risk and Improvement Committee.

Satisfying both these criteria will ensure Audit, Risk and Improvement Committee chairs and members are sufficiently skilled and experienced and have no real or perceived conflicts of interest. It is important to note that prequalification does not automatically mean that an individual satisfies the independence requirements listed in criteria 1 above.

Living in a local government area is not, in itself, to be considered as impacting a person's ability to be independent of council.

Both the governing body of the council and the general manager must ensure that adequate procedures are in place to preserve the independence of the Audit, Risk and Improvement Committee Chair and committee members. Likewise, the chair and members must notify the governing body and/or general manager if a real or perceived threat to their independence arises⁵¹.

Knowledge, skills and experience collectively needed on the committee

When selecting individual Audit, Risk and Improvement Committee members, the governing body of the council will be required to ensure that the committee as a collective body has the appropriate mix of skills, knowledge and experience to successfully implement its terms of reference and add value to the council.

At least one member of the Audit, Risk and Improvement Committee should have accounting or financial management experience with an understanding of accounting and auditing standards in a local government context.

Each individual should also have sufficient time to devote to their responsibilities as an Audit, Risk and Improvement Committee member.

Fees paid to members and the Chair

Fees paid to Audit, Risk and Improvement Committee members and the Chair are to be the same as those currently paid under the NSW Government's prequalification scheme, as set out in the table below, subject to any changes to the scheme. Members will be able to serve on Audit, Risk and Improvement Committees on a voluntary basis.

The rates include all reasonable costs incurred by members and the Chair engaged under the scheme excluding subsistence and travel costs if travelling into the Sydney metropolitan area from interstate. Subsistence and travel expenses outside the Sydney metropolitan area and/or where the panel member is from interstate are to be charged at the actual cost, or at the rates specified under the *Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009*, whichever is the lesser.

The method of payment (e.g. payroll, invoice) will be at the discretion of the council.

Council size	Indicator	Chair fee (excluding GST)	Member fee (excluding GST)
Large	Expenditure greater than \$400 million	\$20,920 per annum	\$2,092 per meeting day including preparation time
Medium	Expenditure between \$50 million and \$400 million	\$16,213 per annum	\$1,621 per meeting day including preparation time
Small	Expenditure less than \$50 million	\$12,552 per annum	\$1,255 per meeting day including preparation time

As part of their inclusion in the prequalification scheme and prior to their engagement taking effect, chairs and members will be required to provide the council and NSW Government and the details of any other panels they are already on or any other significant appointments within or outside the local government sector (including their nature, duration, payments to the NW Government agency administering the scheme). Currently under the scheme, members are only permitted to be appointed to five separate audit committees in the NSW public sector. This requirement will be updated to also include the NSW local government sector.

(d) Audit, Risk and Improvement Committee members and the Chair are to serve a three to five-year term. A member's term cannot exceed eight years and the Chair's term cannot exceed five years

The initial term of membership of an Audit, Risk and Improvement Committee member on any one Audit, Risk and Improvement Committee will be three to five-years to ensure that the committee maintains a fresh approach. Members can be reappointed or extended for a further term/s but the total period of continuous membership on any one committee will not be able to exceed eight years. This includes any term as Chair of the committee. Individuals who have served an eight-year term (either as a member or Chair) must have a three-year break from serving on the committee before being appointed again.

The terms of appointments will commence on the date the legislation is commenced. This includes for any existing members of Audit, Risk and Improvement Committees already established by councils who will remain members under the new arrangements.

Membership is to be regularly rotated to keep a fresh approach and avoid any perceptions of bias or conflicts of interest. Care is to be taken to ensure that membership renewal dates are staggered so knowledge is not lost to the Audit, Risk and Improvement Committee when members change. Ideally, no more than one member should leave the committee because of rotation in any one year.

Each council is to provide a thorough induction to each of its Audit, Risk and Improvement Committee members.

When approving the reappointment or extension of a membership term on the Audit, Risk and Improvement Committee, the governing body of the council is to consider a formal assessment by the Mayor (in consultation with the general manager) of the member's or Chair's performance on the committee.

The Council may engage an external reviewer to undertake this assessment if they choose. Joint or regional organisations may wish to engage an external reviewer that the mayors of member councils can utilise for this purpose.

The reappointment of members is also to be subject to the individual still meeting the independence and prequalification requirements outlined above.

The governing body can appoint the Chair for one term only for a period of three to five-years. The Chair's term can be extended but any extension must not cause the total term of the Chair to exceed five years.

(e) The Audit, Risk and Improvement Committee is to meet quarterly, with the ability to hold extra meetings if required. A council's general manager and Chief Audit Executive should attend except where excluded by the Committee

The Audit, Risk and Improvement Committee is to meet at least quarterly over the course of each year. A special meeting may be held, if needed, to review the council's financial statements.

Meetings can be held in person, by telephone or videoconference.

The committee is to ensure that its meeting agenda covers all of its responsibilities, as outlined in the committee's terms of reference, and all the items included in council's annual internal audit work plan.

The Audit, Risk and Improvement Committee will also be able to hold additional meetings when significant unexpected issues arise, or the Chair is asked to hold an additional meeting by the majority of committee members, the general manager, or the governing body of the council (by resolution). The Chair will be responsible for deciding if an additional meeting will be held. To enhance accountability, the ability to hold additional meetings is to be documented in the committee's terms of reference.

Any individual Audit, Risk and Improvement Committee member who wishes to meet with the general manager or governing body of the council to discuss internal audit issues is to do so through the Chair of the committee, and vice versa.

Agenda and minutes

The agenda for each Audit, Risk and Improvement Committee meeting is to be circulated at least one week before the meeting. It is to include as standing items all the lines of defence listed in section 428A of the Local Government Act - internal audit, external audit, risk management, compliance, fraud and corruption, financial management, governance, strategic planning, service delivery and performance measurement.

Audit, Risk and Improvement Committee meeting minutes are to:

- include a record of attendance, items of business considered, decisions and actions arising
- be approved by the Chair before circulation
- be provided to the governing body to enable councillors to keep abreast of assurance issues throughout the year, as well as the general manager, Chief Audit Executive and external auditor
- be provided within two weeks of the meeting date to ensure relevant individuals are made aware of any significant issues discussed at the meeting that need to be dealt with, and
- be treated as confidential unless otherwise specified by the committee public access should be controlled to maintain confidentiality in accordance with council policy.

Quorum

A quorum is to consist of a majority of Audit, Risk and Improvement Committee members. Where the vote is tied, the Chair is to have the casting vote.

Attendance of non-voting observers at committee meetings

Audit, Risk and Improvement Committee meetings will not be open to the public.

In addition to Audit, Risk and Improvement Committee members, the general manager and the Chief Audit Executive are to attend committee meetings as non-voting observers, except where they are excluded by the committee.

The NSW Auditor-General, as council's external auditor, or their representative, is to be invited to each committee meeting as an independent non-voting observer and can choose whether to attend. The committee can also exclude the external auditor if needed.

The Audit, Risk and Improvement Committee will be able to request to meet with any of the following non-voting individuals whenever necessary in order to seek additional information or explanations:

- privately with the Chief Audit Executive and/or external auditor without the general manager present (this is to occur at least annually)
- council's Chief Financial Officer (or equivalent) given their knowledge of, and responsibility for, council's financial management
- council's Risk Management Coordinator
- any councillor (the Chair of the Committee only)
- any employee or contractor of the council, and/or
- any external independent expert or external party whose advice is needed (subject to confidentiality considerations).

These individuals must comply with the Audit, Risk and Improvement Committee's request.

Others may, with the agreement of the Audit, Risk and Improvement Committee, attend as non-voting observers at committee meetings, but such persons will have no membership or voting rights. The committee can also exclude any of these observers from meetings as needed.

The Audit, Risk and Improvement Committee can also request any written reports or other risk management reports from council's senior management, or other related information as necessary, to enable it to fulfil its assurance role in relation to council's risk management framework. The Committee can also request senior managers to present at Committee meetings to discuss their activities and risks.

The committee will be able to hold closed ('in-camera') meetings whenever it needs to discuss confidential or sensitive issues with only committee members of the Audit, Risk and Improvement Committee present.

The Audit, Risk and Improvement Committee can obtain such external legal or other professional or subject matter expert advice, as considered necessary to meet its responsibilities. The service provider and payment of costs for that advice by the council is subject to the prior approval of the governing body of the council.

Access to council, staff, resources and information

The Audit, Risk and Improvement Committee is to have direct and unrestricted access to the general manager, senior management and staff and contractors of the council in order to perform its role.

The Audit, Risk and Improvement Committee is also to have direct and unrestricted access to the council resources and information it needs to perform its role.

The Audit, Risk and Improvement Committee may only release council information to external parties with the approval of the general manager. The general manager's approval is not required where the information is being provided to an external investigative, audit or oversight agency such as, but not limited to, the Office of Local Government, the NSW Audit Office, the Independent Commission Against Corruption or the NSW Ombudsman for the purpose of informing that agency of a matter that may warrant its attention.

(f) Audit, Risk and Improvement Committee members are to comply with the council's Code of Conduct and the conduct requirements of the NSW Government's Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members

Under section 440 of the Local Government Act, independent Audit, Risk and Improvement Committee members are subject to and required to comply with the council's Code of Conduct. Complaints or breaches of council's code of conduct will be dealt with in accordance with the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*⁵². Committee members should also be deemed to be a 'designated person' and required to complete and submit returns of interests.

As required under the Model Code of Conduct, Audit, Risk and Improvement Committee members must declare any pecuniary or significant non-pecuniary conflicts of interest at the start of each Committee meeting, before discussion of the relevant agenda item or issue, or when the issue arises. Details of any conflicts of interest should also be appropriately minuted.

Where Audit, Risk and Improvement Committee members or observers at Committee meetings are deemed to have a real or perceived conflict of interest they are to remove themselves from Committee deliberations on the issue.

Given they will have been selected from the NSW Government's panel of prequalified Audit and Risk Committee Independent Chairs and Members, members will also be required to comply with that scheme's conduct requirements⁵³.

(g) Disputes between the general manager and/or Chief Audit Executive are to be resolved by the Audit, Risk and Improvement Committee. Disputes with the Committee are to be resolved by the governing body of the council

Members of the Audit, Risk and Improvement Committee should maintain an effective working relationship and try to resolve any differences they may have via open negotiation.

However, in the event of a disagreement between the council management and the Chief Audit Executive (for example, about findings or recommendations of audits), it is to be resolved by the Audit, Risk and Improvement Committee. Disputes between the council management and the Audit, Risk and Improvement Committee are to be resolved by the governing body.

Unresolved disputes regarding compliance with statutory or other requirements are to be referred to the Office of Local Government in writing for its resolution.

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⁵² The Procedures can be found at http://www.olg.nsw.gov.au/sites/default/files/Procedures-for-Administration-of-Model-Code-of-Conduct.pdf

⁵³ The prequalification scheme's code of conduct can be found at https://www.procurepoint.nsw.gov.au/scm2421

(h) The Audit, Risk and Improvement Committee is to provide an annual assurance report to the governing body of the council and be assessed by an external party at least once each council term as part of the council's quality assurance and improvement program

Annual assurance report

As part of council's quality assurance and improvement program, the Audit, Risk and Improvement Committee is to provide an annual assurance report to the governing body which provides:

- a summary of the work the committee performed to discharge its responsibilities during the preceding year
- advice on the appropriateness of the Committee's terms of reference (where the Committee's terms of reference contain additional clauses to those contained in the Model Terms of Reference)
- an overall assessment of the following aspects of council's operations in accordance with section 428A of the Local Government Act:
 - o compliance
 - o risk management
 - o fraud control
 - o financial management
 - o governance
 - o implementation of the strategic plan, delivery program and strategies
 - o service reviews
 - o collection of performance measurement data by the council, and
 - o any other matters prescribed by the regulation (i.e. internal audit), and
- any other information to help the council improve the performance of its functions.

This will ensure that the governing body of the council receives the committee's independent views about these matters in accordance with legislative requirements each year. It will also enable the governing body to assess the work of the Committee each year.

Strategic external review

At least once each council term (i.e. four years) an external strategic review of the effectiveness of the Audit, Risk and Improvement Committee is to be conducted to assess how the committee is functioning. This will provide accountability and ensure that the governing body of the council can assess how the committee's performance and whether any changes to the committee's terms of reference or membership are required.

This strategic external review is to consider:

- whether the Committee has fulfilled its terms of reference
- the appropriateness of the Committee's terms of reference (where the Committee's terms of reference contain additional provisions to those contained in the Model Terms of Reference)
- the performance of Committee members and whether any change of membership is required
- the way the Committee, external auditor, council and internal audit function work together to manage risk and support the council and how effective this is, and
- whether the work of the Committee has contributed to the improvement of the factors identified in section 428A of the Local Government Act.

The external review is to address the collective performance of the Audit, Risk and Improvement Committee, as well as the individual performance of each member and the Chair. In considering the outcomes of the external strategic review, the review is to consider feedback on each member's performance by the Chair of the Committee, mayor and general manager. The governing body of council will be able to request the Chair of the committee to address the council and answer any questions about the operation of the committee.

Dismissal of committee members and the Chair

The governing body of council may terminate the engagement of the Chair or a member of the Audit, Risk and Improvement Committee where the Chair or member has:

- breached the conditions of the prequalification scheme
- breached the council's Code of Conduct
- performed unsatisfactorily, or
- declared, or is found to be in, a position of a conflict of interest which is unresolvable.

Termination can only occur with the approval of the Chief Executive of the Office of Local Government and is to be reported to the agency which is responsible for administering the Audit, Risk and Improvement Committee prequalification scheme. Approval is not needed for termination where the Chair or member has become ineligible or removed from the prequalification scheme by the agency administering the scheme. Dismissal is automatic in these situations.

(i) The general manager is to nominate a council employee/s to provide secretariat support to the Audit, Risk and Improvement Committee. Minutes are to be recorded for all committee meetings

The general manager will be required to nominate a council employee/s to provide secretariat support to the Audit, Risk and Improvement Committee. The main functions of this role are to be:

- minuting Audit, Risk and Improvement Committee meetings
- preparing agendas, and
- providing the committee with any information it needs to fulfil its responsibilities.

Core requirement 2:

Establish a risk management framework consistent with current Australian risk management standards

Proposal

It is proposed that:

- (a) each council (including county council/joint organisation) is to establish a risk management framework that is consistent with current Australian standards for risk management
- (b) the governing body of the council is to ensure that council is sufficiently resourced to implement an appropriate and effective risk management framework
- (c) each council's risk management framework is to include the implementation of a risk management policy, risk management plan and risk management process. This includes deciding council's risk criteria and how risk that falls outside tolerance levels will be treated
- (d) each council is to fully integrate its risk management framework within all of the council's decision-making, operational and integrated planning and reporting processes
- (e) each council is to formally assign responsibilities for risk management to the general manager, senior managers and other council staff and ensure accountability
- (f) each council is to ensure its risk management framework is regularly monitored and reviewed
- (g) the Audit, Risk and Improvement Committee and the council's internal audit function are to provide independent assurance of risk management activities, and
- (h) the general manager is to publish in the council's annual report an attestation certificate indicating whether the council has complied with the risk management requirements.

Description

(a) Each council (including county council/joint organisation) is to establish a risk management framework that is consistent with current Australian standards for risk management

Each council in NSW (including county council/joint organisation) will be required to implement a risk management framework that is consistent with the current Australian risk management standard – currently AS ISO 31000:2018⁵⁴. The framework is to take an enterprise risk management approach which applies to all council activities and risks, not just well-recognised risks such as work health and safety, insurable risks and disaster recovery planning.

Where ISO 31000:2018 is superseded following a future review by the International Organisation of Standardisation or Standards Australia, councils are to conform to the most current Australian risk management standard. AS ISO 31000:2018 can be found at https://www.standards.org.au/standards-catalogue/sa-snz/publicsafety/ob-007/as--iso--31000-colon-2018

The definition of risk management adopted by councils will be the same as that adopted in AS ISO 31000:2018. Risk management comprises of "coordinated activities to direct and control an organisation with regard to risk". Risk is the "effect of uncertainty on objectives, where an effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats".

It is recognised that each council will have different risk management requirements depending on its size, needs, budget, complexity of operations and risk management maturity (i.e. the extent to which risk management has already been implemented in the council). Councils will have the flexibility under AS ISO 31000:2018 to choose the size, scope and delivery of their risk management activities so long as they include a number of key structural components (see below).

Where a council wishes to impose requirements that are additional to the proposed framework, it will be able to do so provided the requirements conform to AS ISO 31000:2018 and do not conflict with regulatory requirements.

(b) The governing body of the council is to ensure that council is sufficiently resourced to implement an appropriate and effective risk management framework

The governing body of each council is to provide the resources needed to:

- implement a risk management framework appropriate to the council, and
- deliver the risk treatments and internal controls needed to ensure the council's risks are appropriately managed.

This forms part of the governing body's responsibility for approving the council's budget.

These resources include the necessary:

- human resources (with appropriate skills and experience)
- technology, equipment, tools and information management systems for managing risk
- documented processes and procedures, and
- professional development and training for staff to ensure they can fulfil their risk management responsibilities.

To ensure that the governing body makes informed budgeting decisions, the Audit, Risk and Improvement Committee is to advise the governing body of the resources needed, having regard to any budgetary constraints and the council's operational environment.

Where the Audit, Risk and Improvement Committee considers the resourcing provided for risk management is insufficient relative to the risks facing the council, it is to draw this to the attention of the general manager and the governing body of the council. The Chair of the Committee is to also ensure that the Committee's funding recommendations are minuted by the Committee's secretariat.

The governing body will also be responsible for approving key elements of the council's risk management framework, including the council's risk management policy, risk management plan and risk criteria, following their endorsement by the Audit, Risk and Improvement Committee (see below).

(c) Each council's risk management framework is to include the implementation of a risk management policy, risk management plan and risk management process. This includes deciding the council's risk criteria and how risk that falls outside tolerance levels will be treated

In compliance with AS ISO 31000:2018, each council's risk management framework is to comprise the following key elements:

Risk management policy

Each council will be required to adopt a risk management policy that communicates the commitment of the governing body and the general manager to risk management, and how risk management will be undertaken by the council. The risk management policy is to be approved by the governing body, after endorsement by the Audit, Risk and Improvement Committee.

The council's risk management policy is to describe, at a minimum:

- The council's risk management objectives and priorities, and how these are linked to the council's strategic plans and objectives
- how risk management will be integrated into the overall culture of the council, core business activities and decision-making
- the council's risk criteria
- how the council's risk management policy sits within, and is supported by the council's other policies
- who in the council is accountable and responsible for managing risk in the council
- the resources that will be made available, and
- how the council's risk management performance will be reviewed, measured, reported and improved.

The council's risk management policy can also provide guidance to council staff on the council's commitment to:

- integrating risk management into the council's procedures and practices
- · communicating the council's approach to managing risk
- coordinating the interface between risk management and other assurance activities, for example, the Audit, Risk and Improvement Committee, the council's internal audit function and external audit, and
- incorporating risk management into internal staff induction and professional development programs.

The council's risk management policy is to be reviewed at least once each council term, or within one year if there is a significant restructure or change.

Risk management plan

Each council is to develop and implement a risk management plan that provides a structure for how the council will implement its risk management policy and conduct its risk management activities. The chief purpose of the plan is to ensure that the council's arrangements for managing risks are clearly understood and practiced, and identifies where, when and how different types of decisions relating to risk are made across the council and by whom.

To do this, it must include:

- the activities the council will undertake to implement its risk management policy
- roles, accountabilities and responsibilities in relation to risk management
- the timeframes for risk management activities

- how risk management processes will be implemented and maintained (see below)
- resourcing requirements (people, IT and physical assets)
- training and development requirements
- performance measures that will be used to evaluate the success of the council's risk management framework, and
- how and when the council's risk management framework will be reviewed.

Depending on the size, complexity and nature of the council, the council may require a single risk management plan or a hierarchy of linked risk management plans.

The governing body is to approve the council's risk management plan, and any changes made to it, after endorsement by the Audit, Risk and Improvement Committee.

Risk management plans should be living documents and regularly reviewed to reflect current and emerging risks as circumstances change.

Risk management process

The risk management process is a systematic way of identifying, assessing and prioritising risks, deciding how they will be managed, and documenting and communicating this across the council. A summary diagram of the risk management process is provided below.

Each council's risk management process is to include the following stages to ensure its risks are managed effectively. Each stage is to be performed in accordance with AS ISO 31000:2018, using qualitative, semi-quantitative or quantitative methods and techniques that best suit the council's operations, risk management maturity and decision-making needs. NSW Treasury has released a *Risk Management Toolkit for NSW Public Sector Agencies* that councils can use to help them establish their risk management framework⁵⁵.

All knowledgeable council staff are to be involved and councils are encouraged to access external expertise where required.

Stage 1: Define the scope of the council's risk management activities

The council is to decide and document the scope of its risk management activities to assist in planning the council's risk management approach. The scope to be decided includes aspects such as:

- the objectives of the council's risk management framework and outcomes expected
- the resources required to plan and develop the framework
- who is responsible for planning and developing the framework
- what records will be kept, and
- what will be the relationship of the risk management framework to other council projects, processes and activities.

The Risk Management Toolkit for Public Sector Agencies (TPP 12-03) can be found at https://www.treasury.nsw.gov.au/information-public-entities/governance-risk-and-assurance/internal-audit-and-risk-management/risk

Stages of council's risk management process

Stage 1: Define the scope of the council's risk management activities

What will our risk management apply to?



Stage 2: Establish the internal and external context

What are the internal and external factors that influence the council's risks?



Stage 3: Decide performance indicators

What can we measure against to tell if it is working?



Stage 4: Define the council's risk criteria

How much risk to our goals and objectives will we tolerate?



Stage 5: Conduct risk assessments - risk identification, risk analysis, risk evaluation

What are the risks, the level of each risk and which ones will focus on treating?



Stage 6: Decide risk treatment options

What will we do to manage them?



Stage 7: Develop risk treatment plans

When and how will we manage them and who will be responsible?



Stage 8: Document and communicate

How we communicate our risk management information across the council.

Stage 2: Establish the internal and external context

The council is to ensure that it understands and documents the internal and external environment or parameters it operates in and how risk management will impact, and be impacted by these. Factors to be taken into consideration should include internal, political, economic, socio-cultural, technological, legal, and environmental trends and drivers that influence the council's operating environment and can be a source of risk.

Stage 3: Decide performance indicators

The council is to decide the performance indicators it will use to measure the effectiveness of its risk management framework and identify gaps between its actual and desired performance. The performance indicators selected need to be able to be easily measured on an ongoing basis, easily interpreted and understood by staff and management, and provide a meaningful picture of the council's risk management performance.

Stage 4: Define the council's risk criteria

The council is to decide its risk criteria - that is, the amount and type of risk that it is willing to take, or not take, in order to achieve its strategic plan and objectives. It should also define criteria to evaluate the significance of risk based on the council's values, objectives and resources. This will ensure that all council staff have a common understanding of how to evaluate whether a risk is significant and requires a response. It will also ensure that ongoing decision-making about specific activities is consistent across the council.

While the council's risk criteria must be established at the beginning of the risk assessment process, it is dynamic and should be continually reviewed and amended as changes occur to the council's internal or external context.

The council's risk criteria is to be approved by the governing body of the council, after endorsement by the Audit, Risk and Improvement Committee.

Stage 4: Conduct risk assessments

The council is to conduct risk assessments using the following three-step process⁵⁶:

- <u>risk identification</u> as a first step to assessing what risks need managing, the council is to identify
 and categorise any risks it is aware of that may help or prevent the council from achieving its
 strategic goals and objectives. Risk categories could include, for example, council governance risks,
 fraud and corruption risks, financial risks, compliance risks, risks to council policies, programs and
 projects, risks to the continuity of operations and services, environmental damage risks, work
 health and safety risks, purchasing and procurement risks and reporting risks
- <u>risk analysis</u> once each risk is identified, the council is to assess the effectiveness of any controls
 that already exist to reduce or enhance the likelihood of a particular event and manage the nature
 and magnitude of any consequences. This will enable the council to determine the overall level of
 risk that exists, and
- <u>risk evaluation</u> once the overall level of risk is determined, the council is to assess and decide which risks require further treatment, and in what order of priority. This is to involve comparing the overall level of risk that exists (based on the risk analysis performed) to the council's risk criteria.

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In addition to AS ISO 31000:2018, *IEC/ISO 31010 Risk management – risk assessment techniques* provides additional guidance on each step of the risk assessment process. This standard can be found at https://www.iso.org/standard/51073.html

Those risks that fall outside the risk levels the council is willing to tolerate are to be proactively managed. The least tolerable risks are to be given the highest priority.

Stage 5: Decide risk treatment options

The council is to determine a strategy for the treatment of each risk. A decision should be made to either:

- minimise the risk by implementing controls (see stage 6)
- avoid the risk by adopting alternative approaches (for example, revising the timing of a project, choosing a different delivery model)
- transfer the risk to another party which has greater control over the risk, or is less susceptible to the impact of the risk (for example, insurance), or
- accept the risk and develop contingency plans to minimise the impact should the risk eventuate.

Stage 6: Develop risk treatment plans

The council is to develop risk treatment plans that document how the control will be implemented and integrated into the council's day-to-day management and operational processes. Risk treatment plans are to include:

- the rationale, actions to be taken and expected outcome of control
- who is responsible for implementing the control
- resources required
- timeframes, and
- necessary monitoring and reporting, including the performance indicators that will be used to measure the controls effectiveness.

The general manager is to approve the council's risk treatment plans.

Stage 7: Document and communicate

The council is to develop risk reports to summarise and communicate to all staff what risks the council faces. These reports will also be used by the council to regularly review the risk management framework.

Each council's risk reports will vary, dependent on the needs, complexity and risk maturity of each council. At a minimum, however, they should include:

- <u>a risk profile</u> this is a high-level status report which describes the priorities and management of
 risk across the council. It provides an overall picture of a council's risk profile, identifies risk
 priorities, explains the rationale for decisions made about individual risks and allows those
 responsible for managing particular risks to see how their risks/controls fit into the council's
 overall risk management framework, and
- <u>risk registers</u> these describe and prioritise each individual risk, including its cause/s, impact/s and control/s. They also outline who in the council is responsible for managing individual risks.

Risk reports are to be approved by the general manager, following endorsement by the Audit, Risk and Improvement Committee.

(d) Each council is to fully integrate its risk management framework within all of the council's decision-making, operational and integrated planning and reporting processes

The council's risk management framework must be integrated within all of the council's decision-making processes, governance structures, operational procedures and integrated planning and reporting processes for it to be successful.

For effective risk integration to occur, each council must ensure that, in addition to its risk management policy, plan and process, it implements the following supporting elements:

Risk management culture

A poor risk management culture can lead to poor risk management outcomes.

Each council is to foster a positive risk management culture that ensures that the task of managing risks is not seen by management and staff as an additional responsibility or burden, but a normal part of everyday activities and decision-making. A positive risk management culture relies on strong leadership, commitment, reinforcement and communication from the general manager and senior management of the council.

Risk management communication

Poor communication about risk management can lead to a lack of ownership for managing risk.

Each council is to ensure there is clear communication and consultation about risk management to ensure all staff have a common understanding of:

- the basic principles of risk management
- why the council undertakes risk management and how it relates to the council's strategic plans and objectives
- the basis on which decisions within the council are made and the reasons why particular actions are required to manage risk
- the council's risk criteria and risk management policy, plan and priorities
- staff responsibilities and accountabilities for managing certain risks, and
- how to notify new or emerging risks or when something goes wrong or is not working.

The way each council communicates risk management to its staff will vary depending on its needs, organisational structure, existing communication methods and risk maturity. Communication mechanisms could include, for example, specific risk reports relating to key drivers, trends, incidents, risks or business units, formal training programs, information sessions and informal communication such as staff newsletters.

Risk management information system/s

Each council's risk management framework is to be supported by a robust risk management information system that manages risk-related reports, registers, information, documents, policies and procedures. Easy access to information will ensure the council is able to monitor risks/controls and make informed decisions about any further action needed.

The size, complexity and risk management maturity of a council, and the nature of its risk information, will influence the type of risk management information system that it requires. For smaller councils, Microsoft Word or Excel documents that record, report and communicate risk may be appropriate. Larger councils may need to purchase a custom-made product or system.

(e) Each council is to formally assign responsibilities for risk management to the general manager, senior managers and other council staff and ensure accountability

It is the responsibility of all council managers and staff to manage risk.

For risk management to be effective, all staff (permanent, temporary and contractors) must be aware of the risks that relate to their day-to-day roles and activities and their responsibility for managing these risks and following risk management policies and procedures.

To provide accountability, risk management responsibilities are to be clearly articulated in the job descriptions and performance measurement processes of all relevant managers and staff.

Managers and staff with risk management responsibilities are to also have the necessary skills, knowledge and experience required to fulfil their risk management responsibilities, as well as attitudes and behaviours that support risk management.

General manager and senior managers

Consistent with the general manager's role under section 335 of the Local Government Act to conduct the day-to-day management of the council, the general manager will have ultimate responsibility and accountability for risk management in the council.

This includes:

- approving the council's risk management plan, risk treatment plans, risk register and risk profile
- recommending the council's risk management policy and risk criteria for the endorsement of the Audit, Risk and Improvement Committee and approval of the governing body
- overseeing the council's risk management framework and ensuring it is effectively communicated, implemented and reviewed regularly
- promoting and championing a positive risk culture
- ensuring that all council managers and staff (permanent, temporary or contract) understand their
 risk management responsibilities and that these are included in all job descriptions, staff induction
 programs, performance agreements and performance appraisals
- annually attesting that council's risk management framework complies with statutory requirements, and
- approving the council's implementation of corrective actions recommended by the council's internal audit function, external audit and Audit, Risk and Improvement Committee.

Depending on the council's needs, resources and organisational structure, and to assist the integration of risk management across the council, the general manager may wish to delegate key aspects of the council's risk management framework to a group of senior managers established for this purpose. The senior management group would report to the general manager on risk management issues.

Tasks delegated to a council's senior management group could include:

- developing the council's risk management policy
- determining the council's risk criteria
- leading the risk management process for example, evaluating the council's internal and external context, identifying, assessing and prioritising risks and developing risk treatment plans and internal controls
- developing the council's risk register and risk profile
- communicating and implementing the council's risk management policy and plans across council

- advising/reporting on the performance and implementation of the council's risk management framework to the general manager, and
- reviewing recommendations for corrective actions from the Chief Audit Executive and council's internal audit function and determining council's response.

The senior management group is to meet regularly to enable it to fulfil its functions. Council's Risk Management Coordinator is to attend senior management group meetings. The senior management group can also invite the Chief Audit Executive.

Responsibilities for risk management assigned to the general manager and senior managers are to be included in their employment contract and performance reviews.

Risk Management Coordinator and risk management function

The general manager is to appoint a Risk Management Coordinator who will be responsible for the day-to-day activities required to implement the council's risk management framework and provide specialist risk management skills and knowledge.

The Risk Management Coordinator is to report directly to the general manager or a member of the senior management group in relation to council's risk management function.

Whilst this role has been titled as the 'Risk Management Coordinator', councils will be free to use whatever title they wish to refer to this function (for example, Chief Risk Officer, Risk Manager etc.).

The role and responsibilities of the Risk Management Coordinator are to include:

- supporting the senior management group by coordinating and providing clear and concise risk information, advice and/or reports that can be used in planning and decision-making
- coordinating the various activities relating to risk management within the council
- helping to build a risk management culture within the council, including facilitating and driving risk management at the strategic and operational level within the council and ensuring consistency in practice
- ensuring there are easily accessible systems and processes in place to enable all staff to conveniently undertake risk management in their day-to-day work
- ensuring risk management processes are applied consistently across the council
- organising appropriate staff risk management training and development
- developing and maintaining a risk reporting framework to enable regular advising/reporting of key risks, and the management of those risks, to the senior management group
- supporting council staff with their risk management obligations and providing staff with advice and tools to ensure risk management compliance
- implementing effective risk management communication mechanisms and information system/s
- establishing and maintaining an ongoing monitoring system to track the risk management activities undertaken within council and assessing the need for further action
- assessing risk management information for completeness, accuracy and consistency (for example, risk registers, risk treatment plans), and
- preparing advice or reports for the Audit, Risk and Improvement Committee and attending Committee meetings (where requested).

In order to fulfil their role, the Risk Management Coordinator must:

- have a well-developed understanding of the council and its operations
- have the skills, knowledge and leadership qualities required to support and drive risk management
- have sufficient authority to intervene in instances where risk management efforts are being hampered by a lack of cooperation or through lack of risk management capability or maturity, and

 be able to add value to the risk management process by providing guidance and support in managing difficult risk, or risks spread across a number of the council's business units or operational areas.

Each council will have the flexibility to establish its risk management function based on its structure, resourcing, risk management needs and risk management maturity.

For some councils with larger budgets and higher risks, the Risk Management Coordinator will require dedicated staff to help implement the council's risk management framework. For other councils, their size and risk profile may not justify additional risk management staff and the Risk Management Coordinator will be sufficient.

While best practice would see a stand-alone Risk Management Coordinator employed by each council, it is recognised that some smaller or rural councils may find it difficult to employ a stand-alone Risk Management Coordinator due to the cost involved, the council's remote location and/or that the council's risk management framework may not require a full-time stand-alone employee.

Councils will, therefore, be able to combine the Risk Management Coordinator's role with other council responsibilities (including the Chief Audit Executive) provided that there are adequate safeguards put in place by the council to limit any cognitive bias (which can lead to faulty risk assessments and decision-making errors).

Depending on the specific needs and circumstances of the council, these safeguards could include:

- the Audit, Risk and Improvement Committee being informed of the Risk Management Coordinator's additional role, including the reporting lines, responsibilities and expectations related to the role
- any potential issues or conflicts of interest arising from the other operational roles held by the Risk Management Coordinator being formally documented and communicated to the Audit, Risk and Improvement Committee
- the Risk Management Coordinator being prohibited from undertaking risk management evaluations and reviews in relation to the council operations they are responsible for. Another senior staff member will conduct these and will report directly to the general manager on the results
- if the Chief Audit Executive and Risk Management Coordinator is a combined role, any independent review of council's risk management framework must be undertaken by an independent external party, and
- the Audit, Risk and Improvement Committee regularly assessing that the safeguards put in place are effective.

Council managers

Responsibility for managing specific policy, project and program risks generally rests with council managers across the council. This includes council managers being responsible, within the sphere of their authority, for:

- promoting awareness of risks and risk treatments that must be implemented
- ensuring council staff are implementing the council's risk management framework as developed and intended and performing their risk management responsibilities
- identifying risks that will affect the achievement of the council objectives
- establishing and/or implementing specific policies, operating and performance standards, budgets, plans, systems and/or procedures to manage risks, and
- monitoring the effectiveness of risk treatment and internal controls.

All other council staff

All council staff are to be responsible for:

- helping to identify risks in their business unit
- implementing risk treatment plans within their area of responsibility
- following standard operating procedures (where applicable), and
- communicating or escalating new risks that emerge to their manager.

(f) Each council is to ensure its risk management framework is regularly monitored and reviewed

The senior management group is to establish and maintain an ongoing monitoring and review process of the information gathered from council's risk management process⁵⁷ to ensure its risk management framework is up-to-date and relevant. It will also enable the senior management group to report to the general manager, governing body of the council and Audit, Risk and Improvement Committee when required about the council's risk management framework.

Each council is to base its ongoing monitoring and review process based on its own needs, however, this should include at a minimum the following two key elements:

- 1. Quarterly advice from the Risk Management Coordinator to the senior management group assessing the council's risk profile and risk registers this will ensure that risks are being correctly identified, prioritised and treated, and any emerging problems are known and rectified quickly. Any changes are to be captured in updates to the council's risk profile and risk register, and relevant risk treatment plans.
- 2. An annual self-assessment at the end of each financial year by the senior management group of the quality of the council's risk management framework this is to assess the operation of the risk management framework during the preceding financial year and to ensure:
 - the council is providing sufficient resources for risk management and staff are able to carry out their risk management responsibilities
 - o the council's risk management framework complies with AS ISO 31000:2018
 - the council's risk management framework operates effectively and supports the achievement of council's strategic goals and objectives
 - o management has embedded a positive risk culture
 - the council's risk criteria is appropriately reflected in council's internal control framework
 - the council takes an enterprise risk management approach that is fully integrated into all aspects of the council, including decision-making processes and operations
 - risks are formally considered when developing and implementing all council policies, programs, projects and other activities, including procurement
 - risk management covers all relevant risk categories including strategic, operational, compliance, reputational and reporting risks
 - o major risks have been identified and assessed by the council and appropriate risk treatments have been implemented that reflect the council's risk criteria
 - the council's internal controls are effective and appropriate
 - the council's risk register and risk profile is current and appropriate

This includes ongoing monitoring and review of the scope of the council's risk management framework, the context the council operates in, the council's risk criteria, the results of the council's risk assessment, controls implemented, risk treatment plans and risk reports such as the council's risk profile and risk registers

- orisk information is captured and communicated in a timely manner across the council, enabling management and staff to carry out their responsibilities, and
- the council's risk management policies, procedures and plans are being complied with.

Ultimately the general manager is responsible for the implementation of the council's risk management framework, and ensuring that risks are being managed appropriately. Each council will have the flexibility to decide, based on its own needs and resources, how and when the senior management group reports risk information to the general manager and the governing body of the council.

Standards Australia has released *HSB 158-2010 Delivering assurance based on ISO 31000:2009 Risk management – Principles and guidelines*⁵⁸ which may assist councils to monitor and review their risk management frameworks.

Performance management system

The senior management group is to ensure the effectiveness of the risk management framework can be assessed. This will require the senior management group and Risk Management Coordinator to ensure that:

- approved risk treatment plans have performance targets that can be measured against goals and objectives, and
- a data collection system is maintained to obtain the data needed to measure the impact of the council's risk management framework.

Performance targets are to be set annually by the senior management group, in consultation with the general manager and the Audit, Risk and Improvement Committee.

(g) The Audit, Risk and Improvement Committee and the council's internal audit function are to provide independent assurance of risk management activities

Role of the Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee will be responsible for providing independent assurance to the general manager and governing body that the council's risk management framework is appropriate and working effectively.

This includes advising whether:

- the council is providing sufficient resources for risk management and staff are able to carry out their risk management responsibilities
- o the council's risk management framework complies with AS ISO 31000:2018
- the council's risk management framework operates effectively and supports the achievement of the council's strategic goals and objectives
- o management has embedded a positive risk management culture
- o the council's risk criteria is appropriately reflected in the council's internal control framework
- the council takes an enterprise risk management approach that is fully integrated into all aspects of the council, including decision-making processes and operations

More information about HSB 158-2010 can be found at https://www.standards.org.au/standards-catalogue/sa-snz/publicsafety/ob-007/hb--158-2010. Please note that this standard is based on the previous risk management standard ISO 3100:2009 and may possibly be updated.

- risks are formally considered when developing and implementing all council policies, programs, projects and other activities, including procurement
- risk management covers all relevant risk categories including strategic, operational, compliance, reputational and reporting risks
- major risks have been identified and assessed by the council and appropriate risk treatments have been implemented that reflect the council's risk criteria
- o the council's internal controls are effective and appropriate
- the council's risk register and risk profile is appropriate
- risk information is captured and communicated in a timely manner across the council, enabling management and staff to carry out their responsibilities
- there are council-specific, fit-for-purpose tools, systems and processes to help all those responsible for managing risk to fulfil their responsibilities, and
- o the council's risk management policies, procedures and plans are being complied with.

The Audit, Risk and Improvement Committee's role and responsibilities in relation to risk management are to be documented in its terms of reference.

The frequency and nature of the Committee's assurance to the general manager and governing body is to be determined by the Committee in consultation with the general manager and governing body of the council.

At a minimum, the Audit, Risk and Improvement Committee is to be required to provide an annual assessment of the council's risk management framework as part of its annual assurance report to the governing body of the council. This will ensure that the governing body of the council receives the Committee's independent and objective opinion about the risk management activities conducted each year. It will also support the governing body in the exercise of its oversight role under the Local Government Act.

Reporting to the Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee is to determine in consultation with the general manager what information it needs from the council to fulfil its risk management assurance role. Information requirements are to be based on the council's risk management maturity, the resources available and the aspect of the risk management framework being assessed.

Review or information requirements could include, for example:

- advice from the senior management group to each quarterly meeting of the Audit, Risk and Improvement Committee providing an overview of the council's risks and controls and whether significant risks have been identified, assessed and responded to appropriately
- annual advice from the senior management group about the implementation of the council's risk management framework - for example, whether it conforms with AS ISO 31000:2018, the risk process has been implemented effectively, there is a positive risk culture, the council's risk register and profile are appropriate, the council's risk management policy and procedures are being complied with, and/or
- an independent strategic review by the internal audit function or an external party at least once each council term (i.e. four years) assessing adequacy of the risk management framework.

The Audit, Risk and Improvement Committee will also be informed by any findings or recommendations made by the council's external auditor in relation to risk management.

The senior management group will be required to develop an action plan for the general manager and the Audit, Risk and Improvement Committee to address any risk management issues identified by the Committee.

Role of the internal audit function

The council's internal audit function will support the Audit, Risk and Improvement Committee to fulfil its assurance responsibilities through the audit of particular risks, as identified in the internal audit function's work plan. The role of the council's internal audit function in relation to risk management is to be documented in the council's Internal Audit Charter.

Given the need to maintain the independence and objectivity of the internal audit function, the following boundaries are to apply with respect to the role of the internal audit function in the council's risk management framework:

- it is to be clear that council management remains responsible for risk management
- the internal audit function is to provide advice, challenge and support management's decisionmaking, as opposed to taking risk management decisions themselves
- the internal audit function should not:
 - o manage any of the risks on behalf of the council
 - o set the council's risk criteria
 - o impose risk management processes
 - o decide or implement risk responses, or
 - be held accountable for risk management activities.

(h) The general manager is to publish in the council's annual report an attestation certificate indicating whether the council has complied with the risk management requirements

The general manager will be required to annually publish an attestation statement in the council's annual report indicating whether, during the prior financial year, the council was 'compliant', 'non-compliant' or 'in transition' against each of the above-mentioned requirements of the council's risk management framework.

Compliance status is to be self-assessed based on the results of the senior management group's annual self-assessment. The table on page 84 lists the proposed compliance categories and follow-up action that will be required.

The general manager is to ensure that a copy of the attestation statement and the exception approval from the Chief Executive Officer of the Office of Local Government (if applicable) is published in the council's annual report. A copy of the attestation statement is to also be provided to the Office of Local Government.

The Chair of the Audit, Risk and Improvement Committee is to also sign the attestation statement where he/she agrees that it is a true and accurate reflection of the council's compliance status against statutory requirements.

Core requirement 3:

Establish an internal audit function mandated by an Internal Audit Charter

Proposal

It is proposed that:

- (a) each council (including county council/joint organisation) is to establish an internal audit function
- (b) the governing body is to ensure that the council's internal audit function is sufficiently resourced to carry out its work
- (c) the governing body of the council is to assign administrative responsibility for internal audit to the general manager and include this in their employment contract and performance reviews, and
- (d) the Chief Audit Executive is to develop an Internal Audit Charter, based on a model charter, which will guide how internal audit is conducted by the council. This Charter is to be approved by the governing body of council after endorsement by the Audit, Risk and Improvement Committee.

Description

(a) Each council is to establish an internal audit function

Each council in NSW, (including county council/joint organisation), will be required to have an internal audit function that reports functionally to the Audit, Risk and Improvement Committee and is independent from council management.

The definition of internal audit adopted by councils will be the same as that adopted in the IPPF - internal audit is "an independent, objective, assurance and consulting activity designed to add value and improve [council's] operations. It helps [council] accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

It is recognised that each council will have different internal audit requirements depending on its size, needs, budget and complexity of operations. To provide councils greater flexibility, each council will have the freedom to determine the size and scope of their internal audit activities. Councils will also have the flexibility to decide how to deliver their internal audit function. They can either:

- establish a stand-alone internal audit function for their exclusive use
- utilise a joint internal audit function established by their joint or regional organisation of councils that is shared by member councils, or
- share their internal audit function with another council/s in close proximity or of their choosing as part of an independent shared arrangement.

It is recommended that county councils, due to their size, enter into a share arrangement with one of their member councils or utilise an internal audit function established by a joint or regional organisation of councils.

Some of the requirements for shared arrangements will differ from those of stand-alone internal audit functions established for a council's exclusive use (as described in core requirements 1-8). Core requirement 9 outlines the specific requirements of shared arrangements.

Where a council wishes to impose requirements that are additional to the proposed framework, it will be able to do so provided the requirements comply with the IPPF and do not conflict with statutory requirements.

(b) The governing body is to ensure that council's internal audit function is sufficiently resourced to carry out its work

The governing body will be required to ensure that the council's internal audit function is sufficiently resourced to effectively carry out its work⁵⁹. This is in line with the governing body's responsibility for the council's budget and other resourcing decisions. To ensure that the governing body makes informed budgeting decisions, the Audit, Risk and Improvement Committee is to advise the governing body of the resources needed.

Where the Audit, Risk and Improvement Committee considers the resourcing provided for internal audit activities is insufficient relative to the risks facing the council, it is to draw this to the attention of the general manager and the governing body of the council. The Chair of the Committee is to also ensure that the Committee's funding recommendations are minuted by the Committee's secretariat.

(c) The governing body of the council is to assign administrative responsibility for internal audit to the general manager and include this in their employment contract and performance reviews

Consistent with the general manager's role under section 335 of the Local Government Act to conduct the day-to-day management of the council, the general manager will be responsible for the **administrative** delivery of council's internal audit function. This means that the general manager will be required to:

- advise the governing body of the funding needed to adequately resource the internal audit function when making final budget decisions
- align the internal audit budget to approved work plans and recommendations made by the Audit, Risk and Improvement Committee
- allocate the funds needed to engage internal audit personnel or external providers with the technology, skills and experience necessary to meet the risk and assurance needs of the council
- provide appropriate administrative support, for example, access to council's human resources networks, payroll, work health and safety, office facilities and resources etc., and
- ensure that the councils internal audit activities are appropriately positioned within the council to work with external audit and internal business units and to operate independently.

The general manager will have no role in the exercise of the internal audit (for example, the conduct of internal audits, development of work plans, audit techniques used, reporting to the governing body and Audit, Risk and Improvement Committee etc.). The general manager's administrative responsibilities in relation to internal audit are to be included in the general manager's employment contract and regular performance reviews to ensure accountability. The Office of Local Government will amend the general manager's standard contract under section 338 of the Local Government Act to reflect this requirement.

The Institute of Internal Auditors has developed the *Audit Intelligence Suite* which can be used to obtain a general picture of the potential resources needed for an internal audit function based on benchmark costs across the corporate and public sectors. For access (cost involved), go to https://www.theiia.org/centers/aec/Pages/benchmarking.aspx

(d) The Chief Audit Executive is to develop an Internal Audit Charter, based on a model charter, which will guide how internal audit is conducted by the council. This Charter is to be approved by the governing body of the council after endorsement by the Audit, Risk and Improvement Committee

Each council will be required to adopt an 'Internal Audit Charter' to guide how internal audit will be undertaken by that council and measure its effectiveness.

The Internal Audit Charter is to be developed by the council's Chief Audit Executive in consultation with the Audit, Risk and Improvement Committee and approved by the governing body of the council after endorsement by the Committee.

Each council's Internal Audit Charter is to comply, at a minimum, with a Model Internal Audit Charter ⁶⁰. This is consistent with councils being required to adopt policies based on other model documents (for example, the Model Code of Conduct and the Model Code of Meeting Practice).

The Model Internal Audit Charter will:

- define the purpose, authority and responsibility of the internal audit function
- establish internal audit's position, role and responsibilities within the council
- describe the importance of the independence of the internal audit function and how this will be maintained
- define the roles and responsibilities of those involved in the council's internal audit activities
- assign responsibility for appointing and dismissing the Chief Audit Executive
- describe how internal audit activities are to be undertaken (i.e. the scope of assessments, writing internal audits and work plans, performing internal audits, communicating results, writing audit reports and monitoring the implementation of corrective actions)
- describe the quality assurance and improvement program
- describe administrative arrangements, HR support and budget provided to support the internal audit function
- define reporting relationships
- define internal audit's relationship with the external auditor, and
- authorise access to internal audit information.

Councils will be able to include additional provisions in their Internal Audit Charter so long as they do not conflict with the Model Internal Audit Charter or the IPPF. This will ensure any matters not contemplated by the Model Charter are addressed by councils in a robust way that complies with internationally recognised standards.

Where the council's Internal Audit Charter contains additional provisions not included in the Model Internal Audit Charter, the Chief Audit Executive is to review the Charter annually as part of the council's internal audit quality assurance and improvement program. A strategic review is to also be undertaken once each council term (i.e. four years).

Changes to the Charter are to be approved by the governing body of the council after endorsement by the Audit, Risk and Improvement Committee.

62

The Model Internal Audit Charter will be drafted by the Office of Local Government in consultation with councils based on the final internal audit framework developed following consultation on this discussion paper

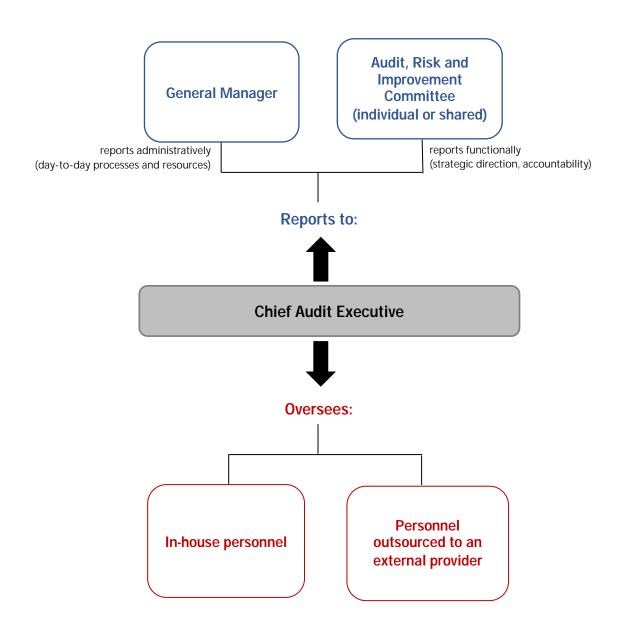
Core requirement 4:

Appoint internal audit personnel and establish reporting lines

Proposal

It is proposed that the:

- (a) general manager is to appoint a Chief Audit Executive to oversee the council's internal audit activities in consultation with the Audit, Risk and Improvement Committee
- (b) Chief Audit Executive is to report functionally to the Audit, Risk and Improvement Committee and administratively to the general manager and attend all committee meetings, and
- (c) general manager is to ensure that, if required, the council has adequate internal audit personnel to support the Chief Audit Executive. Councils will be able to appoint in-house internal audit personnel, or completely or partially outsource their internal audit function to an external provider.



Description

(a) The general manager is to appoint a Chief Audit Executive to oversee the council's internal audit activities in consultation with the Audit, Risk and Improvement Committee

Attributes of the Chief Audit Executive

The general manager, in consultation with the Chair of the Audit, Risk and Improvement Committee, will be required to appoint a Chief Audit Executive to oversee the council's internal audit activities. The term 'Chief Audit Executive' has been used throughout this discussion paper to reflect the terminology used in the IPPF and NSW public sector internal audit model. However, each council is able to describe this role as it chooses, for example, Chief Internal Auditor, Chief Audit Officer etc.

The Chief Audit Executive is to

- be independent, impartial, unbiased and objective when performing their work and free from conflicts of interest. This also means that the Chief Audit Executive cannot undertake internal audit activities on any council operations or services that he/she has held responsibility for within the last five years
- be a council employee and the most senior member of staff in council responsible for internal audit (but not the general manager or council's senior financial officer)
- cannot be outsourced to an external service provider, except where the council has entered into a shared arrangement with another council or as part of their joint or regional organisation of councils
- possess the following skills, knowledge and experience to effectively carry out their role:

Essential

- the credibility to ensure they are able to negotiate on a reasonably equal footing with the general manager and councillors of the council, as well as the Audit, Risk and Improvement Committee, and
- the skills, knowledge and personal qualities necessary to lead credible and accepted internal audit activities in the council

Preferred

- o high-level experience overseeing internal audit, and
- o appropriate professional certifications such as those recognised by the Institute of Internal Auditors (Certified Internal Auditor), Certified Professional Accountants Australia or Chartered Accountants Australia and New Zealand.

This will ensure that the internal audit function of each council is led by someone with the skills, knowledge, experience and integrity needed to establish and effectively oversee a council's internal audit functions. It will also ensure that the council retains control of the internal audit strategic direction and is able to monitor the performance of any external service provider.

Oversight

It is important that the Chief Audit Executive has the functional independence to ensure that this role has the freedom necessary to independently assess and report on the way council operates. However, the Chief Audit Executive, as a member of staff under the Local Government Act, must also be appointed by and accountable to the general manager.

As a safeguard, to ensure the functional independence of the Chief Audit Executive, the general manager is to consult with the Chair of the Audit, Risk and Improvement Committee before appointing or dismissing the Chief Audit Executive, or making any change to the Chief Audit Executive's

employment conditions. Where dismissal occurs, the general manager is to report to the governing body advising of the reasons why the Chief Audit Executive was dismissed.

Where the Chair of the Audit, Risk and Improvement Committee has any concerns about the treatment of the Chief Audit Executive, or any action taken that may compromise the Chief Audit Executive's ability to undertake their functions, they must report their concerns to the governing body of the council.

Responsibilities

The key responsibilities of the Chief Audit Executive include:

- managing the day-to-day direction and performance of the council's internal audit activities to ensure they add value to council
- supporting the operation of the Audit, Risk and Improvement Committee
- ensuring the council's internal audit activities comply with statutory requirements, the IPPF and the council's needs
- developing, implementing and reviewing the council's Internal Audit Charter, policies and procedures, work plans and quality assurance and improvement program
- providing advice to the Audit, Risk and Improvement Committee and governing body of the council on the adequacy and effectiveness of the council's governance frameworks, risk management practices and internal controls
- confirming the implementation by the council of corrective actions that arise from the findings of internal audit activities, and
- managing internal audit personnel and ensuring that they have the skills necessary to perform audits and are up to date on current issues affecting the council and on audit techniques and developments.

Where a council has outsourced its internal audit activities to an external provider, the Chief Audit Executive will be responsible for:

- overseeing the service contract and the quality of audits conducted by the external provider (including overseeing the quality assurance and improvement program)
- ensuring that the council retains control of the strategic direction of internal audit activities
- reporting to the general manager and the governing body of the council on the adequacy and
 effectiveness of the council's governance frameworks, risk management practices and internal
 controls (based on the findings provided by the external provider)
- confirming the council's implementation of corrective actions that arise from the findings of audits
- developing policies and procedures that guide the audits conducted by the external provider
- developing the internal audit annual work plan and strategic plan
- ensuring audit methodologies used by the external provider comply with the IPPF and are accessible to the council (subject to any licensing restrictions), and
- supporting the operation of the Audit, Risk and Improvement Committee.

Combining Chief Audit Executive with other responsibilities

It is recognised that some smaller rural councils may find it difficult to employ both a stand-alone Chief Audit Officer and stand-alone Risk Management Coordinator due to the cost involved, council's remote location and/or that the council's risk management function and internal audit function may not require full-time stand-alone employees.

Whilst it is not best practice, it is recognised that combining the Chief Audit Officer role with the Risk Management Coordinator role may make it easier for smaller or remote councils to establish their risk management framework and internal audit function.

Councils will, therefore, be able to combine the Chief Audit Officer's role with the Risk Management Coordinator role provided there are adequate safeguards put in place by the council to limit any real or perceived bias or conflicts of interest that may lead to faulty decision-making and cognitive bias. The endorsement of the Audit, Risk and Improvement Committee will also be required before the combined role can commence.

Depending on the specific needs and circumstances of the council, safeguards could include:

- the Audit, Risk and Improvement Committee being informed of the Chief Audit Executive's dual role, including reporting lines, responsibilities and expectations related to the role
- any potential issues or conflicts of interest arising from the dual role being formally documented in council's Internal Audit Charter
- internal audit briefs being reviewed by the Audit, Risk and Improvement Committee to ensure adequate coverage of the proposed audit, where it concerns any key risks overseen by the Chief Audit Executive in their role as Risk Management Coordinator
- the Audit, Risk and Improvement Committee, or a qualified external party, reviewing internal audit findings and recommendations before they are finalised
- the council's quality assurance program including an external assessment of the Chief Audit Officer's independence and objectivity (for internal audit purposes) in relation to their Risk Management Coordinator role, and
- the Audit, Risk and Improvement Committee regularly assessing that the safeguards put in place are effective.
- (b) The Chief Audit Executive is to report functionally to the Audit, Risk and Improvement Committee and administratively to the general manager, and attend all committee meetings

To ensure that internal audit operates independently, the Chief Audit Executive will have a dual reporting line and report:

- administratively to the general manager to facilitate the day-to-day operations of internal audit (for example, in relation to budgeting, accounting, internal audit staff leave and disciplinary matters, internal communications, administration of policies and procedures), and
- functionally to the Audit, Risk and Improvement Committee for the strategic direction, performance and accountability of internal audit activities and personnel.

The general manager must not take any action impacting on the employment of the Chief Audit Executive, including through performance management or disciplinary processes, without consulting with the Chair of the Audit, Risk and Improvement Committee.

The Chief Audit Executive will be required to confirm at least annually to the Audit, Risk and Improvement Committee the independence of internal audit activities.

Access to council staff and information

To achieve the degree of independence necessary to effectively carry out internal audit activities, the Chief Audit Executive will automatically have direct and unrestricted access to the general manager and senior managers of the council, as well as the Audit Risk and Improvement Committee (through the Chair).

Any council staff member or contractor will also be able to directly alert the Chief Audit Executive of emerging risks or internal audit related issues.

The Chief Audit Executive is to have direct and unrestricted access to all council staff, resources and information necessary for the performance of internal audit activities.

Reporting concerns about councillors or council staff

Where a Chief Audit Executive has concerns regarding the general manager or senior council staff, they will be able to:

- raise their concerns with the Chair of the Audit, Risk and Improvement Committee (if it relates to the effectiveness of the internal audit function)
- report breaches of the council's Code of Conduct to the general manager, or by the general manager to the Mayor⁶¹
- report their concerns through the council's internal reporting policy, complaints handling policy or other associated protocols, and/or
- make a public interest disclosure under the Public Interest Disclosures Act 1994 to the:
 - Independent Commission Against Corruption (concerning corrupt conduct)⁶²
 - o NSW Ombudsman (concerning maladministration)
 - o NSW Auditor General (concerning serious and substantial waste of public money)
 - o Office of Local Government (concerning serious and substantial waste in local government and breaches of pecuniary interest obligations), and/or
 - o Information and Privacy Commissioner (concerning government information contraventions).

Code of Conduct

The Chief Audit Executive is to comply with the council's Code of Conduct, as well as the Code of Ethics in the IPPF.

Breaches of the council's Code of Conduct by the Chief Audit Executive are to be reported in writing to the general manager of the council in the first instance. The general manager should notify the Chair of the Audit, Risk and Improvement Committee of any such allegations and their outcome.

(c) The general manager is to ensure that, if required, the council has adequate internal audit personnel to support the Chief Audit Executive. Councils will be able to appoint in-house internal audit personnel or to completely or partially outsource their internal audit function to an external provider

Regardless of size, each council will be required to have an appropriately resourced internal audit function when section 428A of the Local Government Act commences.

For some councils with larger budgets and higher risks, this will require dedicated internal audit staff to support the Chief Audit Executive to deliver the internal audit function. For other councils, their size and risk profile may not justify additional internal audit staff and the Chief Audit Executive will be sufficient.

For councils that require additional internal audit personnel, options include having a dedicated inhouse team, co-sourcing arrangements, or outsourcing their audits to an external provider.

⁶¹ As required by the *Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW*

Under section 11 of the Independent Commission Against Corruption Act 1988, the Chief Audit Executive must report any suspected corrupt activity to the Independent Commission Against Corruption

In determining the most appropriate option for the delivering the council's internal audit function, the general manager should consider the:

- size of the council in terms of both staffing levels and budget
- geographical and functional distribution of the council's operations
- complexity of the council's core business
- risk profile of the council's operations
- council's integrated planning and reporting framework
- the viability of alternative service delivery models (for example, whether council could attract and retain suitable in-house internal audit staff or experienced contract managers for out-sourced service delivery)
- overall cost of alternative service delivery models, including the salaries and overheads of in-house internal audit personnel compared to the costs of contract management and delivery for outsourced services, and
- capacity of alternative service delivery models to deliver flexibility in the internal audit work plan.

Whichever model a council chooses, the internal audit function, including the appointment of internal audit personnel, is to be overseen by the Chief Audit Executive.

The Chief Audit Executive must be a council employee and cannot be outsourced, other than through a shared arrangement with another council or through a joint or regional organisation of councils.

Employing in-house internal audit personnel

Internal audit personnel report directly to the Chief Audit Executive.

In-house internal audit personnel can be appointed on a full-time or part-time basis. They will be required to comply with the council's Code of Conduct and the Code of Ethics in the IPPF and are to have no executive, managerial or operational powers, authorities, functions or duties except those relating to internal audit. They also cannot have any responsibility for managing any risks or implementing any audit recommendations, including those made by external audit.

Position descriptions for in-house internal audit staff are to require:

- appropriate qualifications
- proficiency in internal audit and accounting principles and techniques (particularly if working extensively with financial information and reports)
- knowledge of economics, management practices, commercial law, taxation, finance, quantitative methods, fraud and internal audit technology, and
- effective interpersonal and communication skills.

Outsourcing internal audits to an external provider

Providing that independence requirements are adhered to, councils can contract their internal audit function to an external internal audit service provider. Examples of providers include private sector accounting firms with a specialist internal audit division, boutique firms that specialise in internal audit, and internal audit contractors.

The advantages of using external providers for internal audit activities include⁶³:

- flexibility
- access to a wide range of expertise
- the ability to access the service as and when required, and
- the ability to pool resources with other councils to purchase external services as part of a shared arrangement.

Disadvantages include loss of corporate knowledge, lack of proximity and possible increased costs.

If a council chooses to outsource its internal audits, the Chief Audit Executive is to be the contract manager of the service and is to ensure that:

- an appropriately qualified external provider is conducting the audit in compliance with relevant standards
- the performance of the external provider is actively monitored, and
- the external provider:
 - o does not undertake audit work regarding operations or services they have been responsible for, or consulted on, within the last two years
 - o is not the same auditor providing council's external audit services
 - o is not the auditor of any contractors of the council (and therefore subject to council's internal audits)
 - o does not undertake other contract work for the council in addition to internal audit
 - o has authority to implement the work program approved by the Audit, Risk and Improvement Committee
 - o is rotated, or some other method is established, to address risks caused from having the same auditors auditing the same unit/functional area over a prolonged period of time, and
 - o uses audit methodologies that comply with the IPPF and are accessible to the council (subject to any licensing restrictions that may be in place).

69

⁶³ Internal Audit in Australia published by The Institute of Internal Auditors - Australia (2016) provides a useful comparison of the advantages and disadvantages of different internal audit function delivery models (page 23 onwards).

Core requirement 5:

Develop an agreed internal audit work program

Proposal

It is proposed that, for each council, the Chief Audit Executive will:

- (a) develop a four-year strategic plan to guide the council's longer-term internal audits in consultation with the governing body, general manager and senior managers. The strategic plan is to be approved by the Audit, Risk and Improvement Committee
- (b) develop an annual risk-based internal audit work plan, based on the strategic plan, to guide the council's internal audits each year. The work plan is to be developed in consultation with the governing body, general manager and senior managers and approved by the Audit, Risk and Improvement Committee, and
- (c) ensure performance against the annual and strategic plans can be assessed.

Description

(a) The Chief Audit Executive is to develop a four-year strategic plan to guide the council's longer-term audits in consultation with the governing body, general manager and senior managers. The strategic plan is to be approved by the Audit, Risk and Improvement Committee

The Chief Audit Executive will be required to develop a strategic plan every four years based on the council's risk profile to ensure that areas or activities with higher risks are audited over the longer term and that no higher risk area or activity is forgotten. This should align with the council's integrated planning and reporting framework and timetable.

The four-year strategic plan is to be developed in consultation with the Audit, Risk and Improvement Committee, governing body, general manager and senior managers. Final approval is to be given by the Committee.

The purpose of the plan is to decide and outline what council areas or activities will be covered in any given year, and if the area/activity is not covered in a given year, when it will be scheduled for review during the four-year period. It is to include:

- a description of the goals/objectives of internal audit
- key organisational issues and risks faced by the council, in order of priority, and
- which council areas will be audited over the four years, prioritised according to risk.

The Chief Audit Executive is to review and update the four-year strategic plan at least annually to ensure that it still aligns with the council's risk profile. This will also ensure that the council remains on track with its audits and any slippage in progress can be quickly addressed.

(b) The Chief Audit Executive is to develop an annual risk-based internal audit work plan, based on the strategic plan, to guide the council's audits each year in consultation with the governing body, general manager and senior managers. The work plan is to be approved by the Audit, Risk and Improvement Committee

The Chief Audit Executive will be required to develop an annual risk-based work plan for the council's internal audits based on:

- the priorities set by the council's four-year internal audit strategic plan
- the council's strategic goals and objectives, developed through the integrated planning and reporting framework
- the information obtained as part of the council's risk assessment process and the council's material risks
- any findings or risks raised by the NSW Auditor-General in its external audits of the council and sector-wide performance audits
- external factors such as industry trends or emerging issues, and
- any special requirements of the Audit, Risk and Improvement Committee.

The annual work plan is to be developed in consultation with the Audit, Risk and Improvement Committee, governing body, general manager, and senior managers. Final approval is to be given by the Committee.

The annual work plan is to identify:

- the key risks facing the council
- the key goals and objectives of the proposed audits
- the audits that will be carried out during the year and rationale for selecting each, having regard to areas of most significant risk to achieving the council's strategic objectives
- the resources needed for each audit (for example, staffing, budget, technology), including any external expertise needed
- the timing and duration of each audit
- the performance measures that will be used to measure against goals and objectives (described below)
- any areas not included in the work plan, which in the opinion of the Chief Audit Executive, should be reviewed, and
- quality assurance activities (where applicable).

The annual work plan is to be flexible enough to allow the Chief Audit Executive to review and adjust it as necessary in response to any changes to the council's risks or operations. Significant changes are to be approved by the Audit, Risk and Improvement Committee.

(c) The Chief Audit Executive is to ensure performance against the annual and strategic plans can be assessed

To establish the quality assurance and improvement program and to collect the data and information required to review the council's internal audit activities:

- the Chief Audit Executive will need to ensure internal audit work plans have performance indicators that can be measured against goals and objectives⁶⁴, and
- the general manager will need to ensure that a data collection or performance management system is established and maintained to collect the data needed to measure the impact of the internal audit function.

Performance indicators are to be set annually by the Audit, Risk and Improvement Committee, in consultation with the Chief Audit Executive and the general manager of the council.

⁶⁴ Internal Audit in Australia published by The Institute of Internal Auditors - Australia (2016) lists a range of examples of performance indicators that councils could consider when selecting their performance indicators

Core requirement 6: How to perform and report internal audits

Proposal

It is proposed that:

- (a) the Chief Audit Executive is to ensure that the council's internal audits are performed in accordance with the IPPF and current Australian risk management standards (where applicable), and approved by the Audit, Risk and Improvement Committee
- (b) the Chief Audit Executive is to develop policies and procedures to guide the operation of the internal audit function, including the performance of internal audits
- (c) the Chief Audit Executive is to report internal audit findings and recommendations to the Audit, Risk and Improvement Committee. Each finding is to have a recommended remedial action and a response from the relevant senior manager/s, and
- (d) all internal audit documentation is to remain the property of, and can be accessed by, the audited council, including where internal audit services are performed by an external provider. It can also be accessed by the Audit, Risk and Improvement Committee, external auditor and governing body of the council (by resolution).

Description

(a) The Chief Audit Executive is to ensure that the council's internal audits are performed in accordance with the IPPF and current Australian risk management standards (where applicable), and approved by the Audit, Risk and Improvement Committee

Each council's internal audits are to be performed in accordance with statutory requirements, and the IPPF (only where the IPPF does not conflict with statutory requirements).

The internal audit methodologies used (that is, the tools or techniques used by internal auditors to conduct internal audits and analyse the information or data obtained) are also to be approved by the Audit, Risk and Improvement Committee.

Where risk information or ratings are used during the internal audit process, they must be developed and applied consistent with current Australian risk management standards. This means the Chief Audit Executive is responsible for ensuring that any risk information used in internal audits or any risk ratings given to internal audit findings and recommendations (for example, the risk of not implementing a recommendation) must be developed and assigned in a way that complies with AS ISO 31000:2018 and is consistent with council's risk management framework.

Performing internal audits

The Chief Audit Executive will be responsible for approving the project plan for each internal audit, supervising how each internal audit is conducted, and for any significant judgements made throughout each internal audit (including those performed by an external provider).

Each audit undertaken is to consist of following steps:

- planning the internal audit which includes:
 - o preliminary research
 - o defining the audit's scope and criteria
 - o defining the audit's objectives
 - o timing
 - o audit budget, and
 - o information needed to perform the audit (for example, access to people, documents, systems)
- performing the internal audit is to consider:
 - o the objectives and purpose of the activity being reviewed
 - o any risks to these objectives and the effectiveness of existing controls
 - o opportunities to improve the efficiency and effectiveness of the activity, how risks are managed and council's performance more broadly
- documenting and reporting the internal audit which includes:
 - o documenting the evidence collected and analysed
 - o producing working papers to support the findings and recommendations made
 - o writing an audit report, and
 - o discussing internal audit results with relevant staff and management.

It is best practice that each internal audit report is to be appropriately supervised and approved by a person not conducting the audit to ensure its findings and recommendations are accurate. Larger councils that employ or contract more than one internal auditor are encouraged to embed this practice into their audit process.

(b) The Chief Audit Executive is to develop policies and procedures to guide the operation of the internal audit function, including the performance of internal audits

The Chief Audit Executive is to ensure that the council develops and maintains policies and procedures to guide the operation of the internal audit function and the performance of internal audits. These policies and procedures should address:

- the structure, resourcing and professional development of the internal audit function
- strategic and annual audit planning
- audit methodology
- audit reports
- ongoing monitoring and reporting
- conducting internal audits and the quality assurance and improvement program
- resolving differences in professional opinion/judgements regarding internal audits
- communication between the governing body of the council, Audit, Risk and Improvement Committee, general manager, Chief Audit Executive and council staff - particularly of noncompliance or sensitive information, and
- information management including document retention, security and access to audit reports.

The Audit, Risk and Improvement Committee is to review and provide advice to the general manager of the council on all internal audit policies and procedures before they are finalised.

Where the internal audit function is outsourced, the Chief Audit Executive will be required to ensure that the external provider is consulted in the development and/or maintenance of internal audit policies and procedures.

(c) The Chief Audit Executive is to report internal audit findings and recommendations to the Audit, Risk and Improvement Committee. Each finding is to have a recommended remedial action and a response from the relevant senior manager/s

The Chief Audit Executive will be required to report the findings and recommendations of internal audits to the Audit, Risk and Improvement Committee at the end of each audit.

Each internal audit report written must include:

- necessary background information, including the objective and scope of the audit
- the audit processes and methodology used
- findings and recommendations based on the audit's objectives, prioritised according to their level of risk
- recommended remedial actions to address problems identified, which:
 - o are risk-rated (that is, clearly show the severity of risks identified by the audit, focus management attention on high risks that need prompt attention and allow resources to be first applied to high risks rather than low risks), and
 - o have been agreed to by the general manager and responsible senior managers of the council.

The Chief Audit Executive will be responsible for ensuring that each internal audit report (or supporting working papers) contains sufficient information that would enable another internal or external auditor to reach the same conclusions.

A copy of each internal audit report is to be provided to the Audit, Risk and Improvement Committee at the Committee's next quarterly meeting, or distributed out-of-session before the next meeting.

The council's response to internal audit report recommendations

The Chief Audit Executive is to provide a draft of each report to the responsible senior manager/s so that a response to each recommendation from each relevant business unit can be included in the final report that is submitted to the Audit, Risk and Improvement Committee. The general manager will have a maximum of ten working days to approve and provide the council's response to the Committee.

Responsible senior managers will have the right to reject recommended corrective action/s on reasonable grounds, but must discuss their position with the Chief Audit Executive before finalising the council's position with the general manager. Reasons for rejecting the recommendation/s must be included in the final audit report.

For those recommendations that are accepted, responsible senior managers will be required to ensure that:

- an action plan is prepared for each recommendation that assigns responsibility for implementation to a council staff member/s and timeframes for implementation
- all corrective actions are implemented within proposed timeframes, and
- the Chief Audit Executive is provided regular updates, or as otherwise reasonably requested by the Chief Audit Executive, in relation to the implementation of the internal audit action plan.

Where corrective actions are not implemented within agreed timeframes, the Audit, Risk and Improvement Committee can invite the responsible senior manager to explain why implementation has not occurred and how the resulting risk is being addressed in the interim.

The Audit, Risk and Improvement Committee can raise any concerns it may have about the council's response to internal audit reports in the committee's quarterly report to the governing body.

(d) All internal audit documentation is to remain the property of, and can be accessed by, the audited council, including where internal audit services are performed by an external provider. It can also be accessed by the Audit, Risk and Improvement Committee, external auditor and the governing body of the council (by resolution)

The Chief Audit Executive will be responsible for ensuring internal audit information (in whatever form) is documented, retained and controlled in accordance with the council's policies and any legislative or IPPF requirements. Internal audit documentation includes any information or documents produced or obtained by council's internal audit function that relates to the internal audit activities of the council.

All audit documentation is to remain the property of the audited council and can be accessed by the audited council, the Audit, Risk and Improvement Committee and the external auditor. This includes where the internal audits are performed by an external provider. Authorised access to internal audit documents must be outlined in council's Internal Audit Charter.

The governing body can also request access to internal audit information via a resolution of the council. The Audit, Risk and Improvement Committee is to decide the governing body's request. Any disputes between the governing body and the committee are to be referred to the Office of Local Government for resolution.

Apart from external audit purposes, it is envisaged that internal audit reports will be for internal council use only, subject to the requirements of the *Government Information (Public Access) Act 2009*. Approval must be obtained from Chief Audit Executive or Audit, Risk and Improvement Committee before internal audit reports are provided to any other person or external party.

The Chief Audit Executive or the Audit, Risk and Improvement Committee must obtain approval from the general manager prior to releasing any internal audit documents to external parties.

The general manager's approval is not required where the information is being provided to an external oversight or investigative such as, but not limited to, the Office of Local Government, the Audit Office, the Independent Commission Against Corruption or the NSW Ombudsman, for the purposes of informing that agency of a matter that may warrant its attention.

Core requirement 7: Undertake ongoing monitoring and reporting

Proposal

It is proposed that an ongoing monitoring and reporting system be established where the:

- (a) Audit, Risk and Improvement Committee is advised at each quarterly meeting of the internal audits undertaken and progress made implementing corrective actions
- (b) governing body of the council is advised after each quarterly meeting of the Audit, Risk and Improvement Committee of the internal audits undertaken and the progress made implementing corrective actions, and
- (c) Audit, Risk and Improvement Committee can raise any concerns with the governing body of the council at any time through the Chair.

Description

(a) The Audit, Risk and Improvement Committee is to be advised at each quarterly meeting of the internal audits undertaken and progress made implementing corrective actions

Ongoing monitoring and reporting to the Audit, Risk and Improvement Committee is essential to ensure that any emerging problems are identified and rectified quickly before their consequences escalate, especially in relation to material risks. It will also ensure that a clear message is sent that these matters are important and are being reviewed at the most senior levels in council.

To ensure this occurs, the Chief Audit Executive is to establish and maintain an ongoing monitoring system to track the internal audits undertaken within the council and follow-up the council's progress in implementing corrective actions. For smaller councils, this could simply be in a table or spreadsheet format.

The Chief Audit Executive is to ensure that the Audit, Risk and Improvement Committee is advised at each of the Committee's quarterly meetings of

- the number of internal audits completed during that quarter, including providing copies of the audit reports and advice on their findings
- progress in implementing the annual work plan
- progress made implementing corrective actions arising from any past internal audits, and
- any concerns the Chief Audit Executive may have.

The way this information is communicated is to be decided by the Audit, Risk and Improvement Committee in consultation with the Chief Audit Executive.

(b) The governing body of the council is to be advised after each quarterly meeting of the Audit, Risk and Improvement Committee of the internal audits undertaken and the progress made implementing corrective actions

Ongoing monitoring and reporting by the Audit, Risk and Improvement Committee to the governing body of the council is essential for accountability. It will also ensure that the governing body is kept abreast of the internal audits conducted and any emerging issues that may influence the strategic direction of the council or the achievement of the council's goals and objectives.

The governing body of the council is to be advised of the internal audits undertaken and progress made implementing corrective actions and any significant or emerging risk issues after each quarterly meeting of the Audit, Risk and Improvement Committee.

The governing body and the Audit, Risk and Improvement Committee is to decide how the Committee's advice is to be communicated. Options include providing the governing body with:

- a formal monitoring report from the Committee this report would be for information only and a decision at the council meeting would not be required
- copies of the minutes of the Audit, Risk and Improvement Committee's meeting, or
- where appropriate, copies of the relevant agenda papers considered by the Committee at its quarterly meeting.

(c) The Audit, Risk and Improvement Committee can raise any concerns with the governing body of the council at any time through the Chair

Where the Audit, Risk and Improvement Committee is concerned about the progress of implementing corrective actions, or an internal audit-related issue arises, the Committee will be able to provide an additional report to the governing body of the council. This will ensure that the governing body is fully aware of the risks posed to the council.

The Chair of the Audit, Risk and Improvement Committee can also request at any time a meeting with the governing body of the council to discuss an internal audit-related issue.

Similarly, the governing body of the council can request by resolution at any time to meet with the Chair of the Audit, Risk and Improvement Committee regarding an internal audit-related issue.

Core requirement 8:

Establish a quality assurance and improvement program

Proposal

It is proposed that:

- (a) the Chief Audit Executive is to establish a quality assurance and improvement program which includes ongoing monitoring and periodic self-assessments, an annual review and strategic external review at least once every council term, and
- (b) the general manager is to publish in the council's annual report an annual attestation certificate indicating whether the council has complied with the core requirements for the Audit, Risk and Improvement Committee and the internal audit function.

Quality assurance and improvement program

Ongoing monitoring and periodic self-assessment

Performed by the Chief Audit Executive

Annual review

- Annual internal audit review by the Chief Audit Executive – reported to the Audit, Risk and Improvement Committee
- 2. Annual assurance report by the Audit, Risk and Improvement Committee of the factors the Committee must consider under s428 A of the Local Government Act- reported to the governing body of the council
- 3. Annual Attestation Certificate prepared by the general manager and published in council's annual report. Indicates if council's internal audit function complies with statutory requirements.

This is in addition to the risk management annual attestation certificate required as part of council's risk management framework Strategic review performed at least once every council term

Review by an external
assessor on the
effectiveness of the
Audit, Risk and
Improvement Committee
and the internal audit
function - reported to the
Audit, Risk and
Improvement Committee
and governing body of
the council

Description

(a) The Chief Audit Executive is to establish a quality assurance and improvement program which includes ongoing monitoring and periodic self-assessments, an annual review and strategic external review at least once each council term

The Chief Audit Executive is to ensure that there is a documented and operational quality assurance and improvement program for assurance activities that is reported to the governing body of the council. The quality assurance and improvement program is to consist of three key elements:

- 1. Ongoing monitoring and periodic self-assessments by the Chief Audit Executive
- 2. An annual review at the end of each financial year by the:
 - Chief Audit Executive on the performance of the internal audit function for the Audit, Risk and Improvement Committee, and
 - Audit, Risk and Improvement Committee on its responsibilities under section 428A of the Local Government Act for the governing body of the council,
- A strategic external review at least once every council term (i.e. four years) by an external party
 which is reported to the Audit, Risk and Improvement Committee and the governing body of the
 council.

These are described in greater detail below.

Ongoing monitoring and periodic self-assessments

The Chief Audit Executive is to undertake ongoing monitoring and periodic self-assessments of the internal audit function throughout the year to validate that it is operating effectively and delivering quality and value.

Monitoring and self-assessments could consider, for example:

- compliance with regulatory requirements and the IPPF
- the quality and supervision of audit work performed
- standardised work practices
- communication practices
- timeliness of audit activities
- any professional development or training required
- client satisfaction and the degree to which stakeholder expectations are being met
- the adequacy of internal audit policies
- progress towards key performance indicators, and
- any weaknesses or areas that need improvement.

The Chief Audit Executive is to implement any changes necessary to address deficiencies identified through ongoing monitoring and periodic self-assessment.

Annual performance review

The annual review (performed at the end of each financial year) is to assess the assurance activities that occurred over the preceding financial year. It is to consist of the following two elements, which together will ensure that the council's assurance activities are comprehensively assessed and any issues identified.

1. An annual internal audit review by the Chief Audit Executive for the Audit, Risk and Improvement Committee which assesses:

- how effectively council has implemented the internal audit function (for example, that findings are communicated and implemented appropriately, resourcing is sufficient, the Internal Audit Charter remains appropriate etc.)
- how the internal audit function has performed against the annual work plan and performance targets, and
- how the internal audit function and activities comply with statutory requirements and the IPPF and
- the independence of the internal audit function.

This will ensure that the Audit, Risk and Improvement Committee receives the Chief Audit Executive's advice on the effectiveness of the internal audit function each year. It will also enable the general manager to complete the council's annual attestation certificate (see below).

2. An annual assurance review by the Audit, Risk and Improvement Committee for the governing body of the council which includes:

- a summary of the work the Committee performed to discharge its responsibilities during the preceding year
- advice on the appropriateness of the Committee's terms of reference (where they contain additional clauses that are not included in the Model Terms of Reference)
- an overall assessment of the following aspects of the council's operations in accordance with section 428A of the Local Government Act:
 - o compliance
 - o risk management
 - o fraud control
 - o financial management
 - o governance
 - o implementation of the strategic plan, delivery program and strategies
 - o service reviews
 - o collection of performance measurement data by the council, and
 - o any other matters prescribed by the regulation (i.e. internal audit), and
- information to help the council improve the performance of its functions.

This will ensure that the governing body of council receives the Audit, Risk and Improvement Committee's independent assurance about these matters in accordance with legislative requirements each year. This will support the governing body in the exercise of its oversight role under the Local Government Act.

The general manager and senior managers are to be advised of the findings and outcomes of the annual review and the Chief Audit Executive is to develop an action plan for the Audit, Risk and Improvement Committee, governing body of the council and general manager to address any issues identified in the annual review.

Strategic external review

An external assessment of council's assurance activities is to be conducted at least once every council term (i.e. four years) by a qualified, independent assessor according to the IPPF quality assessment framework. Requiring compliance with the IPPF will ensure that each council can have confidence in the findings and that councils are assessed consistently across the sector.

The strategic review is to be commissioned by the governing body of the council and reported to the Audit, Risk and Improvement Committee, governing body and the general manager. The Chief Audit Executive is to develop an action plan for the Committee, governing body of the council and general manager to address any issues identified in the external review.

The external review is to include the following two components:

the effectiveness of the Audit, Risk and Improvement Committee, including:

- whether the Committee has fulfilled its terms of reference
- the appropriateness of the Committee's terms of reference (where the Committee's terms of reference contain additional provisions not contained in the Model Terms of Reference)
- the performance of Committee members
- the way the Committee, external auditor, council and internal audit function work together to manage risk and support the council and how effective this is, and
- whether the Committee has contributed to the improvement of the factors identified in section 428A of the Local Government Act.

The external review is to address the collective performance of the Audit, Risk and Improvement Committee and the individual performance of each member and the Chair. The review is to consider feedback on each member's performance by the Chair of the Committee, mayor and general manager.

This component of the four-yearly external review will provide accountability and ensure that the governing body of the council can assess how the Audit, Risk and Improvement Committee is functioning and whether any changes to the Committee's terms of reference or membership are required.

In considering the outcomes of the external strategic review, the governing body of the council will be able to request the Chair of the Committee to address the council and answer any questions about the operation of the Committee.

• the effectiveness of the internal audit function, including:

- the independence of the internal audit function
- whether resourcing is sufficient
- whether the internal audit function complies with statutory requirements and the IPPF
- the appropriateness of annual work plans and strategic plans based on the risks facing the council
- whether the internal audit function adds value and delivers outcomes for the council, and
- the appropriateness of the Internal Audit Charter (where it includes additional provisions not contained in the Model Internal Audit Charter).

This component of the strategic external review will ensure that the governing body of the council is able to assess whether the internal audit function is effective and adding value to the council and whether any changes are required. The governing body of the council will be able to request the Chair of the Audit, Risk and Improvement Committee and/or the Chief Audit Executive to address the council and answer any questions about the internal audit function.

External assessor

The governing body will be able to commission the strategic external review by either engaging an external assessor to undertake the assessment, or by undertaking a self-assessment and engaging a qualified external reviewer to conduct an independent evaluation of that self-assessment.

The external assessor must have, at a minimum:

- no real or perceived conflicts of interest
- certification as an internal auditor
- knowledge of internal audit and external assessment practices, and
- sufficient recent experience in internal audit at a management level which demonstrates a working knowledge of statutory requirements and the IPPF.

The strategic review report is to outline the qualifications of the assessor and any potential conflicts of interest.

(b) The general manager is to publish in the council's annual report an annual attestation certificate indicating whether the council has complied with the core requirements for the Audit, Risk and Improvement Committee and internal audit function

The general manager will be required to annually publish an attestation statement in the council's annual report indicating whether, during the prior financial year, the council was 'compliant', 'non-compliant' or 'in transition' against each of the core requirements of the Audit, Risk and Improvement Committee and council's internal audit framework. The certificate can be combined with the risk management attestation certificate required as part of the council's risk management framework.

Compliance status is to be self-assessed based on the results of the annual performance review. The following table lists the proposed compliance categories and follow-up action that will be required.

Councils that are 'non-compliant' can apply to the Chief Executive Officer of the Office of Local Government for an exemption from statutory requirements. The Chief Executive Officer will be able to grant exemptions to any or all statutory requirements and will be able to impose conditions on the exemption given.

An exemption will only be granted where:

- a council cannot comply because of temporary extenuating circumstances, substantial structural constraints or resourcing constraints that will materially impact the council's operating budget
- the council is not able to enter into a shared arrangement with another council/s in order to comply (for internal audit only), and
- current or proposed alternative arrangements will achieve outcomes equivalent to the requirements.

The maximum period an exemption can apply will be 24 months (two reporting periods). Any further exemption must be reapplied for.

The council's application for an exemption must:

- be in writing
- be made prior to the reporting period in which full compliance with statutory requirements cannot be achieved or as soon as circumstances arise during the reporting period that will make full compliance throughout the reporting period impossible
- provide the reasons why the council cannot comply with statutory requirements, and
- describe and demonstrate the council's efforts to implement alternative arrangements and how these will achieve an outcome equivalent to the requirements.

The general manager is to ensure that a copy of the attestation statement and the exception approval from the Chief Executive Officer of the Office of Local Government (if applicable) is published in the council's annual report. A copy of the attestation statement is to also be provided to the Office of Local Government.

The Chair of the Audit, Risk and Improvement Committee is to also sign the attestation statement where they agree that it is a true and accurate reflection of the council's compliance status against statutory requirements.

Proposed compliance status for attestation certificates

Definition	Further requirements
	COMPLIANT
The council is 'compliant' if it has implemented and maintained practices consistent with statutory requirements for the whole of the financial year	The council is to provide a copy of its attestation statement to the Office of Local Government and publish the attestation certificate in the council's annual report.
	NON-COMPLIANT
 it has not implemented and maintained a risk management framework or internal audit practices consistent with statutory requirements for the whole of the financial year, or the council's Audit, Risk and Improvement Committee and internal audit function has been in place for more than five years but has not been externally assessed (for internal audit only) 	 The general manager will be required to apply to the Chief Executive Officer of the Office of Local Government for an exemption from statutory requirements The council's application for an exemption must: be in writing be made prior to the reporting period in which full compliance with statutory requirements cannot be achieved or as soon as circumstances arise during the reporting period that will make full compliance throughout the reporting period impossible provide the reasons why the council cannot comply with statutory requirements, and describe and demonstrate the council's efforts to implement alternative arrangements and how these will achieve an outcome equivalent to the requirements. The general manager must ensure a copy of the attestation statement and the Chief Executive Officer's exemption approval (if applicable) is published in the council's annual report. A copy of the council's attestation statement is also to be sent to the Office of Local Government. The council will also have to explain on the attestation statement why it is not compliant and if it has received an exemption from the Chief Executive Officer.
	IN TRANSITION
The council is 'in transition' if it is transitioning its operations to the statutory requirements during the financial year because: • it is a newly constituted council established after the risk management and internal audit requirements of the Local Government Act and Regulation came into force (a two-year transition period will be granted in this instance), or • the requirements that are not complied with have been newly prescribed within the last two years and the council is in the process of implementing them.	Councils taking advantage of the transitional arrangements will not be required to apply for approval from the Chief Executive Officer of the Office of Local Government. However, councils must be actively taking steps during the two-year (for internal audit) and five-year (for risk management) transitional period to commence implementation and detail how the council plans to achieve compliance within this period. The council is to provide a copy of its attestation statement to the Office of Local Government.

Core requirement 9:

Councils can establish shared internal audit arrangements

Proposal

It is proposed that:

- (a) a council can share all or part of its internal audit function with another council/s by either establishing an independent shared arrangement with another council/s of its choosing, or utilising an internal audit function established by a joint or regional organisation of councils that is shared by member councils
- (b) the core requirements that apply to stand-alone internal audit functions will also apply to shared internal audit functions, with specified exceptions that reflect the unique structure of shared arrangements, and
- (c) the general manager of each council in any shared arrangement must sign a 'Shared Internal Audit Arrangement' that describes the agreed arrangements.

Description

(a) A council can share all or part of its internal audit function with another council/s by either establishing an independent shared arrangement with another council/s of its choosing, or utilising an internal audit function established by a joint or regional organisation of councils that is shared by member councils

Councils that do not want to establish a stand-alone internal audit function will be able to:

- share all or part of their internal audit function with another council/s of their choosing as part of an independent shared arrangement, or
- utilise a joint internal audit function established by their joint or regional organisation of councils that is shared with other member councils.

These options will:

- assist smaller councils to implement their internal audit function in a more cost-effective way where:
 - o a full-time committee, Chief Audit Executive or internal audit function is not necessary
 - o the council's risk profile does not warrant stand-alone arrangements, and/or
 - o the cost of having a stand-alone arrangements will significantly and unacceptably impact the council's operating budget
- assist councils in remote locations that may find it difficult to employ or appoint the suitably qualified personnel that are necessary to support a stand-alone internal audit function
- allow councils to access a larger resource pool than would be available to a single council
- create efficiencies through common systems, shared knowledge and internal audit tools, and
- potentially lower audit costs.

When deciding the most appropriate way to establish a council's internal audit function, the general manager should consider the viability and capacity of a shared Audit, Risk and Improvement Committee, Chief Audit Executive or internal audit function to meet their responsibilities given the:

- size of the council in terms of both staffing levels and budget
- geographical and functional distribution of the council's operations
- complexity of the council's core business

- risk profile of the council's operations
- expectations of stakeholders, and
- likely demands placed on the committee, Chief Audit Executive or internal audit function by other councils in the shared arrangement.

A shared arrangement should only be established where the shared internal audit function can maintain a high level of understanding and oversight of each council's operations and internal audit function, as well as effective working and reporting relationships with the general manager and governing bodies of each council.

(b) The core requirements that apply to stand-alone internal audit functions will also apply to shared internal audit functions, with specified exceptions that reflect the unique structure of shared arrangements

The majority of the core requirements outlined in this discussion paper that apply to stand-alone internal audit functions will also apply to shared internal audit arrangements.

This means that any shared internal audit function must operate as an individual resource for each council that meets each council's unique internal audit needs. In terms of roles and responsibilities:

- the **Audit**, **Risk and Improvement Committee** is to operate as an individual committee for each council in any shared arrangement ⁶⁵. This includes the committee:
 - o providing independent assurance and oversight for each council
 - o endorsing each council's Internal Audit Charter, annual work plan and four-year strategic plan
 - o holding individual meetings for each council that are separately minuted 66 and observers being invited to only attend that part of the committee meeting that relates to their council
 - o liaising with the respective governing bodies and general managers of each council in relation to that council's internal audit issues
 - o approving individual performance indicators for each council based on that council's needs and operations
 - o fulfilling the requirements of each council's quality assurance and improvement program and conducting a separate annual review for each individual council based on that council's internal audit activities which is reported to the governing body of that council
 - o maintaining separate and confidential information for each council
- the **Chief Audit Executive** (who may be employed by one of the participating councils or by a joint or regional organisation of councils) is to work separately with each council in any shared arrangement to implement the internal audit function for that council. This includes the Chief Audit Executive:
 - o liaising with the governing body and general manager of each separate council about that council's internal audit activities
 - o individually developing and implementing the annual work plan and four-year strategic plan for each council, based on each council's individual requirements and in consultation with that council's general manager
 - o developing and maintaining internal audit policies and procedures for each council based on that council's needs and operations

Under the NSW Government's prequalification scheme, membership on any shared Audit, Risk and Improvement Committee will count as one towards the limit of five memberships allowed for a committee member

Individual meetings for each council can be held sequentially but joint or shared meetings discussing multiple councils must not be held (apart from common agenda items, for example, the Audit, Risk and Improvement Committee's terms of reference, Internal Audit Charter etc.)

- o conducting the individual audits of each council
- o confirming the implementation by the council of corrective actions that arise from the findings on internal audit activities
- o submitting to each respective council an individual report after each internal audit and liaising with the general manager of each respective council (and governing body where necessary) on that council's internal audit issues
- o managing any contractual arrangements for externally provided internal audit personnel on behalf of each council in the shared arrangement
- fulfilling the requirements of each council's quality assurance and improvement program and conducting a separate annual review for each individual council based on that council's internal audit activities which is reported separately to the Audit, Risk and Improvement Committee
- o attending the Audit, Risk and Improvement Committee meetings of each respective council on behalf of that council
- o maintaining separate and confidential information for each council
- o providing independent assurance and oversight for each council, and
- **internal audit personnel** (who may be employed by one of the participating councils or by a joint or regional organisation of councils or supplied through an external provider) are to operate as an individual internal auditor/internal audit team for each council in any shared arrangement. This includes internal audit personnel conducting the individual internal audits of each council.

Given there are multiple councils and therefore multiple decision-making bodies involved, shared arrangements will have a number of unique requirements that will be different to those that apply to a stand-alone internal audit function. These are described below.

Unique requirements for independent shared arrangements

Decision-making body

The governing body and general manager of a council are the key decision-makers in a council in relation to internal audit. However, given that any shared arrangement will have more than one governing body and general manager, decision-making in relation to a shared internal audit function is likely to be administratively complex.

To simplify and streamline decision making, councils in an independent shared arrangement will be required to establish a committee comprising of councillors from each of the participating councils under section 355 of the Local Government Act. This committee will make the following decisions (where applicable) about the Audit, Risk and Improvement Committee, Chief Audit Executive or internal audit function that would otherwise be made by the governing body of each council, and each council will be required to delegate these decisions to the committee:

- approving the Internal Audit Charter (after endorsement by the Audit, Risk and Improvement Committee), so it can then be adopted by each individual council
- determining the size of the shared Audit, Risk and Improvement Committee
- appointing and dismissing members and the Chair of the shared Audit, Risk and Improvement Committee
- approving the terms of reference of the Audit, Risk and Improvement Committee (after endorsement by the Committee), so it can then be adopted by each individual council, and
- approving internal audit policies and procedures (in consultation with the Audit, Risk and Improvement Committee and the general managers of each participating council), so they can then be adopted and implemented by each individual council.

Where an Audit, Risk and Improvement Committee is shared, each council in the shared arrangement will still be required to adopt and implement their own Internal Audit Charter, terms of reference for the Audit, Risk and Improvement Committee, and internal audit policies and procedures.

Committee members will be required to consult with other members of the governing body of their council on any decisions made. All other functions assigned to the governing body of a council in core requirements 1-8 will remain with each individual council.

Auspicing body

Where the Chief Audit Executive and other internal audit personnel are shared by councils, these positions must be employed by one of the participating councils in the shared arrangement and located together to work effectively. The Chief Audit Executive must also report administratively to the general manager of the council that employs them.

This will create greater administrative efficiency by reducing reporting and communication lines. It will also ensure that:

- the Chief Audit Executive reports administratively to one general manager on behalf of all councils in the independent shared arrangement
- the Chief Audit Executive, in-house internal audit staff and secretariat staff will be employees of, and located at the auspicing council and have access to necessary administrative and HR support, and
- the Chief Audit Executive and internal audit staff will be subject to the Code of Conduct of the auspicing council.

Administrative responsibility and oversight of the shared internal audit function should be exercised by an administrative oversight committee comprising of all general managers of the participating councils.

The administrative oversight committee will have the following responsibilities in relation to the Audit, Risk and Improvement Committee:

- ensuring adequate procedures are in place to protect the independence of the Audit, Risk and Improvement Committee
- overseeing arrangements for secretariat support for the Audit, Risk and Improvement Committee, and
- receiving written declarations from members that they do not have conflicts of interest that may preclude them from serving on the Audit, Risk and Improvement Committee.

The administrative oversight committee will also have the following responsibilities in relation to the Chief Audit Executive and internal audit staff:

- recommending the appointment and dismissal of the Chief Audit Executive (in consultation with the Audit, Risk and Improvement Committee and governing bodies of each council) – the ultimate decision will be made by the employing general manager, and
- recommending any changes impacting the employment of the Chief Audit Executive (in consultation with the Audit, Risk and Improvement Committee) – the ultimate decision will be made by the employing general manager.

Allegations of breaches of the auspicing council's Code of Conduct by the Chief Audit Executive or internal audit staff are to be dealt with by the auspicing general manager, in consultation with the other general managers.

The general managers of each council will be required to attend the Audit, Risk and Improvement Committee meetings related to their council and to undertake all other functions in relation to internal audit referred to general managers in core requirements 1-8.

Unique requirements for joint/regional organisation shared arrangements

Decision-making body

The member councils of a joint or regional organisation are to delegate their decision making authority in relation to internal audit under section 377 of the Local Government Act to the Board of their joint or regional organisation of councils. The Board will make the decisions that would have otherwise been made by the governing body of each council. This includes:

- adopting the Internal Audit Charter on behalf of each member council (after endorsement by the Audit Risk and Improvement Committee)
- appointing and dismissing members and the Chair of the shared Audit, Risk and Improvement Committee
- adopting the terms of reference of the Audit, Risk and Improvement Committee on behalf of each member council (after endorsement by the Audit, Risk and Improvement Committee), and
- adopting internal audit policies and procedures on behalf of each member council (in consultation with the Audit, Risk and Improvement Committee and the general managers of each participating council).

All other functions assigned to the governing body of a council in core requirements 1-8 will remain with each individual council.

Auspicing body

The shared internal audit function is to be undertaken on behalf of member councils by the joint or regional organisation of councils. This will mean that:

- the Chief Audit Executive will report administratively to the executive officer of the joint/regional organisation
- the Chief Audit Executive, in-house internal audit staff and secretariat staff will be employees of
 the joint or regional organisation. The Chief Audit Executive and in-house internal audit staff may
 be located at the joint or regional organisation or at one of the member councils and have access
 to necessary administrative and HR support supplied through the joint or regional organisation or
 council, and
- the Chief Audit Executive and internal audit staff will be required to comply with the Code of Conduct of the joint or regional organisation⁶⁷.

The executive officer of the joint/regional organisation will also, on behalf of, and in consultation with each general manager in the shared arrangement, take on the administrative responsibility of some aspects of the shared internal audit function.

In relation to the Audit, Risk and Improvement Committee, this includes:

- determining the size of the Audit, Risk and Improvement Committee
- ensuring adequate procedures are in place to protect the independence of the Audit, Risk and Improvement Committee
- arranging secretariat support for the Audit, Risk and Improvement Committee, and
- receiving written declarations from members that they do not have conflicts of interest that may
 preclude them from serving on the Audit, Risk and Improvement Committee.

Where the Code of Conduct of the joint or regional organisation differs from the Model Code of Conduct, the Model Code of Conduct will apply.

In relation to the Chief Audit Executive and internal audit staff, this includes:

- appointing and dismissing the Chief Audit Executive (in consultation with the Audit, Risk and Improvement Committee and governing bodies of each council)
- deciding any changes that may impact the employment of the Chief Audit Executive (in consultation with the Audit, Risk and Improvement Committee), and
- dealing with breaches of the joint/regional organisation's code of conduct by the Chief Audit Executive or internal audit staff.

The general manager of each council will be required to attend the Audit, Risk and Improvement Committee meetings that relate to their council and exercise all other functions of the general managers in relation to internal audit described in core requirements 1-8.

Internal audit requirements for joint organisations

It is important to note that, like councils, joint organisations will also be required to appoint an Audit, Risk and Improvement Committee and have an internal audit function.

The Audit, Risk and Improvement Committee appointed by the joint organisation on behalf of member councils is therefore also to operate as the Audit, Risk and Improvement Committee for the joint organisation and the Chief Audit Executive appointed by the joint organisation is also to oversee the internal audit function for the joint organisation in addition to member councils.

Fees for shared Audit, Risk and Improvement Committee members

The following fee structure that currently applies under the NSW Government's prequalification scheme for Audit and Risk Committee Chairs and Members will apply to all shared arrangements, subject to any change.

Shared Audit, Risk and Improvement Committees	Fee category (based on stand-alone internal audit functions)	Chair fee (excluding GST)	Member fee (excluding GST)
Up to and including three small councils	Medium	\$16,213 per annum	\$1,621 per meeting day including preparation time
Two or more medium councils	Large	\$20,920 per annum	\$2,092 per meeting day including preparation time
Any combination of small and medium councils	Large	\$20,920 per annum	\$2,092 per meeting day including preparation time

(c) The general manager of each council in any shared arrangement must sign a 'Shared Internal Audit Arrangement' that describes the agreed arrangements

The general manager of each council in any shared arrangement will be required to sign a 'Shared Internal Audit Resourcing Agreement' with the other councils in the shared arrangement which agrees the following components.

Shared Internal Audit Resourcing Agreement

Issue	Components to be agreed by councils
Audit, Risk and Improvement Committee	 Number of committee members Term of committee membership Process for appointing and dismissing the Chair and committee members, including skills and capability requirements Content, approval and review of the committee's terms of reference Process for reviewing the committee's performance Secretariat support arrangements for the committee The committee's meeting schedule, including the sequencing of meetings to cover each council's requirements and when and how emergency committee meetings can be called Process for the committee to request others to attend committee meetings or provide additional information about internal audit matters Arrangements for the provision of information by the committee to the Chief Audit Executive and internal audit personnel, as well as the governing body and general manager of each council
Auspicing arrangements	 What the auspicing arrangements will be What the responsibilities of each council will be Roles, responsibilities and reporting lines of the internal audit function
Chief Audit Executive and internal audit personnel	 Whether internal audit personnel are in-house or contracted through an external provider Chief Audit Executive and internal audit personnel's purpose, scope, authority, delegations, role, responsibilities and reporting lines HR matters such as recruitment processes, disciplinary matters, employment conditions, HR support, remuneration Process for reviewing the performance of the Chief Audit Executive and internal audit personnel as part of each council's quality assurance and improvement program
Administrative arrangements	 Content of the Internal Audit Charter as well as how it is approved and reviewed How costs will be determined, administered and shared How disputes between councils in the shared arrangement will be resolved How conflicts of interest, disciplinary or performance issues regarding Audit, Risk and Improvement Committee members, the Chief Audit Executive and internal audit personnel are to be dealt with Information management and record-keeping What information, if any, will be shared between councils How much time the internal audit function spends on each council Composition of the s 355 committee and the process for appointing and removing members (for independent shared arrangements) Establishment and operation of the general manager's administrative oversight committee (for independent shared arrangements) Process for agreeing contractual arrangements with external providers Procedures and safeguards to be put in place to preserve the independence of the internal audit function

NEXT STEPS

Have Your Say

In developing the risk management and internal audit framework proposed in this paper, the Office of Local Government has considered the recommendations of various inquiries conducted by the Local Government Acts Taskforce, the Independent Local Government Review Panel and the Independent Commission Against Corruption, and the internal audit frameworks of other jurisdictions.

The Institute of Internal Auditors, NSW Treasury, the Department of Finance, Services and Innovation, the NSW Audit Office and the Executive of the Local Government Internal Auditors Network have also provided valuable feedback on earlier drafts of this discussion paper.

We now want to hear from you.

Key questions to consider

- Will the proposed internal audit framework achieve the outcomes sought?
- What challenges do you see for your council when implementing the proposed framework?
- Does the proposed framework include all important elements of an effective internal audit and risk framework?
- Is there anything you don't like about the proposed framework?
- Can you suggest any improvements to the proposed framework?

Submissions may be made in writing by 31 December 2019 to the following addresses.

Post Locked Bag 3015 NOWRA NSW 2541 Email: olg@olg.nsw.gov.au

Submissions should be marked to the attention of the Council Governance Team.

Next steps

Feedback will be considered when finalising the risk management and internal audit framework.

Once finalised, the Office of Local Government will notify councils of the new requirements and the steps and timeline for implementation.

Further information

For more information, please contact the Council Governance Team on (02) 4428 4100 or via email at olg@olg.nsw.gov.au.

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APPENDIX 1 – TIMELINE OF KEY INFLUENTIAL EVENTS

When	Who	What
2008	Office of Local Government ⁶⁸	Internal Audit Guidelines for local government in NSW The Office of Local Government issued Internal Audit Guidelines under section 23A of the Local Government Act. The Guidelines sought to assist councils to put into place effective risk management and internal audit processes. This was in recognition that many councils wished to have a risk management framework and internal audit function and wanted guidance on how to achieve this. The Guidelines included: • the aims and objectives of risk management and internal audit in councils • how a risk management framework and an internal audit function is to be overseen, structured and operated • the roles, responsibilities and reporting lines of relevant staff • the need for internal audit charters, and • the establishment, structure and function of audit and risk management committees.
2010	Office of Local Government ⁶⁹	Internal Audit Guidelines for local government in NSW - updated 70 A survey of councils conducted by the Office of Local Government to ascertain the progress made towards implementing the 2008 Guidelines found that while more than 50% of councils reported that they had an internal audit function, there were areas where the Guidelines needed to be clarified to improve compliance. The Guidelines were updated to: • provide more guidance on the requirements for an independent audit committee • expand the conflicts of interest provisions, and • clarify the role of the general manager in the internal audit function.

⁶⁸ Then the Department of Local Government

⁶⁹ Then the Division of Local Government in the Department of Premier and Cabinet

⁷⁰ Division of Local Government (2010) *Internal Audit Guidelines*

When	Who	What
2011	Independent Commission Against Corruption	Burwood Council Inquiry The Independent Commission Against Corruption found in its Investigation into alleged corrupt conduct involving Burwood Council's General Manager and others?1 that the absence of internal audit at Burwood Council was a significant factor that allowed corruption to occur at that council. The Commission recommended that: • internal audit be legislatively mandated for local councils in NSW, and • in the case of small councils, the possibility of councils sharing an internal audit function should also be provided as an option. The Commission also made a number of specific recommendations regarding internal audit functions in NSW councils: • it be made a legislative requirement that council's internal audit committee be able to meet without the general manager present as this would preserve its capacity to meet as an independent body • it be made a legislative requirement that the general manager of a council report to the governing body any decision to dismiss an internal auditor and the reason for the decision. This will help protect internal auditors from dismissal as a result of conducting an audit involving the conduct of a general manager • the Local Government Act be amended to confer powers on internal auditors similar to those conferred on external auditors. These powers should include full and free access to council information in order to carry out the internal audit function and the power to direct general managers, councillors and staff to produce documents and answer questions • clause 9.2(d) of the Model Code of Conduct for Local Councils in NSW be amended to permit councillors to provide information directly to internal auditors. This amendment was considered necessary to increase internal auditors potential sources of information, and • the reporting structure for councils' internal audit function include provision for the governing body of the council to receive information about the outcome of internal audit. • council's internal audit function monitor compliance

⁷¹ Independent Commission Against Corruption (2011) Investigation into the alleged corrupt conduct involving Burwood Council's general manager and others

When	Who	What
2012	NSW Auditor- General	Monitoring Local Government report ⁷² The NSW Auditor-General found that over 75 councils had some sort of internal audit function and recommended that amendments be made to the Local Government Act (or other suitable alternative measures) that enable the Office of Local Government to make directions to require councils to have an Audit, Risk and Improvement Committee, internal audit function and fraud control procedures. The NSW Auditor-General also recommended that the Office of Local Government use council internal audit reports to identify councils at financial risk and identify matters which warrant attention.
2013	Local Government Acts Taskforce	Review of the Local Government Act 1993 The Local Government Acts Taskforce recommended in its report, A new Local Government Act for NSW and Review of the City of Sydney Act 1988 ⁷³ , that the Act be amended to: • legislate financial governance principles councils are to abide by • require councils to implement a financial governance framework that includes risk management, audit, internal controls and independent verification of financial reporting • require councils to incorporate risk management, accountability, value for money and probity in procurement, approval, enforcement and capital expenditure processes, and • require all decisions to incorporate considerations of risk management and long-term sustainability. The Taskforce conducted extensive public and sector consultation in formulating its recommendations.
2013	Independent Local Government Review Panel	Independent Local Government Review Panel The Independent Local Government Review Panel found that, as at 2013, 50% of NSW councils had an Audit, Risk and Improvement Committee and/or some form of internal audit process. However, those that did tended to focus primarily on compliance, risk and fraud control and had committees that were strongly embedded within the council and answerable primarily to the general manager. This could generate conflicts of interest. The Panel recommended in its report, Revitalising Local Government 174, that the 2010 Internal Audit Guidelines issued by the Office of Local Government be made mandatory under the Local Government Act and that each council be required to have an internal audit function. Under the mandatory framework the Panel specifically recommended that: • each council's internal audit function focus on adding value and continuous improvement rather than compliance, risk and fraud control • all councils with expenditures over a set amount (e.g. \$20 million per annum) be required to have an Audit, Risk and Improvement Committee and associated internal audit function with broad terms of reference covering financial management, good governance, performance in implementing the community

⁷² NSW Auditor-General (2012) *NSW Auditor-General's Report - Monitoring local government: Department of Premier and Cabinet, Division of Local Government*

⁷³ Local Government Acts Taskforce (2013) A New Local Act for New South Wales and Review of the City of Sydney Act 1988

⁷⁴ Independent Local Government Review Panel (2013) *Revitalising Local Government. Final Report of the NSW Independent Local Government Review Panel*

When	Who	What
		 strategic plan and delivery program, service reviews, collection of required indicator data, continuous improvement and long-term sustainability each Audit, Risk and Improvement Committee should have a majority of independent members and an independent Chair, and the general manager should be precluded from being a committee member (but not from attending committee meetings) the Chair be required to report biannually to a council meeting on council's financial management, governance processes and opportunities for continuous improvement councils be able to share their internal audit functions under the auspices of joint organisations, and the NSW Auditor-General conduct issue-based performance audits relating to internal audit. The Panel conducted extensive public and sector consultation in formulating its recommendations.
2016	NSW Parliament	Amendments to the Local Government Act 1993 In response to the recommendations of the Independent Local Government Review Panel, the Local Government Act was amended 75 to require all councils to have an Audit, Risk and Improvement Committee to keep under review the following aspects of council's operations: • compliance • risk management • fraud control • financial management • governance • implementation of the strategic plan, delivery program and strategies
		 service reviews council's performance, and the collection of performance measurement data by the council. Guiding principles were include in the Act to require councils to have sound policies and processes for risk management and to effectively and proactively manage risks to the local community and council. The roles and responsibilities of the governing body, mayor, councillors were also updated and include the need to comply with the guiding principles and keep the performance of the council under review. The amendments followed an extensive public consultation process.
2017	Independent Commission Against Corruption	Botany Bay Council Inquiry The Independent Commission Against Corruption found, in its <i>Investigation into the conduct of the former City of Botany Bay chief financial officer and others</i> ⁷⁶ , that whilst Botany Bay Council did have an internal audit function: • it lacked independence from council's management and was prevented by the general manager from investigating the key operational areas and financial aspects of the council where corruption was occurring

⁷⁵ The Local Government Act was amended via the *Local Government Amendment (Governance and Planning) Act 2016*

⁷⁶ Independent Commission Against Corruption (2017) Investigation into the former City of Botany Bay Council Chief Financial Officer and others. ICAC Report July 2017

	it was never able to directly present information or audit reports to the Audit,
	Risk and Improvement Committee or meet with the Committee to discuss concerns without the general manager present
	 it did not use risk ratings to determine what audits would be conducted which enabled key areas (where corruption was occurring) to be missed
	 the council's Audit, Risk and Improvement Committee was ineffective and did not properly examine the council, internal audit function or monitor the implementation of corrective actions, or report to the governing body
	standard controls were frequently ignored, e.g. management letters
	key financial staff in the council lacked the capabilities to perform their role
	 the governing body thought it was unable to request more information about audit activities
	 the governing body of council did not properly consider external audit reports or implement recommended corrective actions, and
	corruption and misuse of public money was able to occur unabated.
	The Commission recommended that the internal audit model to be developed under the 2016 amendments to the Act be comparable to that which applies to state government agencies. The Commission specified in particular that the NSW Government:
	 issue mandatory administration and governance directives to local government similar to those that apply to state government agencies
	 require the composition and operation of audit committees to be similar to those that apply to state government agencies (i.e. all independent members), and
	 require the general managers of each council to regularly attest that its audit committee is operating in accordance with requirements.
	The Commission also noted that had the NSW Auditor-General been conducting council's external audits (as now occurs) the corrupt conduct would have been detected much more quickly than it was.
	Specific to Botany Bay Council, but relevant to councils state-wide, the Commission also recommended that:
	 council ensures that the implementation of both internal and external audit recommendations is considered by the governing body of the council when evaluating the performance of the general manager
	 council undertake a risk assessment (including an assessment of fraud and corruption risks) to inform its internal audit plan
	 council ensures that its internal audit function operates independently from management by reporting functionally to its Audit, Risk and Improvement Committee
	 council ensures that it has a robust system in place to monitor and report on the implementation of internal audit recommendations that is independent from management, and
	 the general manager reviews the Audit, Risk and Improvement Committee's effectiveness and the adequacy of its arrangements to ensure that it fulfils the responsibilities of its charter and provides sufficient assistance to the governing body on governance processes.

When	Who	What
2018	NSW Auditor- General	Report on Local Government 2017 The NSW Auditor-General released her first audit of the NSW local government sector? In April 2018 following the 2016 Local Government Act amendments. In relation to internal audit, the NSW Auditor-General found that, out of a combined 128 local councils and 10 county councils: 85 councils (62%) have an Audit, Risk and Improvement Committee and 53 (38%) do not. This is further broken down by location: 32 metropolitan councils (79%) have a committee and 2 (6%) do not 29 regional councils (78%) have a committee and 3 (22%) do not 1 county council (10%) has a committee and 9 (90%) do not 86 council have a supporting internal audit function and 52 councils (38%) do not. This is further broken down by location: 31 metropolitan councils (91%) have an internal audit function and 3 (9%) do not. 29 regional councils (78%) have an internal audit function and 8 (22%) do not 29 regional councils (78%) have an internal audit function and 8 (80%) do not 20 county councils (20%) have an internal audit function and 8 (80%) do not 20 county councils (20%) have an internal audit function and 8 (80%) do not and 102 councils (74%) have either an Audit, Risk and Improvement Committee or an internal audit function and 36 councils (26%) have neither. The Auditor-General also found that of the councils that did have a risk management framework in place, many of them were outdated and did not have accurate risk registers, risk policies and/or procedures. Many councils also had significant risks that were not being managed appropriately and were consequently affecting the governance, financial sustainability, asset management and legislative compliance of the council. 55% of Committees were also not reviewing the financial statements of councils. The NSW Auditor-General recommented in relation to risk management and internal audit that: the Office of Local Government update its 2010 Internal Audit Guidelines Audit, Risk and Improvement Committees review the financial statements of councils

⁷⁷ NSW Auditor-General (2018) Report on Local Government 2017

When	Who	What
2019	NSW Auditor- General	Report on Local Government 2018 The NSW Auditor-General found in her 2018 report that out of a combined 128 councils and 10 county councils, the number that have an: Audit, Risk and Improvement Committee increased from 85 (62%) in 2017 to 97 (70%), and internal audit function increased from 86 (62%) in 2017 to 92 (67%). The NSW Auditor-General attributed these increases to the 2016 amendments to the Local Government Act that mandate Audit, Risk and Improvement Committees and internal audit functions from March 2021. The councils yet to establish an Audit, Risk and Improvement Committee and internal audit function are mainly rural and county councils (50-60% of rural and county councils are non-compliant). Most metropolitan councils have a Committee
		 and all have an internal audit function. For those councils that did have an Audit, Risk and Improvement Committee: 98% of Committees have an Audit, Risk and Improvement Committee Charter 94% of Committees have an independent Committee Chair 90% of Committees are advised of significant, complex or contentious financial reporting issues 87% of Committees monitor progress in addressing internal and external audit recommendations 83% of Committees have a majority of members who are independent 81% of Committees review the council's risk register 48% of Committees perform an annual self-assessment of their performance. For those councils that did have an internal audit function: 95% have a documented internal audit plan 90% of Audit, Risk and Improvement Committees review the internal audit plan 85% of internal audit plans align with the council's risk register, and 61% of Committees assess the performance of the internal audit function.
		 In relation to risk management, the NSW Auditor-General found that: 120 (87%) councils have a risk management policy and 18 (13%) councils do not 100 (72%) councils have a risk register and 38 (28%) councils do not, and 126 (91%) councils' risk registers align with their strategic objectives and 12 (9%) do not. The NSW Auditor-General also recommended that councils: strengthen their risk management policies and practices manage a number of specific high-risks better implement stronger internal controls improve fraud control, IT, asset management, procurement and contract management policies and practices, and implement a legislative compliance framework tailored to the size and risk profile of the council.

⁷⁸ NSW Auditor-General (2019) *Report on Local Government 2018* (see erratum)





OFFICE OF LOCAL GOVERNMENT CIRCULARS

No.	Date	Title	Related Issue	Council Action
19-08	3 Jun 2019	Consultation on revised IPC Guideline 1 Returns of interest	IPC seeking feedback from councils on draft of revised Guideline 1	Circular was forwarded to Councillors on 5 June and Manex on 3 June 2019.
19-09	12 Jun 2019	Increase to companion animal registration fees in line with CPI	Specification of new lifetime registration fees to be applied by councils from 1 July 2019.	Circular forwarded to Councillors and Manex on 12 June 2019. Fees highlighted at Council Meeting 12 June 2019 and incorporated in Fees and Charges for 2019-2020.
GC - 148 2019-20	18 Jun 2019	Financial Assistance Grants (FAGs) – advance payment and on-going transition to implement improvements to the existing allocation model	First two instalments of the estimated 2019-20 FAGs to be brought forward. Payment 18 June 2019. Balance quarterly payments during 2019-20.	Circular forwarded to Councillors and Manex 18 June 2019.
19-10	13 Jun 2019	Consultation of webcasting guidelines	OLG seeking to provide guidance in different webcasting practices. All Council Meetings to be webcast from 14 December 2019.	Circular forwarded to Councillors and Manex 9 July 2019. Council to upload audio of Council Meeting day after meeting as per Code of Meeting Practice – effective 1 July 2019.
19-11	21 Jun 2019	Release of IPART Reports into rating and compliance matters for consultation	Releasing final reports on three IPART reviews for feedback prior to developing final responses including:-Review of Local Government Rating System Review of Reporting and Compliance Burdens on Local Government Review of Local Government Compliance and Enforcement	Circular forwarded to Councillors and Manex 21 June 2019. Circular forwarded to Manager Revenue and Customer Relations 25 June 2019. Report to August Ordinary Meeting on recommendations from IPART Rating System review.

Circular No.	Date	Title	Related Issue	Council Action
19-12	27 Jun 2019	Consultation by IPART on recommended reforms to local government election costs and extension of the deadline for councils to make a decision on the administration of their elections	Review of costs of conducting local government elections. Submissions invited. Final report due 30 August 2019. Council must make decision on administration of elections by 1 October 2019. Councils no longer able to administer own elections.	Circular forwarded to Councillors and Manex 27 June 2019. Note: Council resolved 13 February 2019 that NSW Electoral Commission conduct 2020 Election. Resolution provided to Electoral Commissioner 18.02.19.
19-13	2 Jul 2019	Development of template social media and councillor/staff interaction policies – initial consultation	Template policies will be designed to incorporate best practice in the sector. OLG inviting councils to identify other template governance policies they would like OLG to develop.	Circular forwarded to Councillors and Manex 2 July 2019.
19-14	10 Jul 2019	Recent amendments to the Local Government Act 1993	Extension of rates path freeze for another 12 months. Extension of cut off date for Council to make a decision on 2020 elections Tendering threshold increased from \$150,000 to \$250,000	Circular forwarded to Councillors and Manex 10 July 2019. Note: Council resolved 13 February 2019 that NSW Electoral Commission conduct 2020 Election. Resolution provided to Electoral Commissioner 18.02.19. Procurement Policy will be amended to include increase of tendering threshold. Email notification of increase provided to relevant staff.
19-15	15 Jul 2019	End of Year Financial Reporting 2018-19	Information for completion of Financial Statements and Financial Data Return for Councils and Joint Organisations.	Circular forwarded to Manex and EO OJO 15 July 2019. Director Finance and Corporate Strategy to implement for both Council and OJO financials.
19-16	6 Aug 2019	New Property Acquisition Standards	Establish key requirements for all agencies undertaking acquisitions	Circular forwarded to Manex 20 August 2019
19-17	14 Aug 2019	The appointment and dismissal of senior staff	Reminder of requirements of LG Act relating to appointment and dismissal of senior staff other than the General Manager	Circular forwarded to Executive Manager Human Resources Report to September Council Meeting to resolve Director Infrastructure and Engineering Services be "Senior Staff" position

Circular No.	Date	Title	Related Issue	Council Action
19-18	19 Aug 2019	Calendar of Compliance and Reporting Requirements 2019-20	Key statutory and reporting deadlines	Circular forwarded to Manex 21 August 2019 Legislative Compliance Checklist updated
19-19	27 Aug 2019	Resources to support implementation of new Model Code of Conduct for Local Councils in NSW	Councils to adopt Model Code of Conduct by 14 June 2019. OLG prepared resources to assist Councils implement new Model Code of Conduct.	Circular forwarded to Manex and Councillors 27.08.19 Council's Model Code of Conduct adopted 8.05.19. Council's review panel current to 31 July 2021.
19-20	10 Sep 2019	A new internal audit and risk management framework for local councils in NSW – release of discussion paper	Invitation for submissions on draft by 31 December 2019.	Circular forwarded to Manex and Councillors. Included in Agenda for consideration by Internal Audit Committee 11.11.19
19-21	26 Sep 2019	Release of IPC Guideline 1 Returns of Interest	Councillors and Designated Persons returns must be made publicly available on website unless overriding public interest against disclosure.	Further consideration to be given to determine Designated Persons. Councillors, General Manager's and Director Infrastructure and Engineering Services return redacted and uploaded to website.
19-22	27 Sep 2019	Government's response to IPART's review of local government election costs	Government funding contribution will result in indicative weighted average cost per elector of \$8.21 vs \$12.72. Councils to make a decision on elections by 1 October 2019.	Circular forwarded to Manex 27.09.19 Council resolved 13 February 2019 that NSW Electoral Commission conduct 2020 Election. Resolution provided to Electoral Commissioner 18.02.19. Estimate of 2020 election costs received from NSWEC - \$90,305 including GST.
19-23	30 Sep 2019	Constitutional referendums and council polls	Councils to notify NSEC asap if they wish to enter into an arrangement for administration of a referendum or poll. Changes approved would come into effect at 2024 elections	Circular forwarded to Manex and Councillors 30.09.19
19-24	30 Sep 2019	Ward boundary and name changes	Councils must review ward boundaries and notify the NSWEC before 9 December 2019	Circular forwarded to Manex 30.09.19 Circular forwarded to Councillors 02.10.19 NSC not divided into wards.
19-25	2 Oct 2019	Penalties available councils for code of conduct breaches by councillors	Advice to only use penalties (cl. 7.59(h) and 7.59(i))	Circular forwarded to Manex and Councillors 02.10.19

Circular No.	Date	Title	Related Issue	Council Action
19-26	9 Oct 2019	Councils invited to visit OLG's trade exhibition display booth at the LGNSW Conference 14-16 October, Warwick Farm	Mayors, Councillors and General Manager's encouraged to visit OLG trade exhibition display	Circular forwarded to General Manager and Deputy Mayor 09.10.19 (attendees to LGNSW Annual Conference)
19-27	21 Oct 2019	Extension of the rates path protection for new councils	New councils maintain rates paths until 2021, eligible to apply for special or minimum rate variation for 20/21	Circular forwarded to Manex 22.10.19 Not applicable to Narromine Shire Council.

MINUTES OF THE RURAL FIRE SERVICE LIAISON COMMITTEE MEETING HELD AT THE NARROMINE SHIRE COUNCIL CHAMBERS ON THURSDAY 23 JANUARY 2020

PRESENT:

Cr Colin Hamilton Chair, Councillor, NSC

Cr Robert McCutcheon Councillor, NSC

Mark Pickford Orana NSW Rural Fire Service

André Pretorius Director Infrastructure and Engineering Services, NSC

Sarah Masonwells Minute Taker, NSC

1. WELCOME

The Chair welcomed those present and declared the meeting open at 10.04am.

2. APOLOGIES

RECOMMENDED Cr Hamilton/Mark Pickford that the apologies of Superintendent Lyndon Wieland (NSW Rural Fire Service), Bron Waters (Orana District Officer NSW Rural Fire Service), and Neville Roberts (Group Captain Euromedah Brigade) be accepted.

3. MINUTES OF THE PREVIOUS MEETING

RECOMMENDED Cr McCutcheon/Director Infrastructure and Engineering Services that the minutes of the previous meeting held on 5 August 2019 be accepted as a true and accurate record of the meeting.

4. BUSINESS ARISING FROM THE MINUTES

- Cr McCutcheon noted the display by the RFS in conjunction with the Fire and Rescue at the Trangie Truck and Tractor show was received very well
- Director Infrastructure and Engineering Services noted Council has not heard back from RFS regarding Hazard and Reduction funding. Both the Director Infrastructure and Engineering Services and Mark Pickford will follow this up with Peter Fothergill. Mark Pickford noted that they have not received their final budget yet.

5. SCHEDULE THREE REPORT

Mark Pickford tabled the December 2019 Overview (see Attachment No. 1) and Quarterly Performance Report (see Attachment No. 2) and summarized the following contents:

- Shed build on target. Drawings for the Weemabah shed have been sent to Council for a DA approval
- Hazard reductions have been down due to the weather
- Two (2) brigades have not held their annual general meeting
- Tanker upgrades A new Cat 6 in the area brings the total to two (2)
- More grasslands training coming up
- The only tanker out of Narromine Shire due to fires is the Cat 6 which is covering at Wellington
- Close to 600 staff have been deployed to fires

RECOMMENDED Mark Pickford/Cr Hamilton that the December 2019 and Quarterly Performance Report as presented to the meeting be accepted.

MINUTES OF THE RURAL FIRE SERVICE LIAISON COMMITTEE MEETING HELD AT THE NARROMINE SHIRE COUNCIL CHAMBERS ON THURSDAY 23 JANUARY 2020

6. GENERAL BUSINESS

- There is an ongoing issue with the Narromine tankers and water quality. Whenever
 possible they are filling the Cat 6's out of the overhead fill point to limit the corrosion
 in the tank. When the barnacles brake off the inside the tank, it causes trouble with
 the hoses. Someone with a Confined Spaces ticket will clean out tanker and remove
 barnacles.
- Cr McCutcheon noted to be able to install and fill from an overhead tank at the stock and domestic scheme would be useful. This should be looked at for the future.
- Mark Pickford noted brigades have reported disruptions with roads being closed as Inland Railway contractors work on the railway. Director Infrastructure and Engineering Services will raise this with both Inland Rail and InLink regarding emergency vehicles.

7. NEXT MEETING

The date for the next meeting is to be advised by NSW RFS Orana.

There being no further business the meeting closed at 10.44am.

The minutes (pages 1-2) were confirmed on	2020 a	ınd a	ire a
true and accurate record of proceedings of the meeting held on 23.	January 20	Э20.	

CHAIR.



MEMORANDUM

To

Orana Liaison

From:

Orana Manager

Subject:

December Report

Date:

31/12/2019

File No.

Type File No.

December 2019 Report Overview

- > Station Builds Weemabah Land Contract completed Council to submit DA and advertise for tenders to build. Curra Creek DA with Council. Gollan contractor to start construction in February. Spicers Creek land contract with Council.
- Tanker Radio upgrade completed.
- Council to update meeting re Road Side Grading.
- BIRS reports 100% completed and validated
- > Fire season Orana have been continuously supplying out of are Crews & staff.
- Orana staff update Bron Waters has started as 2IC / Operations Officer Guy Sadler has started as the Membership services Officer.
- Brigade AGMs 2 Brigades have not held AGMs. Identified.
- Crew Leader Grass Land training ongoing.
- Narromine Dubbo & Wellington currently supplying Crews to assist Mudgee Section 44.
- > There are 6 Orana Tankers currently long term out of area.

	CORRECTIVE ACTION																
	CORRECT																
019/2020	WHAT HAPPENED (include any issues)				Dry conditions												
Financial 2019/2020 Year	REASON BEHIND																
	OVERALL INITIATIVE STATUS (schedule and deliverables)	4	ţ					¥						±	4	#	# #
December	STATUS	Complet	Complet	On Target	On Target	On Target	On Target	Complet	On Target	On Target	On Target	On Target	On Target	Complet	Complet	Complet	Complet
De	KPI or Milestone Result	100%	100%	100%	%05	%66	#DIV/0i	Н	2	100%	100%	#DIV/0i	91	100%	100%	100%	150%
	>		ĸ	S	4	375		Н	2	7	20	0		н	26	40	2
	×					370	100%				0		1		26	40	
	iber or %)		District 3	District 5	5	. in	1	1	4 2	4 2	20	0	District 91	-	2		· District 3
QTR	Q2 TARGET (Date, number or %)	Complete by Q2	Minimum 1 per District by Q4	Minimum 5 per District per Quarter	Complete by Q2	%06	100%	Complete by Q4	Complete by Q4	Complete by Q4	80% by Q4	Number	Minimum 2 per District by Q4	100% by Q3	Number	Minimum 30 per District by Q4	Minimum 2 per District by Q4
West	EXPECTED OUTCOME (What do we expect to achieve through this initiative)	Minimum of one multi-agency incident management exercise conducted at each District by 1 October annually	Minimum of one joint training activity undertaken between RFS and FRNSW in accordance with relevant district MAA/MOU	Each District to undertake an operational quick decision exercising (ITASC, FTASC, Emergency Logistics, Planning). Complete five (5) sessions a quarter	Undertake gap analysis of completion and approval of pre-planning requirements for hazard reduction activities - gap analysis to be completed by end of Q2	BIRS reports validated (90%)	All ICAM level 2 investigations with a draft completed within one month of being allocated	Each District to provided a brief to Region on current dispatch processes	Number of Districts that have held a FAFT workshop in accordance with the published schedule, including volunteer consultation	Number of Districts that have a BFMC endorsed FAFT plan in accordance with the published schedule	Percentage of the District BFRMP annual proposed works plan completed (IE Those proposed works in BRIMS against those completed)	Engage FBANS for HRs that will impact communities (Number of times FBANS engaged year to date)	Number of members with PBS qualification increased (target two (2) members per District signed off annually)	All training plans endorsed by the District Manager by Q3 annually	Increase number of volunteers with IMT qualifications	Number of eligible members presented with long service awards in current financial year (min 30 per District)	Minimum of two Captains meetings held per year
Region West	INITIATIVE/PROGRAM/ACTIVITY (What are we doing to achieve the Corporate Objective)	A1.1.1 Enhance leadership and operational capability of NSW RFS members	A1.1.2 0	A1.1.3 0	0	A1.2.1 Comply with data requirements for operational corporate systems	0	A1.3.1 Increase understanding of current dispatch practices	Enhance fire trail networks	0	Ensure completion of District Bush Fire Risk Management Plan annual works program	Formalise inclusion of smoke management in HR planning	A3.1.1 Training adequately planned	0	0	Members are publicly recognised for their outstanding contribution to the NSW RFS	A3.3.1 Effective consultation contributes to achievement of corporate objectives

Attachment No. 2

MINUTES OF THE LOCAL TRAFFIC COMMITTEE MEETING HELD AT THE NARROMINE SHIRE COUNCIL CHAMBERS ON MONDAY 3 FEBRUARY 2020

PRESENT: Cr Dawn Collins (Chair, Narromine Shire Council), David Vant (Roads & Maritime Services), Jane Redden (General Manager, NSC), André Pretorius (Director Infrastructure & Engineering Services, NSC), Cr Rob McCutcheon (Local Member Representative Dubbo) Michael Donley (Senior Constable, Orana Mid-Western Police District, NSW Police), & Sarah Masonwells (Minute Secretary, NSC).

1. WELCOME

The Chair welcomed those present and declared the meeting open at 9.37am.

2. APOLOGIES

Nil

3. MINUTES OF THE PREVIOUS MEETING

RECOMMENDED Cr McCutcheon/David Vant that the Minutes of the previous meeting of the Local Traffic Committee held on 2 December 2019 be accepted as a true and accurate record of that meeting

4. BUSINESS ARISING FROM THE PREVIOUS MINUTES

1) Item 6, Report to Local Traffic Committee, 6)

The giveway sign at the Narromine saleyard has not been installed. The Director Infrastructure & Engineering Services to follow up, together with the line marking.

2) Item 6, Report to Local Traffic Committee, 5)

The no parking/school zone signs at the Christian School Narromine have not been updated. The Director Infrastructure & Engineering Services to follow up.

5. DECLARATION OF PECUNIARY/CONFLICT OF INTEREST

Nil

6. REPORT TO LOCAL TRAFFIC COMMITTEE

1) APPLICATION FOR TEMPORARY ROAD CLOSURE - DOLLY PARTON FESTIVAL

RECOMMENDED Cr McCutcheon/David Vant that approval be granted with the amendment to the TCP to include additional detour signs

2) APPLICATION FOR TEMPORARY ROAD CLOSURE - HEALTH FAR WEST

RECOMMENDED Cr McCutcheon/David Vant that approval be granted with the amendment to the TCP to include additional detour signs

6. REPORT TO LOCAL TRAFFIC COMMITTEE CONT.

MINUTES OF THE LOCAL TRAFFIC COMMITTEE MEETING HELD AT THE NARROMINE SHIRE COUNCIL CHAMBERS ON MONDAY 3 FEBRUARY 2020

3) OAKS BRIDGE

RECOMMENDED Cr McCutcheon/ Senior Constable Michal Donley that approval be granted.

6. GENERAL BUSINESS

- 1) RECOMMENDED Cr McCutcheon/ Senior Constable Michael Donley that Council discuss the matter with the owners of the roadside signs with the view that the signs be moved onto private property.
- 2) David Vant noted he would like Council to create their own policy for roadside signage. The Director Infrastructure & Engineering Services noted a draft policy will be tabled at the next meeting
- 3) Cr McCutcheon requested the Trangie Truck Stop be upgraded for road train and B triple usage. The Director Infrastructure & Engineering Services noted that Council is beginning the process to have Dandaloo Street Trangie reclassified to a B Double route. Once approval is granted, Council will look into upgrades to the truck stop and will meet with RMS to discuss options. A B Triple rating will also be investigated.
- 4) The General Manager noted a community member has contacted Council regarding trucks parking within residential areas. David Vant and Senior Constable Michael Donley advised there is legislation around trucks parking within 50km residential zones. Senior Constable Michael Donley will work with Council to rectify the truck parking.

8. NEXT MEETING

The next Meeting of the Local Traffic Committee will be held on Monday, 6 April 2020 commencing at 9.30 am in the Narromine Shire Council Chambers.

There being no further business, the meeting closed at 10.15am.

The Minutes (pages 1 –2) were confirmed on , 2020 and are a full and accurate record of proceedings of the meeting held on 3 February 2020.

CHAIR

APPLICATION FOR TEMPORARY ROAD CLOSURE - DOLLY PARTON FESTIVAL

Author Director, Community and Economic Development Responsible Officer Director Infrastructure and Engineering Services

Executive Summary

The purpose of this report is to provide the Local Traffic Committee with information regarding a proposed temporary road closure, not involving road works on 18 April 2020.

Report

Council has received a request from the Dolly Parton Festival, Narromine to hold a street parade as part of their event in Narromine on Saturday 18 April, 2020. The event will require the temporary closure of Dandaloo Street and part of Burroway Street.

A completed Application for Road Closures for Special Events form has been received by Council (provided to the committee under separate cover), and the Road Occupancy Licence application has been submitted to the RMS. The following documents will be supplied to Local Traffic Committee members at the April Meeting;

- Risk Assessment
- Event Management Plan
- Public Liability Insurance Policy

The Dolly Parton Festival is proposing that the nominated roads be closed from 7am until 2pm on Saturday 18 April 2020. The allocated timeframe allows for the assembly of vehicles, a street parade from 9:30am – 10:30am, the community day and event festival and pack down.

The roads will reopen as per usual from 2pm.

RECOMMENDATION

That approval be granted to the Dolly Parton Festival, Narromine to hold a street parade as part of their event and as described in the application, subject to conditions attached therein.

APPLICATION FOR TEMPORARY ROAD CLOSURE - HEALTH FAR WEST

Author Director, Community and Economic Development
Responsible Officer Director Infrastructure and Engineering Services

Executive Summary

The purpose of this report is to provide the Local Traffic Committee with information regarding a proposed road closure, not involving road works on 24 May 2020.

Report

Council has received a request from Health Far West to hold a Charity Ride for Royal Far West as part of their Ride For Country Kids 2020 event in Narromine on 24 May 2020. The event will require the temporary closure of a number of streets for approximately 45 minutes.

A completed Application for Road Closures for Special Events form has been received by Council (provided to the committee under separate cover), and the Road Occupancy Licence application has been submitted to the RMS. The following documents will be supplied to Local Traffic Committee members at the April Meeting;

- Risk Assessment
- Event Management Plan
- Public Liability Insurance Policy

There will be approximately 80 riders taking part in the Ride For Country Kids event from Dubbo to Cobar from 24 to 26 May 2020. Far West Children have requested the ability to run a short cycle criterium around Meringo Street, Dandaloo Street, Nymagee Street and Meryula Street. The race will be sanctioned by Far West Children's and run for approximately 45 minutes in the afternoon finishing before school bus runs. The ride will give the community a great opportunity to take part in this fundraising initiative. It is likely that the street would need to be closed temporarily for this time.

RECOMMENDATION

That approval be granted to the Health Far West Charity Ride for Royal Far West, Narromine to hold a short cycle criterium as part of their event and as described in the application, subject to conditions attached therein.

OAKS BRIDGE

Author Manager Engineering Services

Responsible Officer Director Infrastructure and Engineering Services

Executive Summary

This report seeks the Committee's approval for the installation of "Narrow Bridge Signs" at the approaches of Oaks Bridge.

Report

The Oaks Bridge was upgraded during the years of 2009 to 2010 from a timber bridge to a concrete bridge. The works were managed by Parkes Shire Council. The bridge is located on Tullamore- Narromine Road (MR 354) approximately 40km south west of Narromine.

In December 2019, Narromine Shire Council received a request from the McGrane Way Action Group to meet with Council regarding their concerns with the road approach alignment within the Narromine LGA. From their observations, traffic using the bridge, use it in an illegal and unsafe manner.

A site meeting was undertaken on the 15 January 2020 with Council staff and the members of the Action Group to gain an understanding of their concerns. Members mentioned that a number of near misses occurred on this bridge, where the most recent event involved a bus. From that meeting it was decided that Council would investigate short, medium and long term strategies to rectify potential alignment or other safety issues. Some strategies mentioned included the provision of warning signs, tree clearing to improve sight distances, and then ultimately, the realignment of the road or bridge widening options.

Drone footage and site photographs clearly shows that short-term remediation is required, since vehicles (especially heavy vehicles) are not slowing down and are cutting the corner on the bridge. Speed advisory signage (attachment 1) is present. No, "Narrow Bridge" warning signage was present. Upon review of AS1742 and RMS Signage Guidelines it is requested that the installation of "Narrow Bridge" Guide Signs (G9-336) and W4-1 Warning Signs be erected at recommended distances (attachment 2).

Council are proceeding to lodge a request to upgrade/realign the road approaches to the bridge in the RMS REPAIR Grant. The outcome of the REPAIR request will be guided by a number of factors such as Environmental Constraints.

3. OAKS BRIDGE CONT.

Attachments

See attached:

- 1. Aerial Map of Site
- 2. Aerial Map of Site Existing Signage
- 3. Aerial Map of Site Proposed Signage
- 4. Proposed Signage Layout
- 5. Traffic Data Speed by Class
- 6. Traffic Data Traffic Composition
- 7. Traffic Composition Table

RECOMMENDATION

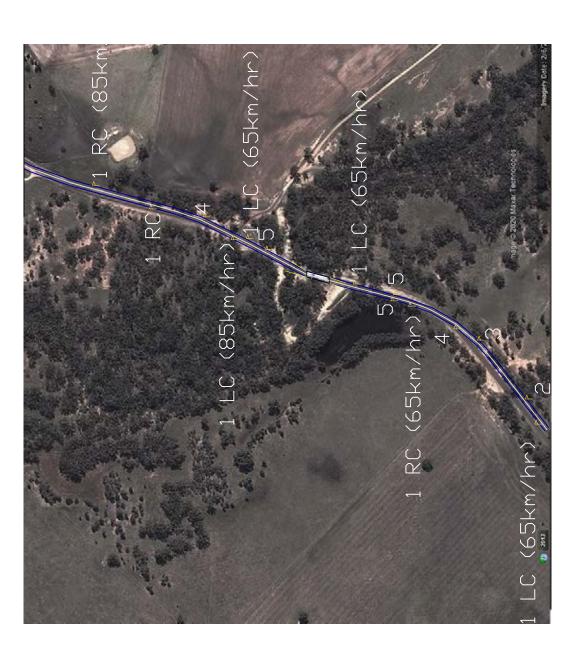
That approval be granted for the installation of the Narrow Bridge Signage as indicated in attachment 3 Aerial Map of Site – Proposed Signage, as per AS1742 & RMS Signage Guidelines.

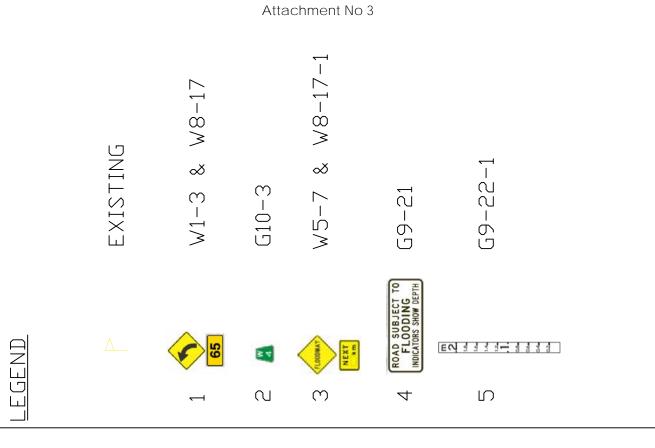
André Pretorius Director, Infrastructure and Engineering Services

TRAFFIC COMMITTEE REPORT 03/02/2020 ATTACHMENT #1 AERIAL MAP OF SITE

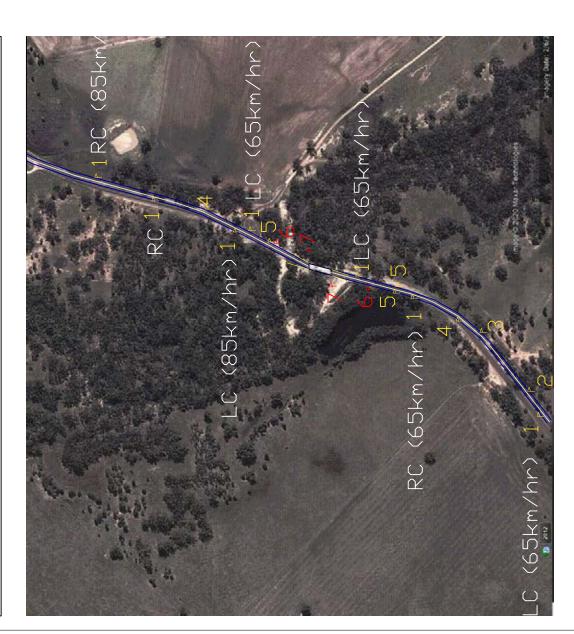


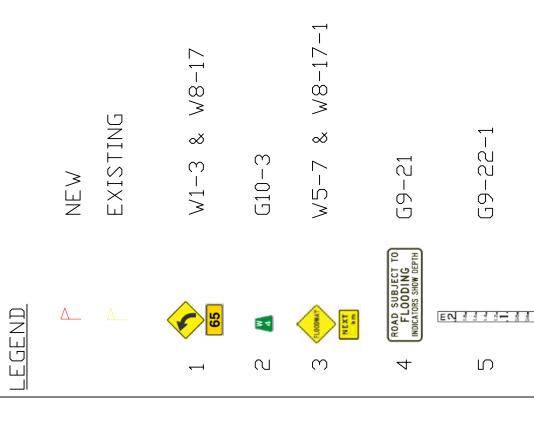
TRAFFIC COMMITTEE REPORT 03/02/2020 ATTACHMENT #2 EXISTING SIGNAGE AT SITE





TRAFFIC COMMITTEE REPORT 03/02/2020 ATTACHMENT #3 PROPOSED ADDITIONAL SIGNAGE AT SITE





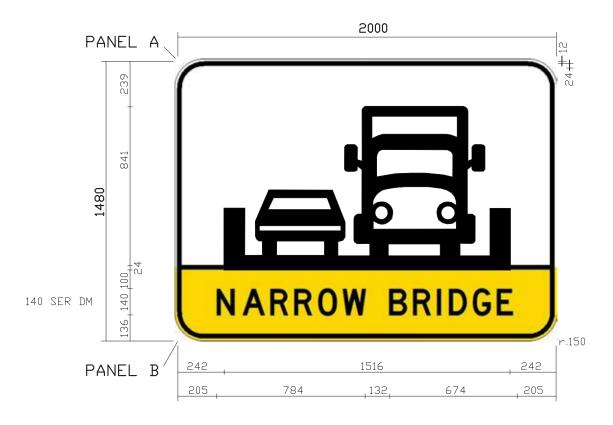
Attachment No 3



69-336

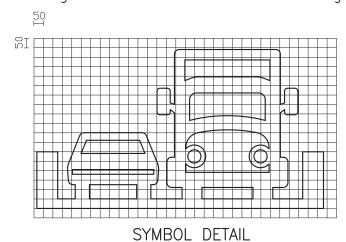
9

G9 - 336



Aluminium Sign

Panel A: Black Symbol on Cl.1 White reflectorised ground. Panel B: Black Legend on Cl.1 Yellow reflectorised ground.



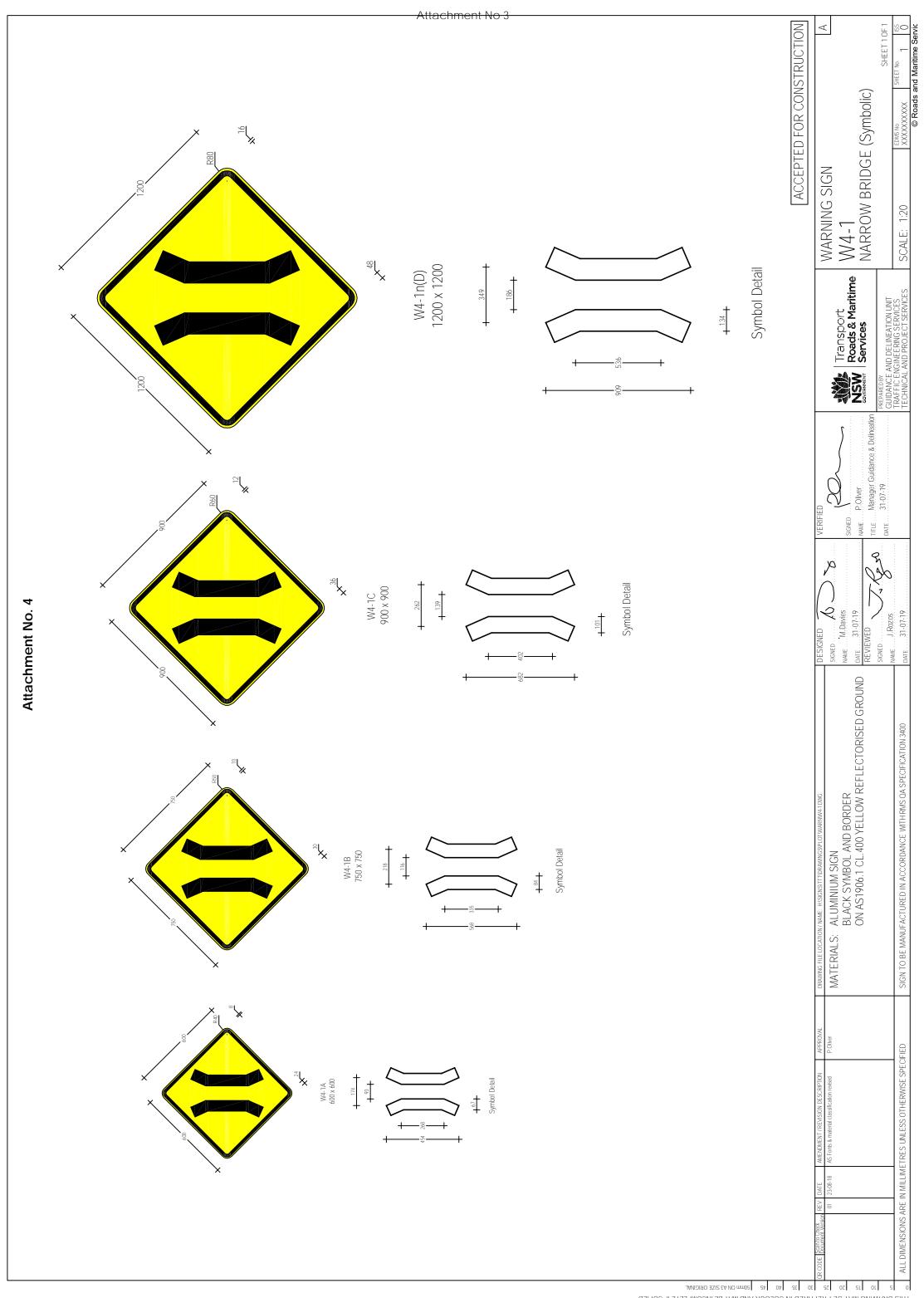
REVISION 1: Title & drawing revised 2/7/2016

SCALE1:16

TITLE

GUIDE SIGN G9-336

Drawn: PG/FR	12.10.12								
CHKED: VP	20.06.12								
Roads & GUIDANCE AND DELINEATION UNIT 27-31 ARGYLE ST, PARRAMATTA 215									
H:\signs\ttt\drawings\plot\guide \ 69-336.dwg Revision:									



Attachment No. 5

MetroCount Traffic Executive Class Speed Matrix

ClassMatrix-35 -- English (ENA)

<u>Datasets:</u>

[Tullamore Road] Tullamore Road

Direction: Attribute:

2 - East bound, A trigger first. Lane: 0

10:43 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019, Survey Duration: Zone:

Tullamore Road 0 2019-12-02 1017.EC0 (Plus)

File:

NT49WSQS MC5900-X13 (c)MetroCount 09Nov16 Identifier:

Factory default axle (v5.06) Algorithm:

Axle sensors - Paired (Class/Speed/Count) Data type:

Profile:

10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019 (159.941) 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 Filter time:

included classes:

10 - 160 km/h. Speed range:

North, East, South, West (bound), P = East, Lane = 0-16

Direction:

Headway > 0 sec, Span 0 - 100 metre Separation:

Default Profile

Vehicle classification (AustRoads94)

Metric (metre, kilometre, m/s, km/h, kg, tonne)

Vehicles = 133291 / 133371 (99.94%)

In profile:

Scheme:

Name:

Units:

23.2% 28.8% 22.3%

30911 38383 29788 9.2% 2.1% 0.4% 0.1% % %

12249 2848 576 135

5.2%

0.4%

3.6%

2.9% 9.8%

985 3822 13010

Total

Class Speed Matrix Attachment No. 5

ClassMatrix-35

Tullamore Road.0.0E

Description: Filter time:

Fullamore Road

Scheme:

10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019 Vehicle classification (AustRoads94)

MetroCount Traffic Executive Daily Classes

DailyClass-36 -- English (ENA)

Datasets:

Site: [Tullamore Road] Tullamore Road

Attribute:

Direction: 2 - East bound, A trigger first. **Lane:** 0

Survey Duration: 10:43 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019,

Zone:

File: Tullamore Road 0 2019-12-02 1017.EC0 (Plus)
Identifier: NT49WSQS MC5900-X13 (c)MetroCount 09Nov16

Algorithm: Factory default axle (v5.06)

Data type: Axle sensors - Paired (Class/Speed/Count)

Profile:

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019 (159.941)

Included classes: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12

Speed range: 10 - 160 km/h.

Direction: North, East, South, West (bound), P = East, Lane = 0-16

Separation: Headway > 0 sec, Span 0 - 100 metre

Name: Default Profile

Scheme: Vehicle classification (AustRoads94)

Units: Metric (metre, kilometre, m/s, km/h, kg, tonne)

In profile: Vehicles = 133291 / 133371 (99.94%)

Attachment No 3 **Attachment No. 6 Daily Classes**

DailyClass-36

Site: Tullamore Road.0.0E **Description: Tullamore Road**

10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019 Filter time:

Scheme:

Vehicle classification (AustRoads94) Cls(1-12) Dir(NESW) Sp(10,160) Headway(>0) Span(0 - 100) Lane(0-16) Filter:

Monda	Monday, 24 June 2019												
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon*	0	0	0	0	0	0	0	0	0	0	0	0	0
(왕)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Tue*	267	8	21	8	1	0	1	2	11	44	16	0	379
(%)	70.4	2.1	5.5	2.1	0.3	0.0	0.3	0.5	2.9	11.6	4.2	0.0	
Wed	529	18	71	25	3	4	5	8	60	86	18	0	827
(왕)	64.0	2.2	8.6	3.0	0.4	0.5	0.6	1.0	7.3	10.4	2.2	0.0	
Thu	639	22	54	19	3	5	5	3	29	85	28	0	892
(%)	71.6	2.5	6.1	2.1	0.3	0.6	0.6	0.3	3.3	9.5	3.1	0.0	
Fri	600	29	54	21	1	5	6	4	31	71	20	0	842
(왕)	71.3	3.4	6.4	2.5	0.1	0.6	0.7	0.5	3.7	8.4	2.4	0.0	
							_	_			_		
Sat	445	30	26	14	0	4	3	1	11	48	6	0	588
(%)	75.7	5.1	4.4	2.4	0.0	0.7	0.5	0.2	1.9	8.2	1.0	0.0	
G	120	_	4	0	0	-1	-1	0	7	1.4	2	0	174
Sun	130	5	4	9	0	1	1 0.6	0	7	14	3	0	174
(%)	74.7	2.9	2.3	5.2	0.0	0.6	0.6	0.0	4.0	8.0	1.7	0.0	
7	ge dail	1,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	ımo										
Avera	ge dar.	LY VOI	шие										
Entir	e week												
	469	21	42	18	1	4	4	3	28	61	15	0	665
(%)	70.5	3.1	6.3	2.6	0.2	0.6	0.6	0.5	4.2	9.1	2.3	0.0	003
(- /													
Weekd	lays												
	- 589	23	60	22	2	5	5	5	40	81	22	0	854
(왕)	69.0	2.7	7.0	2.5	0.3	0.5	0.6	0.6	4.7	9.4	2.6	0.0	
Weeke	nd												
	288	18	15	12	0	3	2	1	9	31	5	0	381
(왕)	75.5	4.6	3.9	3.0	0.0	0.7	0.5	0.1	2.4	8.1	1.2	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monday.	1	.T11 T 32	2019

Mona	ау, г эт 1	11y 20. 2	3	4	5	6	7	8	9	10	11	12	Total
Mon (%)	57 91.9	1	0.0	1	1 1.6	0.0	0.0	0.0	1	1	0.0	0.0	62
Tue (%)	27 100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27
Wed (%)	20 100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20
Thu (%)	224 97.0	0.0	2	1 0.4	0.0	0.0	0.0	0	0	4 1.7	0	0.0	231
Fri (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
<u>Sat</u> (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
<u>Sun</u> (%)	3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3
Aver	age dail	y volu	<u>ume</u>										
Enti (%)	re week 47 96.5	0	0 0.6	0 0.6	0	0	0	0	0	1 1.5	0	0	49
, ,		0.3	0.0	0.0	0.5	0.0	0.0	0.0	0.3	1.3	0.0	0.0	
week (%)	days 66 96.5	0	0.6	0.6	0	0.0	0.0	0.0	0	1 1.5	0.0	0.0	68
Week	end												
(%)	2 100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monday,	8	July	2019
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1101140	1	2	,,	4	5	_	7	8	0	1.0	11	10	m-+-1
			3	4		6		8	9 8	10	11_	12	Total
Mon	324	11		-	1	_	0	_	-	39	5	1	416
(왕)	77.9	2.6	4.6	1.2	0.2	0.2	0.0	0.5	1.9	9.4	1.2	0.2	
Tue	611	24	62	3	6	3	7	4	30	106	31	0	887
(왕)	68.9	2.7	7.0	0.3	0.7	0.3	0.8	0.5	3.4	12.0	3.5	0.0	
Wed	568	43	70	5	2	8	4	2	32	86	30	0	850
(왕)	66.8	5.1	8.2	0.6	0.2	0.9	0.5	0.2	3.8	10.1	3.5	0.0	
Thu	588	34	102	10	4	9	8	4	7	96	21	0	883
(왕)	66.6	3.9	11.6	1.1	0.5	1.0	0.9	0.5	0.8	10.9	2.4	0.0	
Fri	600	44	63	12	4	3	5	5	13	60	28	0	837
(왕)	71.7	5.3	7.5	1.4	0.5	0.4	0.6	0.6	1.6	7.2	3.3	0.0	
Sat	414	49	40	3	1	1	2	0	20	43	7	0	580
(왕)	71.4	8.4	6.9	0.5	0.2	0.2	0.3	0.0	3.4	7.4	1.2	0.0	
Sun	354	39	30	0	0	3	4	1	7	48	12	0	498
(%)	71.1	7.8	6.0	0.0	0.0	0.6	0.8	0.2	1.4	9.6	2.4	0.0	
Avera	age dai:	ly vol	.ume										
Enti	re week												
	494	35	55	5	3	4	4	3	17	68	19	0	707
(%)	69.9	4.9	7.8	0.8	0.4	0.6	0.6	0.4	2.4	9.7	2.7	0.0	
Week	-			_		_	_	_					
	538	31	63	7	3	5	5	3	18	77	23	0	775
(%)	69.5	4.0	8.2	0.9	0.4	0.6	0.6	0.4	2.3	10.0	3.0	0.0	
Week												_	
	384	44	35	2	1	2	3	1	14	46	10	0	539
(%)	71.2	8.2	6.5	0.3	0.1	0.4	0.6	0.1	2.5	8.4	1.8	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Filter: Cls(1-12) Dir(NESW) Sp(10,160) Headway(>0) Span(0 - 100) Lane(0-16)

			- (, ,	•	, , ,	,,	,	(- /	(-	/	(/	
Monda	ay, 15 d	July 2	019										
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	517	23	84	9	0	1	1	6	25	59	41	0	766
(왕)	67.5	3.0	11.0	1.2	0.0	0.1	0.1	0.8	3.3	7.7	5.4	0.0	
Tue	598	31	79	3	6	9	8	6	27	114	24	0	905
(%)	66.1	3.4	8.7	0.3	0.7	1.0	0.9	0.7	3.0	12.6	2.7	0.0	
Wed	616	34	83	11	3	2	12	8	35	86	29	0	919
(%)	67.0	3.7	9.0	1.2	0.3	0.2	1.3	0.9	3.8	9.4	3.2	0.0	
Thu	628	34	83	7	2	7	9	6	35	80	30	0	921
(왕)	68.2	3.7	9.0	0.8	0.2	0.8	1.0	0.7	3.8	8.7	3.3	0.0	721
Fri	615	38	70	7	0	2	9	12	24	54	18	0	849
(%)	72.4	4.5	8.2	0.8	0.0	0.2	1.1	1.4	2.8	6.4	2.1	0.0	
Sat	374	31	76	0	1	3	6	1	16	47	5	0	560
(%)	66.8	5.5	13.6	0.0	0.2	0.5	1.1	0.2	2.9	8.4	0.9	0.0	
Sun	365	39	52	0	0	0	4	2	16	37	9	0	524
(%)	69.7	7.4	9.9	0.0	0.0	0.0	0.8	0.4	3.1	7.1	1.7	0.0	
Avera	age dai:	ly vol	ume										
Entir	re week												
	530	33	75	5	2	3	7	6	25	68	22	0	778
(%)	68.2	4.2	9.7	0.7	0.2	0.4	0.9	0.8	3.3	8.8	2.9	0.0	
Weekd	-												
(0)	595	32	80	7	2	4	8	8	29	79	28	0	872
(%)	68.2	3.7	9.2	0.8	0.3	0.5	0.9	0.9	3.3	9.0	3.3	0.0	
Weeke	end												

5

0.9

0.3

16

3.0

42

7.7

1.3

0

0.0

542

(%)

370

68.2

35

6.5 11.8

64

0.0

0.1

0.3

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Filter: Cls(1-12) Dir(NESW) Sp(10,160) Headway(>0) Span(0 - 100) Lane(0-16)

	•		0.5(1	,	(, 06(10	, ,	Jaamay	(0, 0	pu(0	.00) =	(0 .0)	•
Monda	ay, 22 d	July 2	2019										
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	549	25	79	1	0	4	14	6	28	67	34	0	807
(왕)	68.0	3.1	9.8	0.1	0.0	0.5	1.7	0.7	3.5	8.3	4.2	0.0	
Tue	552	14	108	12	2	0	13	8	29	111	31	0	880
(왕)	62.7	1.6	12.3	1.4	0.2	0.0	1.5	0.9	3.3	12.6	3.5	0.0	
Wed	528	28	118	13	1	2	7	6	35	98	30	0	866
(%)	61.0	3.2	13.6	1.5	0.1	0.2	0.8	0.7	4.0	11.3	3.5	0.0	
Thu	548	15	125	3	2	6	12	5	23	74	25	0	838
(%)	65.4	1.8	14.9	0.4	0.2	0.7	1.4	0.6	2.7	8.8	3.0	0.0	
Fri	594	45	115	7	3	3	11	5	30	59	24	0	896
(%)	66.3	5.0	12.8	0.8	0.3	0.3	1.2	0.6	3.3	6.6	2.7	0.0	
Sat	439	28	91	1	0	6	6	0	22	48	6	0	647
(%)	67.9	4.3	14.1	0.2	0.0	0.9	0.9	0.0	3.4	7.4	0.9	0.0	
Sun	365	42	54	2	2	0	6	1	10	43	6	0	531
(%)	68.7	7.9	10.2	0.4	0.4	0.0	1.1	0.2	1.9	8.1	1.1	0.0	
Avera	age dai:	ly vol	ume										
Entir	re week												
	511	28	99	6	1	3	10	4		71	22	0	781
(%)	65.4	3.6	12.6	0.7	0.2	0.4	1.3	0.6	3.2	9.1	2.9	0.0	
Week	_												
	554	25	109	7	2	3	11	6	29	82	29	0	857
(왕)	64.6	3.0	12.7	0.8	0.2	0.3	1.3	0.7	3.4	9.5	3.4	0.0	
Weeke													
	402	35	73	2	1	3	6	1	16	46	6	0	589

0.2

0.3

0.5

1.0

0.1

2.7

7.7

1.0

0.0

68.3

(왕)

5.9 12.3

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

			•	•	•		•	•	` ,	,	•	` '	
Monda	ay, 29 d	Tulv 2	019										
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	565	32	103	9	0	8	6	3	22	72	12	0	832
(%)	67.9	3.8	12.4	1.1	0.0	1.0	0.7	0.4	2.6	8.7	1.4	0.0	
Tue	558	27	134	12	2	5	11	3	32	105	23	0	912
(%)	61.2	3.0	14.7	1.3	0.2	0.5	1.2	0.3	3.5	11.5	2.5	0.0	
Wed	642	38	150	20	4	4	12	3	37	89	21	0	1020
(왕)	62.9	3.7	14.7	2.0	0.4	0.4	1.2	0.3	3.6	8.7	2.1	0.0	
Thu	569	40	162	36	2	3	5	6	40	99	22	0	984
(왕)	57.8	4.1	16.5	3.7	0.2	0.3	0.5	0.6	4.1	10.1	2.2	0.0	
Fri	636	32	126	53	7	3	5	4	38	52	15	0	971
(왕)	65.5	3.3	13.0	5.5	0.7	0.3	0.5	0.4	3.9	5.4	1.5	0.0	
Sat	342	24	70	4	0	2	6	0	14	49	16	0	527
(왕)	64.9	4.6	13.3	0.8	0.0	0.4	1.1	0.0	2.7	9.3	3.0	0.0	
Sun	278	33	64	6	0	4	10	1	19	37	9	0	461
(%)	60.3	7.2	13.9	1.3	0.0	0.9	2.2	0.2	4.1	8.0	2.0	0.0	
3	age dail	7											
Avera	ige dall	LY VOI	<u>.uiie</u>										
Entir	re week												
(0.)	513 62.9	32 4.0	$\begin{array}{c} 116 \\ 14.2 \end{array}$	20 2.5	2 0.3	4 0.5	8 1.0	3 0.4	29 3.5	72 8.8	17 2.1	0.0	815
(%)	62.9	4.0	14.2	2.5	0.3	0.5	1.0	0.4	3.5	8.8	∠.⊥	0.0	
Weeko	-	2.4	125	0.5	2	_	0	4	2.4	0.2	1.0	0	0.4.4
(%)	594 62.9	34 3.6	135 14.3	26 2.8	3 0.3	5 0.5	8 0.8	4 0.4	34 3.6	83 8.8	19 2.0	0 0.0	944
		2.3	,	0	0.5	0.5		· · ·	3.3	3.3	0	0.0	
Weeke	e nd 310	29	67	_	0	2	0	1	17	43	13	0	494
(%)	62.8	∠9 5.8	13.6	5 1.0	0.0	3 0.6	8 1.6	1 0.1	3.3	43 8.7	2.5	0 0.0	494

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monda	Monday, 5 August 2019												
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon (%)	496 58.0	30 3.5	128 15.0	81 9.5	0.0	2 0.2	10 1.2	8 0.9	18 2.1	65 7.6	17 2.0	0.0	855
Tue (%)	575 62.1	28 3.0	131 14.1	9 1.0	2 0.2	6 0.6	10 1.1	10 1.1	36 3.9	105 11.3	14 1.5	0.0	926
Wed (%)	547 61.7	33 3.7	124 14.0	26 2.9	0.0	4 0.5	7 0.8	6 0.7	44 5.0	82 9.2	14 1.6	0.0	887
Thu (%)	604 62.3	49 5.1	109 11.2	20 2.1	5 0.5	20.2	13 1.3	13 1.3	43 4.4	94 9.7	18 1.9	0.0	970
Fri (%)	585 67.6	41 4.7	111 12.8	12 1.4	0.0	5 0.6	6 0.7	3	31 3.6	56 6.5	16 1.8	0.0	866
<u>Sat</u> (%)	383 67.1	48 8.4	54 9.5	3 0.5	2 0.4	3 0.5	8 1.4	3 0.5	14 2.5	44 7.7	9 1.6	0.0	571
<u>Sun</u> (%)	316 71.8	19 4.3	31 7.0	5 1.1	0.0	4 0.9	10.2	2 0.5	15 3.4	36 8.2	11 2.5	0.0	440
Avera	age dail	ly vol	ume										
Enti	re week												
(%)	501 63.6	35 4.5	98 12.5	22 2.8	1 0.2	4 0.5	8 1.0	6 0.8	29 3.6	69 8.7	14 1.8	0.0	788
Week	days 561	36	121	30	1	4	9	8	34	80	16	0	901
(%)	62.3	4.0	13.4	3.3	0.2	0.4	1.0	0.9	3.8	8.9	1.8	0.0	901
Weeke		2.4	4.0	4	1	4	_	2	1.5	4.0	1.0	0	506
(%)	350 69.1	34 6.6	43 8.4	4 0.8	1 0.2	4 0.7	5 0.9	3 0.5	15 2.9	40 7.9	10 2.0	0.0	506

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Total Mon 556 34 128 4 0 6 18 4 17 57 12 0 836	Monda	ay, 12 A	_											
(%) 66.5 4.1 15.3 0.5 0.0 0.7 2.2 0.5 2.0 6.8 1.4 0.0 Tue 604 20 107 10 0 3 6 2 32 115 16 0 915 (%) 66.0 2.2 11.7 1.1 0.0 0.3 0.7 0.2 3.5 12.6 1.7 0.0 Wed 553 29 129 27 0 0 3 3 5 36 80 25 0 887 (%) 62.3 3.3 14.5 3.0 0.0 0.0 0.3 0.6 4.1 9.0 2.8 0.0 Thu 578 30 105 53 6 2 8 4 37 104 26 0 953 (%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 2 13 1 16 61 5 0 560 (%) 66.6 6.6 9.1 0.2 0.0 0.4 2.3 0.2 2.9 10.9 0.9 0.0 Sun 330 28 46 1 0 2 0.2 13 1 16 61 5 0 560 (%) 68.8 5.8 9.6 0.2 0.0 0.4 1.0 0.8 4.4 5.6 3.3 0.0 Average daily volume Entire week 513 29 99 17 1 3 3 8 4 28 73 16 0 480 480 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0														
Tue 604 20 107 10 0 3 6 2 32 115 16 0 915 (%) 66.0 2.2 11.7 1.1 0.0 0.3 0.7 0.2 3.5 12.6 1.7 0.0 Wed 553 29 129 27 0 0 0 3 5 36 80 25 0 887 (%) 62.3 3.3 14.5 3.0 0.0 0.0 0.3 0.6 4.1 9.0 2.8 0.0 Thu 578 30 105 53 6 2 8 4 37 104 26 0 953 (%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 0 2 13 1 16 61 5 0 0 903 (%) 66.6 6.6 9.1 0.2 0.0 0.4 2.3 0.2 2.9 10.9 0.9 0.0 Sun 330 28 46 1 0 2 2 13 1 16 61 5 0 50 Sun 330 28 46 1 0 2 5 4 21 27 16 0 480 Sun 330 28 46 1 0 2 5 4 21 27 16 0 480 Sun 330 37 51 1 0 0 2 15 4 21 27 16 0 480 Sun 330 37 51 1 0 0 2 5 4 21 27 16 0 480 Sun 330 37 51 1 0 0 2 5 4 21 27 16 0 480 Sun 330 37 51 3	Mon	556	34	128	4	0	6	18		17	57	12	0	836
(%) 66.0 2.2 11.7 1.1 0.0 0.3 0.7 0.2 3.5 12.6 1.7 0.0 Wed 553 29 129 27 0 0 3 5 36 80 25 0 887 (%) 62.3 3.3 14.5 3.0 0.0 0.0 0.3 0.6 4.1 9.0 2.8 0.0 Thu 578 30 105 53 6 2 8 4 37 104 26 0 953 (%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 </td <th>(%)</th> <td>66.5</td> <td>4.1</td> <td>15.3</td> <td>0.5</td> <td>0.0</td> <td>0.7</td> <td>2.2</td> <td>0.5</td> <td>2.0</td> <td>6.8</td> <td>1.4</td> <td>0.0</td> <td></td>	(%)	66.5	4.1	15.3	0.5	0.0	0.7	2.2	0.5	2.0	6.8	1.4	0.0	
(%) 66.0 2.2 11.7 1.1 0.0 0.3 0.7 0.2 3.5 12.6 1.7 0.0 Wed 553 29 129 27 0 0 3 5 36 80 25 0 887 (%) 62.3 3.3 14.5 3.0 0.0 0.0 0.3 0.6 4.1 9.0 2.8 0.0 Thu 578 30 105 53 6 2 8 4 37 104 26 0 953 (%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 </th <th></th>														
Wed 553 29 129 27 0 0 3 5 36 80 25 0 887 (%) 62.3 3.3 14.5 3.0 0.0 0.0 0.3 0.6 4.1 9.0 2.8 0.0 Thu 578 30 105 53 6 2 8 4 37 104 26 0 953 (%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 1 16 61 5 0	Tue	604	20	107	10	0	3	6	2	32	115	16	0	915
Wed 553 29 129 27 0 0 3 5 36 80 25 0 887 (%) 62.3 3.3 14.5 3.0 0.0 0.0 0.3 0.6 4.1 9.0 2.8 0.0 Thu 578 30 105 53 6 2 8 4 37 104 26 0 953 (%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 1 16 61 5 0	(응)	66.0	2.2	11.7	1.1	0.0	0.3	0.7	0.2	3.5	12.6	1.7	0.0	
(%) 62.3 3.3 14.5 3.0 0.0 0.0 0.3 0.6 4.1 9.0 2.8 0.0 Thu 578 30 105 53 6 2 8 4 37 104 26 0 953 (%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 1 16 61 5 0 560 Sun 330 28 46 1 0 2 5 4 21 27 16 0 480 (%) 68.8 5.8 9.6 0.2 0.0 0.4 <t< th=""><th>(-)</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></t<>	(-)													
(%) 62.3 3.3 14.5 3.0 0.0 0.0 0.3 0.6 4.1 9.0 2.8 0.0 Thu 578 30 105 53 6 2 8 4 37 104 26 0 953 (%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 1 16 61 5 0 560 Sun 330 28 46 1 0 2 5 4 21 27 16 0 480 (%) 68.8 5.8 9.6 0.2 0.0 0.4 <t< th=""><th>Wed</th><th>553</th><th>29</th><th>129</th><th>27</th><th>0</th><th>0</th><th>3</th><th>5</th><th>36</th><th>8.0</th><th>25</th><th>0</th><th>887</th></t<>	Wed	553	29	129	27	0	0	3	5	36	8.0	25	0	887
Thu 578 30 105 53 6 2 8 4 37 104 26 0 953 (%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 1 16 61 5 0 560 \$\frac{8}{\chi}\$ 66.6 6.6 9.1 0.2 0.0 0.4 2.3 0.2 2.9 10.9 0.9 0.0 \$\frac{8}{\chi}\$ 68.8 5.8 9.6 0.2 0.0 0.4 1.0 0.8 4.4 2.1 2.7 1.6 0 4.80 \$\frac{8}{\chi}\$ 68.8 5.8 <														00.
(%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 1 16 61 5 0 560 (%) 66.6 6.6 9.1 0.2 0.0 0.4 2.3 0.2 2.9 10.9 0.9 0.0 Sun 330 28 46 1 0 2 5 4 21 27 16 0 480 (%) 68.8 5.8 9.6 0.2 0.0 0.4 1.0 0.8 4.4 5.6 3.3 0.0 Average daily volume Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays	(0)	02.5	3.3	11.5	3.0	0.0	0.0	0.5	0.0		٥.٥	2.0	0.0	
(%) 60.7 3.1 11.0 5.6 0.6 0.2 0.8 0.4 3.9 10.9 2.7 0.0 Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 1 16 61 5 0 560 (%) 66.6 6.6 9.1 0.2 0.0 0.4 2.3 0.2 2.9 10.9 0.9 0.0 Sun 330 28 46 1 0 2 5 4 21 27 16 0 480 (%) 68.8 5.8 9.6 0.2 0.0 0.4 1.0 0.8 4.4 5.6 3.3 0.0 Average daily volume Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays	Thu	578	3.0	105	53	6	2	Q	4	37	1 0 4	26	Ω	953
Fri 600 27 126 24 1 3 2 8 34 67 11 0 903 (%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 1 16 61 5 0 560 (%) 66.6 6.6 9.1 0.2 0.0 0.4 2.3 0.2 2.9 10.9 0.9 0.0 Sun 330 28 46 1 0 2 5 4 21 27 16 0 480 (%) 68.8 5.8 9.6 0.2 0.0 0.4 1.0 0.8 4.4 5.6 3.3 0.0 Average daily volume Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays														233
(%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 1 16 61 5 0 560 (%) 66.6 6.6 9.1 0.2 0.0 0.4 2.3 0.2 2.9 10.9 0.9 0.0 Sun 330 28 46 1 0 2 5 4 21 27 16 0 480 (%) 68.8 5.8 9.6 0.2 0.0 0.4 1.0 0.8 4.4 5.6 3.3 0.0 Average daily volume Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays	(%)	00.7	3.1	11.0	3.0	0.0	0.2	0.0	0.4	3.9	10.9	4.7	0.0	
(%) 66.4 3.0 14.0 2.7 0.1 0.3 0.2 0.9 3.8 7.4 1.2 0.0 Sat 373 37 51 1 0 2 13 1 16 61 5 0 560 (%) 66.6 6.6 9.1 0.2 0.0 0.4 2.3 0.2 2.9 10.9 0.9 0.0 Sun 330 28 46 1 0 2 5 4 21 27 16 0 480 (%) 68.8 5.8 9.6 0.2 0.0 0.4 1.0 0.8 4.4 5.6 3.3 0.0 Average daily volume Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays	Proj.	600	27	126	2.4	1	2	2	0	2.4	67	11	0	002
Sat 373 37 51 1 0 2 13 1 16 61 5 0 560 Sun 330 28 46 1 0 2 5 4 21 27 16 0 480 (%) 68.8 5.8 9.6 0.2 0.0 0.4 1.0 0.8 4.4 5.6 3.3 0.0 Average daily volume Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0														903
No.	(6)	00.4	3.0	14.0	2.7	0.1	0.3	0.2	0.9	3.0	7.4	1.2	0.0	
No.	a- -	272	27	г1	1	0	2	1 2	1	1 6	<i>C</i> 1	_	0	F.C.0
Sun (%) 330 28 46 1 0 2 5 4 21 27 16 0 480 Average daily volume Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays														560
Average daily volume Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays	(6)	00.0	0.0	9.1	0.2	0.0	0.4	2.3	0.2	2.9	10.9	0.9	0.0	
Average daily volume Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays	_	220	0.0	4.0	-	0	0	_	4	0.1	0.17	1.0	0	400
Average daily volume Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays					1									480
Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays	(%)	68.8	5.8	9.6	0.2	0.0	0.4	1.0	0.8	4.4	5.6	3.3	0.0	
Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays														
Entire week 513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays		_												
513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays	Avera	age dail	Ly vol	ume										
513 29 99 17 1 3 8 4 28 73 16 0 791 (%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays														
(%) 64.9 3.7 12.5 2.2 0.1 0.3 1.0 0.5 3.5 9.2 2.0 0.0 Weekdays	Entir													
Weekdays		513	29									16	0	791
-	(%)	64.9	3.7	12.5	2.2	0.1	0.3	1.0	0.5	3.5	9.2	2.0	0.0	
-														
578 28 119 24 1 3 7 5 31 85 18 0 899	Weekd	lays												
		578	28	119	24		3		5	31	85	18	0	899
(%) 64.3 3.1 13.2 2.6 0.2 0.3 0.8 0.5 3.5 9.4 2.0 0.0	(%)	64.3	3.1	13.2	2.6	0.2	0.3	0.8	0.5	3.5	9.4	2.0	0.0	
Weekend	Weeke	end												
352 33 49 1 0 2 9 3 19 44 11 0 520			33	49	1	0	2	9	3	19	44	11	0	520
(%) 67.6 6.3 9.3 0.2 0.0 0.4 1.7 0.5 3.6 8.5 2.0 0.0	(%)	67.6	6.3	9.3					0.5	3.6	8.5	2.0		

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monda	y, 19				_	_	_						
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	615	29	104	59	0	3	8	6	34	71	27	0	956
(%)	64.3	3.0	10.9	6.2	0.0	0.3	0.8	0.6	3.6	7.4	2.8	0.0	
Tue	622	21	133	5	2	0	6	3	39	105	24	0	960
(%)	64.8	2.2	13.9	0.5	0.2	0.0	0.6	0.3	4.1	10.9	2.5	0.0	
Wed	576	28	125	10	2	4	7	11	40	99	19	0	921
(%)	62.5	3.0	13.6	1.1	0.2	0.4	0.8	1.2	4.3	10.7	2.1	0.0	221
(6)	02.5	3.0	13.0	1.1	0.2	0.4	0.0	1.2	4.3	10.7	∠.⊥	0.0	
Thu	565	26	127	8	12	1	11	5	53	87	25	0	920
(%)	61.4	2.8	13.8	0.9	1.3	0.1	1.2	0.5	5.8	9.5	2.7	0.0	220
(%)	01.4	2.0	13.0	0.9	1.3	0.1	1.2	0.5	3.0	9.3	2.7	0.0	
Fri	584	43	118	17	3	4	10	6	34	73	21	0	913
(%)	64.0	4.7	12.9	1.9	0.3	0.4	1.1	0.7	3.7	8.0	2.3	0.0	213
(%)	04.0	4.7	12.9	1.9	0.3	0.4	1.1	0.7	3.1	0.0	4.3	0.0	
Sat	432	30	60	4	0	11	8	1	16	49	9	0	620
(%)	69.7	4.8	9.7	0.6	0.0	1.8	1.3	0.2	2.6	7.9	1.5	0.0	020
(%)	09.7	4.0	9.1	0.0	0.0	1.0	1.3	0.2	2.0	1.5	1.5	0.0	
Sun	354	36	37	2	1	5	9	1	15	43	15	0	518
(%)	68.3	6.9	7.1	0.4	0.2	1.0	1.7	0.2	2.9	8.3	2.9	0.0	310
(6)	00.3	0.9	/ . 1	0.4	0.2	1.0	1.7	0.2	2.9	0.3	2.9	0.0	
Avera	ge dai:	ly vol	ume										
Entir	e week												
BIICII	535	30	101	15	3	4	8	5	33	75	20	0	830
/ Q. \		3.7	12.1	1.8	0.3	0.5	1.0	0.6	4.0	9.1	2.4	0.0	030
(%)	64.5	3.7	12.1	1.8	0.3	0.5	1.0	0.6	4.0	9.1	Z.4	0.0	
Weekd	lavs												
	592	29	121	20	4	2	8	6	40	87	23	0	934
(%)		3.1	13.0	2.1	0.4	0.3	0.9	0.7	4.3	9.3	2.5	0.0	, , ,
(0)	03.4	3.1	13.0	2.1	0.1	0.5	0.5	0.7	1.5	7.5	2.5	0.0	
Weeke	nd												
	393	33	49	3	1	8	9	1	16	46	12	0	569
(왕)	69.1	5.8	8.5	0.5	0.1	1.4	1.5	0.2	2.7	8.1	2.1	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monda	ay, 26 2	August	2019										
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	579	38	109	45	0	2	9	2	40	61	15	1	901
(왕)	64.3	4.2	12.1	5.0	0.0	0.2	1.0	0.2	4.4	6.8	1.7	0.1	
Tue	589	24	125	8	0	3	11	6	36	107	26	0	935
(%)	63.0	2.6	13.4	0.9	0.0	0.3	1.2	0.6	3.9	11.4	2.8	0.0	
Wed	618	30	120	23	0	8	7	10	37	97	31	1	982
(%)	62.9	3.1	12.2	2.3	0.0	0.8	0.7	1.0	3.8	9.9	3.2	0.1	
Thu	630	33	147	22	2	1	4	4	46	109	21	0	1019
(%)	61.8	3.2	14.4	2.2	0.2	0.1	0.4	0.4	4.5	10.7	2.1	0.0	
Fri	601	50	161	22	5	1	9	3	29	91	10	0	982
(%)	61.2	5.1	16.4	2.2	0.5	0.1	0.9	0.3	3.0	9.3	1.0	0.0	
Sat	461	42	54	2	0	2	10	0	24	49	13	0	657
(%)	70.2	6.4	8.2	0.3	0.0	0.3	1.5	0.0	3.7	7.5	2.0	0.0	
Sun	338	40	41	6	1	1	14	8	14	42	19	0	524
(%)	64.5	7.6	7.8	1.1	0.2	0.2	2.7	1.5	2.7	8.0	3.6	0.0	
Avera	age dai:	ly vol	ume										
	_												
Enti	re week 545	37	108	18	1	3	9	5	32	79	19	0	857
(%)	63.6	4.3	12.6	2.1	0.1	0.3	1.1	0.6	3.8	9.3	2.3	0.0	037
Week	days												
	603	35	132	24	1	3	8	5	38	93	21	0	964
(%)	62.6	3.6	13.7	2.5	0.1	0.3	0.8	0.5	3.9	9.6	2.1	0.0	
Week													
	400	41	48	4	1	2	12	4	19	46	16	0	591
(왕)	67.7	6.9	8.0	0.7	0.1	0.3	2.0	0.7	3.2	7.7	2.7	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Tullamore Road.0.0E Site: **Description: Tullamore Road**

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Cls(1-12) Dir(NESW) Sp(10,160) Headway(>0) Span(0 - 100) Lane(0-16) Filter:

Monday, 2 September 2019													
Monda	ay, 2 Se	eptemb	er 201	9									
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	533	50	149	17	3	1	8	7	31	76	22	0	897
(%)	59.4	5.6	16.6	1.9	0.3	0.1	0.9	0.8	3.5	8.5	2.5	0.0	
Tue	646	31	117	37	2	1	7	5	28	119	18	0	1011
(%)	63.9	3.1	11.6	3.7	0.2	0.1	0.7	0.5	2.8	11.8	1.8	0.0	
Wed	593	34	102	22	2	3	14	6	42	101	27	0	946
(%)	62.7	3.6	10.8	2.3	0.2	0.3	1.5	0.6	4.4	10.7	2.9	0.0	
Thu	673	27	127	15	2	2	14	4	37	107	20	0	1028
(%)	65.5	2.6	12.4	1.5	0.2	0.2	1.4	0.4	3.6	10.4	1.9	0.0	
Fri	627	58	97	14	8	2	6	7	30	76	16	1	942
(%)	66.6	6.2	10.3	1.5	0.8	0.2	0.6	0.7	3.2	8.1	1.7	0.1	
Sat	448	26	58	5	0	3	2	3	14	50	7	0	616
(%)	72.7	4.2	9.4	0.8	0.0	0.5	0.3	0.5	2.3	8.1	1.1	0.0	
Sun	365	55	53	1	1	2	9	2	20	47	23	0	578
(%)	63.1	9.5	9.2	0.2	0.2	0.3	1.6	0.3	3.5	8.1	4.0	0.0	
3													
Avera	age dai:	TA AOI	une										
Enti	re week							_					
(%)	555 64.6	40 4.7	100 11.7	16 1.8	3 0.3	2 0.2	9 1.0	5 0.6	29 3.4	82 9.6	19 2.2	0.0	860
		4.7	±±• /	1.0	0.5	0.2	1.0	0.0	3.1	7.0	2.2	0.0	
Week	days 614	40	118	21	3	2	10	6	34	96	21	0	965
(%)	63.7	4.1	12.3	2.2	0.4	0.2	1.0	0.6	3.5	9.9	2.1	0.0	905
Week	end												
(0)	407	41	56	3	1	3	6	3	17	49	15	0	597
(왕)	68.1	6.8	9.3	0.5	0.1	0.4	0.9	0.4	2.8	8.1	2.5	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Tullamore Road.0.0E Site: **Description: Tullamore Road**

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Cls(1-12) Dir(NESW) Sp(10,160) Headway(>0) Span(0 - 100) Lane(0-16) Filter:

ı iitei													
Monda	ay, 9 Se	eptemb 2	er 201	9 4	5	6	7	8	9	10	11	12	Total
Mon	534	44	131	11	1	3	15	8	42	64	20	0	873
(%)	61.2	5.0	15.0	1.3	0.1	0.3	1.7	0.9	4.8	7.3	2.3	0.0	
Tue	568	17	151	18	4	1	7	1	42	124	27	0	960
(%)	59.2	1.8	15.7	1.9	0.4	0.1	0.7	0.1	4.4	12.9	2.8	0.0	
Wed	632	21	157	13	2	2	14	7	39	104	30	0	1021
(%)	61.9	2.1	15.4	1.3	0.2	0.2	1.4	0.7	3.8	10.2	2.9	0.0	
Thu	569	41	118	15	4	1	8	4	41	121	20	0	942
(%)	60.4	4.4	12.5	1.6	0.4	0.1	0.8	0.4	4.4	12.8	2.1	0.0	
Fri	688	42	155	16	2	6	8	4	33	66	24	0	1044
(왕)	65.9	4.0	14.8	1.5	0.2	0.6	0.8	0.4	3.2	6.3	2.3	0.0	
Sat	433	31	71	3	0	3	4	3	17	48	9	0	622
(%)	69.6	5.0	11.4	0.5	0.0	0.5	0.6	0.5	2.7	7.7	1.4	0.0	
Sun	339	31	58	1	1	5	6	3	11	51	6	0	512
(%)	66.2	6.1	11.3	0.2	0.2	1.0	1.2	0.6	2.1	10.0	1.2	0.0	
Avera	age dai:	ly vol	ume										
Enti	re week												
	538	32	120	11	2	3	9	4	32	83	19	0	853
(%)	63.0	3.8	14.1	1.3	0.2	0.4	1.0	0.5	3.8	9.7	2.3	0.0	
Week	_	2.2	1.40	1-	_	_	1.0	_	2.0	0.5	0.4		2.50
(%)	598 61.8	33 3.4	142 14.7	15 1.5	3 0.3	3 0.3	10 1.1	5 0.5	39 4.1	96 9.9	24 2.5	0.0	968
Weeke	end												
	386	31	65	2	1	4	5	3	14	50	8	0	567
(왕)	68.1	5.5	11.4	0.4	0.1	0.7	0.9	0.5	2.5	8.7	1.3	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E **Description: Tullamore Road**

10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019 Filter time:

Scheme: Vehicle classification (AustRoads94)

Cls(1-12) Dir(NESW) Sp(10,160) Headway(>0) Span(0 - 100) Lane(0-16) Filter:

Monday,	16	September	2019
	_	_	_

Monda	ay, 16	Septem	ber 20	19									
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	567	41	106	16	3	3	9	4	39	68	20	0	876
(%)	64.7	4.7	12.1	1.8	0.3	0.3	1.0	0.5	4.5	7.8	2.3	0.0	
Tue	512	15	121	9	3	2	7	3	38	99	21	1	831
(%)	61.6	1.8	14.6	1.1	0.4	0.2	0.8	0.4	4.6	11.9	2.5	0.1	
Wed	540	21	119	17	1	4	8	4	47	101	20	0	882
(왕)	61.2	2.4	13.5	1.9	0.1	0.5	0.9	0.5	5.3	11.5	2.3	0.0	
Thu	608	22	161	18	6	3	12	7	51	96	32	0	1016
(%)	59.8	2.2	15.8	1.8	0.6	0.3	1.2	0.7	5.0	9.4	3.1	0.0	
Fri	534	28	169	18	3	5	12	1	33	74	17	0	894
(%)	59.7	3.1	18.9	2.0	0.3	0.6	1.3	0.1	3.7	8.3	1.9	0.0	
Sat	368	26	59	1	1	2	6	2	21	44	10	0	540
(%)	68.1	4.8	10.9	0.2	0.2	0.4	1.1	0.4	3.9	8.1	1.9	0.0	
Sun	371	37	62	2	0	1	9	0	22	46	12	0	562
(%)	66.0	6.6	11.0	0.4	0.0	0.2	1.6	0.0	3.9	8.2	2.1	0.0	
Avera	age dai	ly vol	.ume										
Enti	re week												
(%)	500 62.5	27 3.4	$\frac{114}{14.2}$	$\begin{array}{c} 12 \\ 1.4 \end{array}$	2 0.3	3 0.4	9 1.1	3 0.4	36 4.5	75 9.4	$\frac{19}{2.4}$	0 0.0	800
, ,		3.1	14.2	1.1	0.3	0.1	1.1	0.1	1.5	9.4	2.1	0.0	
Week	lays 552	25	135	16	3	3	10	4	42	88	22	0	900
(%)	61.4	2.8	15.0	1.7	0.4	0.4	1.1	0.4	4.6	9.7	2.4	0.0	500
Weeke	end												
	370	32	61	2	1	2	8	1	22	45	11	0	551
(왕)	67.1	5.7	11.0	0.3	0.1	0.3	1.4	0.2	3.9	8.2	2.0	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Tullamore Road.0.0E Site: **Description: Tullamore Road**

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Cls(1-12) Dir(NESW) Sp(10,160) Headway(>0) Span(0 - 100) Lane(0-16) Filter:

			`	,	`	, , ,	,	,	` '	` `	,	` '	•
Monda	ay, 23 S	Septem	ber 20	19									
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	595	27	113	16	1	1	16	4	27	84	25	0	909
(%)	65.5	3.0	12.4	1.8	0.1	0.1	1.8	0.4	3.0	9.2	2.8	0.0	
Tue	591	29	170	31	21	10	15	3	60	107	31	1	1069
(%)	55.3	2.7	15.9	2.9	2.0	0.9	1.4	0.3	5.6	10.0	2.9	0.1	
Wed	643	22	151	23	12	3	19	4	42	101	21	0	1041
(왕)	61.8	2.1	14.5	2.2	1.2	0.3	1.8	0.4	4.0	9.7	2.0	0.0	
Thu	622	43	141	19	19	2	17	2	28	101	19	0	1013
(%)	61.4	4.2	13.9	1.9	1.9	0.2	1.7	0.2	2.8	10.0	1.9	0.0	
Fri	646	26	143	24	7	6	9	4	47	75	20	0	1007
(%)	64.2	2.6	14.2	2.4	0.7	0.6	0.9	0.4	4.7	7.4	2.0	0.0	
Sat	395	42	79	2	0	1	3	1	23	35	14	0	595
(%)	66.4	7.1	13.3	0.3	0.0	0.2	0.5	0.2	3.9	5.9	2.4	0.0	
Sun	364	30	69	0	2	3	3	1	22	37	6	0	537
(왕)	67.8	5.6	12.8	0.0	0.4	0.6	0.6	0.2	4.1	6.9	1.1	0.0	
3	4-41	7											
Avera	age dail	ry voi	une										
Enti	re week												
	551	31	124	16	9	4	12	3	36	77	19	0	882
(%)	62.5	3.5	14.0	1.9	1.0	0.4	1.3	0.3	4.0	8.8	2.2	0.0	
Week		0.0	2.4.4	0.2	1.0	4	1.5	2	4.1	0.4	0.2	0	1000
(왕)	619 61.5	29 2.9	$144 \\ 14.2$	23 2.2	12 1.2	4 0.4	15 1.5	3 0.3	41 4.0	94 9.3	23 2.3	0.0	1008
. ,													
Week	ena 380	36	74	1	1	2	2	1	2.2	36	10	0	566
(%)		6.4	13.1	1 0.2	1 0.2	2 0.4	3 0.5	1 0.2	23 4.0	6.4	1.8	0 0.0	200

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

			•	•			•	-	. , .	,	•	, ,	
Monda	ay, 30 s	Septem	ber 20	19									
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	557	22	108	17	2	6	12	5	38	67	26	0	860
(%)	64.8	2.6	12.6	2.0	0.2	0.7	1.4	0.6	4.4	7.8	3.0	0.0	
Tue	569	26	143	12	37	4	9	1	54	114	26	0	995
(%)	57.2	2.6	14.4	1.2	3.7	0.4	0.9	0.1	5.4	11.5	2.6	0.0	
Wed	654	25	129	21	6	4	9	5	59	95	28	0	1035
(%)	63.2	2.4	12.5	2.0	0.6	0.4	0.9	0.5	5.7	9.2	2.7	0.0	
Thu	631	28	142	13	6	3	5	9	38	102	29	0	1006
(%)	62.7	2.8	14.1	1.3	0.6	0.3	0.5	0.9	3.8	10.1	2.9	0.0	
Fri	635	54	115	11	2	7	15	9	43	65	15	1	972
(%)	65.3	5.6	11.8	1.1	0.2	0.7	1.5	0.9	4.4	6.7	1.5	0.1	
Sat	408	39	90	5	2	7	4	5	15	46	8	0	629
(%)	64.9	6.2	14.3	0.8	0.3	1.1	0.6	0.8	2.4	7.3	1.3	0.0	
Sun	850	46	114	3	0	5	6	1	8	39	9	0	1081
(%)	78.6	4.3	10.5	0.3	0.0	0.5	0.6	0.1	0.7	3.6	0.8	0.0	
Avera	age dail	lv vol	ume										
	.	2											
Entir	re week												
	615	34	120	12	8	5	9	5	36	75	20	0	940
(%)	65.4	3.6	12.8	1.2	0.8	0.5	0.9	0.5	3.9	8.0	2.1	0.0	
Weekd	-												
(0)	609	31	127	15	11	5	10	6	46	89	25	0	974
(왕)	62.6	3.2	13.1	1.5	1.1	0.5	1.0	0.6	4.8	9.1	2.5	0.0	
Weeke													
(0)	629	43	102	4	1	6	5	3	12	43	9	0	855
(왕)	73.6	5.0	11.9	0.5	0.1	0.7	0.6	0.4	1.3	5.0	1.0	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monda	ay, 7 Oc		2019										
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	598	48	56	5	1	4	3	4	16	59	10	0	804
(%)	74.4	6.0	7.0	0.6	0.1	0.5	0.4	0.5	2.0	7.3	1.2	0.0	
Tue	594	45	147	10	20	7	12	2	43	125	36	0	1041
(%)	57.1	4.3	14.1	1.0	1.9	0.7	1.2	0.2	4.1	12.0	3.5	0.0	
Wed	580	29	150	12	13	9	2	3	52	116	41	0	1007
(%)	57.6	2.9	14.9	1.2	1.3	0.9	0.2	0.3	5.2	11.5	4.1	0.0	
Thu	477	43	185	26	2	7	10	4	41	123	42	0	960
(%)	49.7	4.5	19.3	2.7	0.2	0.7	1.0	0.4	4.3	12.8	4.4	0.0	
Fri	557	26	143	20	2	7	5	3	39	75	33	0	910
(%)	61.2	2.9	15.7	2.2	0.2	0.8	0.5	0.3	4.3	8.2	3.6	0.0	
Sat	364	16	96	3	0	5	5	1	15	52	15	0	572
(%)	63.6	2.8	16.8	0.5	0.0	0.9	0.9	0.2	2.6	9.1	2.6	0.0	
Sun	336	17	72	5	1	0	5	2	13	40	13	0	504
(%)	66.7	3.4	14.3	1.0	0.2	0.0	1.0	0.4	2.6	7.9	2.6	0.0	
Avera	age dail	ly vol	ume										
Enti	re week												
	501	32	121	12	6	6	6	3	31	84	27	0	828
(%)	60.5	3.9	14.6	1.4	0.7	0.7	0.7	0.3	3.8	10.2	3.3	0.0	
Week	-				_	_	_	_					
(%)	561 59.4	38 4.0	136 14.4	15 1.5	8 0.8	7 0.7	6 0.7	3 0.3	38 4.0	100 10.5	32 3.4	0.0	944
(0)	33.4	4.0	14.4	1.5	0.0	0.7	0.7	0.3	4.0	10.5	3.4	0.0	
Week		1.5	0.4	4	-	2	_	0		4.6	7.4	0	F 2 0
(0)	350	17	84	4	1	3	5	2	14	46	14	0	538
(%)	65.1	3.1	15.6	0.7	0.1	0.5	0.9	0.3	2.6	8.6	2.6	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monda	ay, 14 (Octobe	r 2019										
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon (%)	572 58.4	32 3.3	178 18.2	12 1.2	22 2.2	3 0.3	12 1.2	8.0	34 3.5	72 7.4	34 3.5	0.0	979
Tue (%)	653 58.3	41 3.7	174 15.5	15 1.3	8 0.7	2 0.2	8 0.7	6 0.5	35 3.1	143 12.8	35 3.1	0.0	1120
Wed (%)	607 55.2	33 3.0	157 14.3	25 2.3	34 3.1	3	18 1.6	4 0.4	71 6.5	121 11.0	27 2.5	0.0	1100
Thu (%)	630 57.4	24 2.2	132 12.0	12 1.1	8 0.7	3	5 0.5	18 1.6	80 7.3	153 13.9	32 2.9	0.0	1097
Fri (%)	684 60.1	43 3.8	160 14.0	14 1.2	33 2.9	6 0.5	8 0.7	13 1.1	63 5.5	88 7.7	27 2.4	0.0	1139
<u>Sat</u> (%)	421 61.8	28 4.1	85 12.5	1 0.1	20.3	3 0.4	8 1.2	4 0.6	40 5.9	69 10.1	20 2.9	0.0	681
<u>Sun</u> (%)	372 67.1	28 5.1	53 9.6	2 0.4	3 0.5	5 0.9	5 0.9	3 0.5	15 2.7	46 8.3	22 4.0	0.0	554
Avera	age dail	Ly vol	ume										
Enti	re week												
(%)	563 59.1	33 3.4	134 14.1	12 1.2	16 1.6	4 0.4	9 1.0	8.0	48 5.1	99 10.4	28 3.0	0.0	953
Week	days 629	35	160	16	21	3	10	10	57	115	31	0	1087
(%)	57.9	3.2	14.7	1.4	1.9	0.3	0.9	0.9	5.2	10.6	2.9	0.0	1007
Week	end												
(%)	397 64.2	28 4.5	69 11.2	2 0.2	3 0.4	4 0.6	7 1.1	4 0.6	28 4.5	58 9.3	21 3.4	0.0	618

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monda	ay, 21 (octobe	r 2019										
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon (%)	542 54.5	27 2.7	146 14.7	10 1.0	6 0.6	2	12 1.2	7 0.7	77 7.7	130 13.1	35 3.5	0.0	994
Tue (%)	610 52.0	22 1.9	199 17.0	19 1.6	2	5 0.4	9	9	107 9.1	160 13.6	32 2.7	0.0	1174
Wed (%)	555 50.3	23 2.1	156 14.1	21 1.9	23 2.1	20.2	5 0.5	8 0.7	117 10.6	141 12.8	52 4.7	0.0	1103
Thu (%)	610 53.1	27 2.4	153 13.3	13 1.1	6 0.5	3	8 0.7	9	131 11.4	152 13.2	36 3.1	0.0	1148
Fri (%)	587 56.1	34 3.3	118 11.3	11 1.1	6 0.6	1 0.1	4 0.4	3	129 12.3	123 11.8	30 2.9	0.0	1046
<u>Sat</u> (%)	407 64.2	20 3.2	90 14.2	5 0.8	10.2	10.2	9 1.4	0.0	27 4.3	57 9.0	17 2.7	0.0	634
<u>Sun</u> (%)	319 61.9	20 3.9	65 12.6	2 0.4	5 1.0	3 0.6	5 1.0	1 0.2	20 3.9	62 12.0	13 2.5	0.0	515
Avera	age dail	ly vol	ume										
Enti	re week												
(%)	519 54.9	25 2.6	132 14.0	12 1.2	7 0.7	0.3	7 0.8	5 0.6	87 9.2	118 12.5	31 3.3	0.0	945
Weeko		0.77	1 5 4	1 -	0	2	0	7	110	1 4 1	2.77	0	1002
(%)	581 53.1	27 2.4	154 14.1	15 1.4	9 0.8	3 0.2	8 0.7	7 0.7	112 10.3	141 12.9	37 3.4	0.0	1093
Weeke	end 363	2.0	70	4	2	2	7	1	2.4	60	1 -	0	-7 -
(%)	63.2	20 3.5	78 13.5	4 0.6	3 0.5	2 0.3	7 1.2	1 0.1	24 4.1	10.4	15 2.6	0 0.0	575

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monda	ay, 28	Octobe	r 2019										
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	597	18	148	16	6	2	9	9	143	127	41	0	1116
(%)	53.5	1.6	13.3	1.4	0.5	0.2	0.8	0.8	12.8	11.4	3.7	0.0	
_					_								
Tue	629	26	157	17	4	2	8	8	145	173	51	0	1220
(%)	51.6	2.1	12.9	1.4	0.3	0.2	0.7	0.7	11.9	14.2	4.2	0.0	
Wed	664	24	141	15	6	4	9	12	143	183	34	1	1236
(%)	53.7	1.9	11.4	1.2	0.5	0.3	0.7	1.0	11.6	14.8	2.8	0.1	1230
(0)	33.7	1.7	11.1	1.2	0.5	0.5	0.7	1.0	11.0	14.0	2.0	0.1	
Thu	656	38	196	17	43	10	15	8	114	162	42	0	1301
(왕)	50.4	2.9	15.1	1.3	3.3	0.8	1.2	0.6	8.8	12.5	3.2	0.0	
Fri	749	74	165	15	20	4	20	9	122	118	22	0	1318
(%)	56.8	5.6	12.5	1.1	1.5	0.3	1.5	0.7	9.3	9.0	1.7	0.0	
						_		_					
Sat	592	53	104	13	0	7	11	4	51	65	8	0	908
(왕)	65.2	5.8	11.5	1.4	0.0	0.8	1.2	0.4	5.6	7.2	0.9	0.0	
Sun	450	108	61	3	0	7	7	3	11	44	4	0	698
<u> (왕)</u>	64.5	15.5	8.7	0.4	0.0	1.0	1.0	0.4	1.6	6.3	0.6	0.0	050
(0)	04.5	13.3	0.7	0.4	0.0	1.0	1.0	0.4	1.0	0.5	0.0	0.0	
Avera	age dai	ly vol	ume										
,													
Enti	re week												
	620	49	139	14	11	5	11	8	104	125	29	0	1114
(%)	55.6	4.4	12.5	1.2	1.0	0.5	1.0	0.7	9.3	11.2	2.6	0.0	
Week	3												
week	659	36	161	16	16	4	12	9	133	153	38	0	1238
(%)	53.2	2.9	13.0	1.3	1.3	0.4	1.0	0.7	10.8	12.3	3.1	0.0	1230
(0)	JJ.Z	2.9	13.0	1.5	1.5	0.7	1.0	0.7	10.0	14.5	٥. ـ	0.0	
Week	end												
	521	81	83	8	0	7	9	4	31	55	6	0	803
(%)	64.9	10.0	10.3	1.0	0.0	0.9	1.1	0.4	3.9	6.8	0.7	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monda	Monday, 4 November 2019													
	1	2	3	4	5	6	7	8	9	10	11	12	Total	
Mon (%)	551 60.4	31 3.4	141 15.4	12 1.3	1 0.1	7 0.8	15 1.6	2 0.2	38 4.2	101 11.1	14 1.5	0.0	913	
Tue (%)	608 59.9	13 1.3	169 16.7	16 1.6	20.2	7 0.7	11 1.1	1 0.1	27 2.7	125 12.3	36 3.5	0.0	1015	
Wed (%)	581 57.6	14 1.4	152 15.1	19 1.9	4 0.4	10.1	8 0.8	6 0.6	56 5.6	122 12.1	45 4.5	0.0	1008	
Thu (%)	638 52.9	29 2.4	162 13.4	16 1.3	5 0.4	4 0.3	8 0.7	4 0.3	122 10.1	186 15.4	31 2.6	10.1	1206	
Fri (%)	672 58.6	22 1.9	164 14.3	27 2.4	20.2	4 0.3	5 0.4	4 0.3	107 9.3	104 9.1	36 3.1	0.0	1147	
<u>Sat</u> (%)	426 67.5	18 2.9	74 11.7	3 0.5	10.2	2	3 0.5	0.0	27 4.3	59 9.4	18 2.9	0.0	631	
<u>Sun</u> (%)	326 62.6	23 4.4	67 12.9	10.2	10.2	2 0.4	6 1.2	0.2	20 3.8	61 11.7	13 2.5	0.0	521	
Avera	age dail	ly vol	ume											
Enti	re week													
(%)	543 59.0	21 2.3	133 14.4	13 1.5	0.2	4 0.4	8 0.9	3 0.3	57 6.2	108 11.8	28 3.0	0.0	920	
Week(610	22 2.1	158 14.9	18 1.7	3	5 0.4	9	3	70 6.6	128 12.1	32 3.1	0.0	1058	
Weeke	end													
(%)	376 65.3	21 3.6	71 12.2	20.3	10.2	20.3	5 0.8	0.1	24 4.1	60 10.4	16 2.7	0.0	576	

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Monday, 11 November 2019													
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	533	22	140	8	3	3	5	8	67	104	42	1	936
(%)	56.9	2.4	15.0	0.9	0.3	0.3	0.5	0.9	7.2	11.1	4.5	0.1	
Tue	605	17	170	9	3	4	8	6	112	192	45	0	1171
(왕)	51.7	1.5	14.5	0.8	0.3	0.3	0.7	0.5	9.6	16.4	3.8	0.0	
Wed	672	18	223	27	29	4	13	7	132	190	40	0	1355
(%)	49.6	1.3	16.5	2.0	2.1	0.3	1.0	0.5	9.7	14.0	3.0	0.0	
Thu	632	26	221	13	3	3	12	16	162	167	39	0	1294
(왕)	48.8	2.0	17.1	1.0	0.2	0.2	0.9	1.2	12.5	12.9	3.0	0.0	
Fri	637	19	148	13	8	5	6	4	124	137	36	0	1137
(%)	56.0	1.7	13.0	1.1	0.7	0.4	0.5	0.4	10.9	12.0	3.2	0.0	
Sat	403	23	93	2	1	5	10	1	74	82	14	0	708
(%)	56.9	3.2	13.1	0.3	0.1	0.7	1.4	0.1	10.5	11.6	2.0	0.0	
Sun	338	24	70	1	0	5	6	1	10	69	16	0	540
(%)	62.6	4.4	13.0	0.2	0.0	0.9	1.1	0.2	1.9	12.8	3.0	0.0	
Aver	age dai:	ly vol	ume										
Enti	re week												
	546	21	152	10	7	4	9	6	97	134	33	0	1020
(%)	53.5	2.1	14.9	1.0	0.7	0.4	0.8	0.6	9.5	13.2	3.2	0.0	
Week	-												
	616	20	180	14	9	4	9	8	119	158	40	0	1179
(%)	52.2	1.7	15.3	1.2	0.8	0.3	0.7	0.7	10.1	13.4	3.4	0.0	
Week			0.5	ā	-	_		_	4.0		1.5	•	60.6
(0)	371	24	82	2	1	5	8	1	42	76	15	0	624
(%)	59.4	3.8	13.1	0.2	0.1	0.8	1.3	0.2	6.7	12.1	2.4	0.0	

^{* -} Incomplete

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

			•				•				•	` '	
Monday, 18 November 2019													
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	549	51	177	4	2	5	13	2	88	170	37	0	1098
(%)	50.0	4.6	16.1	0.4	0.2	0.5	1.2	0.2	8.0	15.5	3.4	0.0	
Tue	653	23	179	9	16	1	19	2	118	231	51	0	1302
(왕)	50.2	1.8	13.7	0.7	1.2	0.1	1.5	0.2	9.1	17.7	3.9	0.0	
Wed	593	20	193	15	7	1	10	2	138	185	42	0	1206
(왕)	49.2	1.7	16.0	1.2	0.6	0.1	0.8	0.2	11.4	15.3	3.5	0.0	
mb	C12	26	100	2.0	_	0	10	3	100	200	2.5	0	1243
Thu	613	26	183	29	5	9 0.7	12		128 10.3	200	35		1243
(%)	49.3	2.1	14.7	2.3	0.4	0.7	1.0	0.2	10.3	16.1	2.8	0.0	
Fri	583	26	133	22	2	3	16	0	79	123	35	1	1023
(왕)	57.0	2.5	13.0	2.2	0.2	0.3	1.6	0.0	7.7	12.0	3.4	0.1	1025
(0)	57.0	2.0	23.0		0.2	0.5		0.0			3.1	0.1	
Sat	383	32	67	2	2	1	3	3	47	97	22	0	659
(%)	58.1	4.9	10.2	0.3	0.3	0.2	0.5	0.5	7.1	14.7	3.3	0.0	
Sun	309	24	70	1	1	4	4	1	14	80	22	0	530
(%)	58.3	4.5	13.2	0.2	0.2	0.8	0.8	0.2	2.6	15.1	4.2	0.0	
		1 7											
Average daily volume													
Entir	e week												
BIICII	526	29	143	12	5	3	11	2	87	155	35	0	1009
(%)	52.2	2.9	14.2	1.2	0.5	0.3	1.1	0.2	8.7	15.4	3.5	0.0	1005
(0)	02.2	,			0.0	0.5		0.2	• • •		3.5	•••	
Weekdays													
	598	29	173	16	6	4	14	2	110	182	40	0	1174
(왕)	50.9	2.5	14.7	1.3	0.5	0.3	1.2	0.2	9.4	15.5	3.4	0.0	
Weekend													
(0)	346	28	69	2	2	3	4	2	31	89	22	0	595
(왕)	58.2	4.7	11.5	0.3	0.3	0.4	0.6	0.3	5.1	14.9	3.7	0.0	

^{* -} Incomplete

Attachment No 3 **Attachment No. 6**

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Filter: Cls(1-12) Dir(NESW) Sp(10,160) Headway(>0) Span(0 - 100) Lane(0-16)

			•	•	•		•	-	` ′ ′	,	•	` '	
Monda	ay, 25 M	Novemb	er 201	9									
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon	523	22	113	16	5	5	6	2	52	123	48	0	915
(%)	57.2	2.4	12.3	1.7	0.5	0.5	0.7	0.2	5.7	13.4	5.2	0.0	
Tue	647	23	133	17	11	4	4	7	84	172	49	0	1151
(%)	56.2	2.0	11.6	1.5	1.0	0.3	0.3	0.6	7.3	14.9	4.3	0.0	
Wed	638	32	197	32	17	5	9	4	86	173	44	1	1238
(%)	51.5	2.6	15.9	2.6	1.4	0.4	0.7	0.3	6.9	14.0	3.6	0.1	
Thu	602	19	161	15	9	2	9	5	87	150	40	0	1099
(왕)	54.8	1.7	14.6	1.4	0.8	0.2	0.8	0.5	7.9	13.6	3.6	0.0	
Fri	637	37	140	26	18	4	5	5	92	103	40	1	1108
(%)	57.5	3.3	12.6	2.3	1.6	0.4	0.5	0.5	8.3	9.3	3.6	0.1	
Sat	390	16	72	4	2	1	4	1	55	77	15	0	637
(%)	61.2	2.5	11.3	0.6	0.3	0.2	0.6	0.2	8.6	12.1	2.4	0.0	
Sun	306	25	48	4	0	4	3	2	16	79	29	0	516
(%)	59.3	4.8	9.3	0.8	0.0	0.8	0.6	0.4	3.1	15.3	5.6	0.0	
		_											
Avera	age dail	Ly vol	ume										
Entir	re week												
	535	25	123	16	9	4	6	4	67	125	38	0	952
(%)	56.2	2.6	13.0	1.7	0.9	0.4	0.6	0.4	7.1	13.2	4.0	0.0	
Weeko	lays												
	609	27	149	21	12	4	7	5	80	144	44	0	1102
(%)	55.3	2.4	13.5	1.9	1.1	0.4	0.6	0.4	7.3	13.1	4.0	0.0	
Weeke								_				_	
(0)	348	21	60	4	1	3	4	2	36	78	22	0	577
(왕)	60.4	3.6	10.4	0.7	0.2	0.4	0.6	0.3	6.2	13.5	3.8	0.0	

^{* -} Incomplete

Attachment No 3 Attachment No. 6

Daily Classes

DailyClass-36

Site: Tullamore Road.0.0E

Description: Tullamore Road

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019

Scheme: Vehicle classification (AustRoads94)

Filter: Cls(1-12) Dir(NESW) Sp(10,160) Headway(>0) Span(0 - 100) Lane(0-16)

Monday, 2 December 2019

	1	2	3	4	5	6	7	8	9	10	11	12	Total
Mon*	172	9	47	9	0	0	3	0	20	20	14	0	294
(%)	58.5	3.1	16.0	3.1	0.0	0.0	1.0	0.0	6.8	6.8	4.8	0.0	
Tue*	0	0	0	0	0	0	0	0	0	0	0	0	0
(%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Wed*	0	0	0	0	0	0	0	0	0	0	0	0	0
(%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Thu*	0	0	0	0	0	0	0	0	0	0	0	0	0
(%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Fri*	0	0	0	0	0	0	0	0	0	0	0	0	0
(%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Sat*	0	0	0	0	0	0	0	0	0	0	0	0	0
(%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Sun*	0	0	0	0	0	0	0	0	0	0	0	0	0
(%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

Average daily volume

Entire week No complete days.
Weekdays No complete days.
Weekend No complete days.

^{* -} Incomplete

ARX Classification Scheme

ARX is a modification of AustRoads94. It removes class 12, moves all other classes up by one, and inserts a cycle class as class 1.

Level 1 Level 2			Level 3		ARX							
Length	Axles an	d Groups	Vehicle Type	Classification								
Туре	Axles Groups		Description	C	lass	Parameters	Dominant Vehicle					
	Light Vehicles											
Short up to 5.5m	2	1 or 2	Very Short Bicycle or Motorcycle	MC	1	d(1) < 1.7m and axles = 2	A					
	2	1 or 2	Short Sedan, Wagon, 4WD, Unlity, Light Van, Bicycle, Motorcycle, etc.	sv	2	d(1) := 1.7m, d(1) <= 3.2m and axles = 2	a					
	3, 4 or 5	3	Short - Towing Trailer, Caravan, Boat, etc.	SVT	3	groups = 3, d(1) >= 2.1m, $d(1) <= 3.2m$, d(2) >= 2.1m and axies = 3,4,5	00					
Medium	Heavy Vehicles											
5.5m to 14.5m	2	2	Two Axle Truck or Bus	TB2	4	d(1) > 3.2m and axles = 2	Æ					
14.5111	3	2	Three Axle Truck or Bus	ТВ3	5	axles = 3 and groups = 2	£5-00					
	>3	2	Four Axle Truck	T4	6	axies > 3 and groups = 2						
	3	3	Three Axle Articulated Three axle articulated vehicle or Rigid vehicle and trailer	ART3	7	d(1) > 3.2m, andes = 3 and groups = 3	£					
Long 11.5m to	4	> 2	Four Axle Articulated Four axle articulated vehicle or Rigid vehicle and trailer	ART4	8	d(2) < 2.1m or d(1) < 2.1m or d(1) > 3.2m axles = 4 and groups > 2						
19.0m	5	>2	Five Axle Articulated Five axle articulated vehicle or Rigid vehicle and trailer	ART5	9	d(2) < 2.1m or d(1) < 2.1m or d(1) > 3.2m axles = 5 and groups > 2						
	>= 6	> 2	Six Axle Articulated Six (or more) axle articulated vehicle or Rigid vehicle and trailer	ART6	10	ardes = 6 and groups > 2 or ardes > 6 and groups = 3	£200-000					
Medium and Long	> 6	4	B Double B Double or Heavy truck and trailer	BĎ	:11	groups = 4 and axies > 6						
ombination over 17.5m	> 6	>=5 Double or Triple Road Train Double road train or Heavy track and two trailers		DRT	12	groups = 5 or 6 and ardes > 6	00000000000					
	Ungrouped Classes											
			Unclassifiable Vehicle		13	A.						
			Unclassifiable Axle Event		0							

Group: Axle group, where adjacent axles are less than 2.1m spart

Groups: Number of axle groups

Azles: Number of axles (maximum axle spacing of 10.0m)

d(1): Distance between first and second axle

6(2): Distance between second and third axle

MetroCount Traffic Executive Adjusted Flow

AADT-34 -- English (ENA)

Datasets:

Site: [Tullamore Road] Tullamore Road

Attribute:

Direction: 2 - East bound, A trigger first. **Lane:** 0

Survey Duration: 10:43 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019,

Zone:

File: Tullamore Road 0 2019-12-02 1017.EC0 (Plus)
Identifier: NT49WSQS MC5900-X13 (c)MetroCount 09Nov16

Algorithm: Factory default axle (v5.06)

Data type: Axle sensors - Paired (Class/Speed/Count)

Profile:

Filter time: 10:44 Tuesday, 25 June 2019 => 9:19 Monday, 2 December 2019 (159.941)

Included classes: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12

Speed range: 10 - 160 km/h.

Direction: North, East, South, West (bound), P = East, Lane = 0-16

Separation: Headway > 0 sec, Span 0 - 100 metre

Name: Default Profile

Scheme: Vehicle classification (AustRoads94)

Units: Metric (metre, kilometre, m/s, km/h, kg, tonne)

In profile: Vehicles = 133291 / 133371 (99.94%)

					ARAGUIIIIGI II MUJ U
Day	Hits	RawVol	DayFac	MonFac	AdjVol - Date
Ō			_		Tuesday, 25 June 2019
1	1	027 000		1.000	827.000 - Wednesday, 26 June 2019
	1	827.000	1.000		
2	1	892.000	1.000	1.000	892.000 - Thursday, 27 June 2019
3	1	842.000	1.000	1.000	842.000 - Friday, 28 June 2019
4	1	588.000	1.000	1.000	588.000 - Saturday, 29 June 2019
5	1	174.000	1.000	1.000	174.000 - Sunday, 30 June 2019
6	1	62.000	1.000	1.000	62.000 - Monday, 1 July 2019
7	1	27.000	1.000	1.000	27.000 - Tuesday, 2 July 2019
8	1	20.000	1.000	1.000	20.000 - Wednesday, 3 July 2019
9	1	231.000	1.000	1.000	231.000 - Thursday, 4 July 2019
10	1	0.000	1.000	1.000	0.000 - Friday, 5 July 2019
11	1	0.000	1.000	1.000	0.000 - Saturday, 6 July 2019
12	1	3.000	1.000	1.000	3.000 - Sunday, 7 July 2019
13	1	416.000	1.000	1.000	416.000 - Monday, 8 July 2019
14	1	887.000	1.000	1.000	887.000 - Tuesday, 9 July 2019
15	1	850.000	1.000	1.000	850.000 - Wednesday, 10 July 2019
16	1	883.000	1.000	1.000	883.000 - Thursday, 11 July 2019
17	1	837.000	1.000	1.000	837.000 - Friday, 12 July 2019
18	1	580.000	1.000	1.000	580.000 - Saturday, 13 July 2019
19	1	498.000	1.000	1.000	498.000 - Sunday, 14 July 2019
20	1	766.000	1.000	1.000	766.000 - Monday, 15 July 2019
21	1	905.000	1.000	1.000	905.000 - Tuesday, 16 July 2019
22	1	919.000	1.000	1.000	919.000 - Wednesday, 17 July 2019
					021 000 - Thursday 10 Tul- 2010
23	1	921.000	1.000	1.000	921.000 - Thursday, 18 July 2019
24	1	849.000	1.000	1.000	849.000 - Friday, 19 July 2019
25	1	560.000	1.000	1.000	560.000 - Saturday, 20 July 2019
26	1	524.000	1.000	1.000	524.000 - Sunday, 21 July 2019
27	1	807.000	1.000	1.000	807.000 - Monday, 22 July 2019
28	1	880.000	1.000	1.000	880.000 - Tuesday, 23 July 2019
29	1	866.000	1.000	1.000	866.000 - Wednesday, 24 July 2019
30	1	838.000	1.000	1.000	838.000 - Thursday, 25 July 2019
31	1	896.000	1.000	1.000	896.000 - Friday, 26 July 2019
32	1	647.000	1.000	1.000	
33	1	531.000	1.000	1.000	531.000 - Sunday, 28 July 2019
					832.000 - Monday, 29 July 2019
34	1	832.000	1.000	1.000	
35	1	912.000	1.000	1.000	912.000 - Tuesday, 30 July 2019
36	1	1020.000	1.000	1.000	1020.000 - Wednesday, 31 July 2019
37	1	984.000	1.000	1.000	984.000 - Thursday, 1 August 2019
38	1	971.000	1.000	1.000	971.000 - Friday, 2 August 2019
39	1	527.000	1.000	1.000	527.000 - Saturday, 3 August 2019
40	1	461.000	1.000	1.000	461.000 - Sunday, 4 August 2019
41	1	855.000	1.000	1.000	855.000 - Monday, 5 August 2019
42	1	926.000	1.000	1.000	926.000 - Tuesday, 6 August 2019
43	1	887.000	1.000	1.000	887.000 - Wednesday, 7 August 2019
44	1	970.000	1.000	1.000	970.000 - Thursday, 8 August 2019
45	1	866.000	1.000	1.000	866.000 - Friday, 9 August 2019
46	1	571.000	1.000	1.000	571.000 - Saturday, 10 August 2019
47	1	440.000	1.000	1.000	440.000 - Sunday, 11 August 2019
48	1	836.000	1.000	1.000	836.000 - Monday, 12 August 2019
49	1	915.000	1.000	1.000	915.000 - Tuesday, 13 August 2019
50	1	887.000	1.000	1.000	
51	1	953.000		1.000	887.000 - Wednesday, 14 August 2019
52	1		1.000		887.000 - Wednesday, 14 August 2019 953.000 - Thursday, 15 August 2019
53			1.000	1.000	953.000 - Thursday, 15 August 2019
	- 1	903.000	1.000	1.000 1.000	953.000 - Thursday, 15 August 2019 903.000 - Friday, 16 August 2019
	1	903.000 560.000	1.000 1.000	1.000 1.000 1.000	953.000 - Thursday, 15 August 2019 903.000 - Friday, 16 August 2019 560.000 - Saturday, 17 August 2019
54	1	903.000 560.000 480.000	1.000 1.000 1.000	1.000 1.000 1.000 1.000	953.000 - Thursday, 15 August 2019 903.000 - Friday, 16 August 2019 560.000 - Saturday, 17 August 2019 480.000 - Sunday, 18 August 2019
55	1 1	903.000 560.000 480.000 956.000	1.000 1.000 1.000 1.000	1.000 1.000 1.000 1.000	953.000 - Thursday, 15 August 2019 903.000 - Friday, 16 August 2019 560.000 - Saturday, 17 August 2019 480.000 - Sunday, 18 August 2019 956.000 - Monday, 19 August 2019
55 56	1 1 1	903.000 560.000 480.000	1.000 1.000 1.000	1.000 1.000 1.000 1.000	953.000 - Thursday, 15 August 2019 903.000 - Friday, 16 August 2019 560.000 - Saturday, 17 August 2019 480.000 - Sunday, 18 August 2019 956.000 - Monday, 19 August 2019 960.000 - Tuesday, 20 August 2019
55	1 1	903.000 560.000 480.000 956.000	1.000 1.000 1.000 1.000	1.000 1.000 1.000 1.000	953.000 - Thursday, 15 August 2019 903.000 - Friday, 16 August 2019 560.000 - Saturday, 17 August 2019 480.000 - Sunday, 18 August 2019 956.000 - Monday, 19 August 2019 960.000 - Tuesday, 20 August 2019
55 56 57	1 1 1	903.000 560.000 480.000 956.000 960.000 921.000	1.000 1.000 1.000 1.000 1.000	1.000 1.000 1.000 1.000 1.000 1.000	953.000 - Thursday, 15 August 2019 903.000 - Friday, 16 August 2019 560.000 - Saturday, 17 August 2019 480.000 - Sunday, 18 August 2019 956.000 - Monday, 19 August 2019 960.000 - Tuesday, 20 August 2019 921.000 - Wednesday, 21 August 2019
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55 56 57 58 59 60 61	1 1 1 1 1 1 1	903.000 560.000 480.000 956.000 960.000 921.000 920.000 913.000 620.000 518.000	1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000	1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000	953.000 - Thursday, 15 August 2019 903.000 - Friday, 16 August 2019 560.000 - Saturday, 17 August 2019 480.000 - Sunday, 18 August 2019 956.000 - Monday, 19 August 2019 960.000 - Tuesday, 20 August 2019 921.000 - Wednesday, 21 August 2019 920.000 - Thursday, 22 August 2019 913.000 - Friday, 23 August 2019 620.000 - Saturday, 24 August 2019 518.000 - Sunday, 25 August 2019
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Attachment No3 8
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Attachment No3 8
 159 1 516.000 1.000 1.000 516.000 - Sunday, 1 December 2019
 160 ---- - Monday, 2 December 2019
Total days = 159, Coverage = 43.56%
ADT = 834.075, SD = 282.264
AADT = 834.075, SD = 282.264
Weekdays = 113, Coverage = 30.96%
AWDT = 947.566, SD = 235.699
AAWDT = 947.566, SD = 235.699
Weekend days = 46, Coverage = 12.60%
AWET = 555.283, SD = 172.269
AAWET = 555.283, SD = 172.269
ADT and adjustment factor by month
Jan
Feb
Mar
Apr
May
              3323.000, Days = 5, ADT =
Jun - Vol =
                                                     664.600, Adjust =
                                                                             1.25500, 1/Adjust =
                                                                                                         0.79681
Jul - Vol = 18967.000, Days = 31, ADT =
                                                     611.839, Adjust =
                                                                           1.36323, 1/Adjust =
                                                                                                         0.73355
Aug - Vol = 25276.000, Days = 31, ADT =
                                                     815.355, Adjust = 1.02296, 1/Adjust =
                                                                                                         0.97756

      Sep - Vol =
      25148.000, Days =
      30, ADT =

      Oct - Vol =
      29673.000, Days =
      31, ADT =

      Nov - Vol =
      29715.000, Days =
      30, ADT =

      Dec - Vol =
      516.000, Days =
      1, ADT =

                                                     838.267, Adjust =
                                                                           0.99500, 1/Adjust =
                                                                                                         1.00502
                                                                           0.87138, 1/Adjust =
                                                     957.194, Adjust =
                                                                                                         1.14761
                                                                            0.84208, 1/Adjust = 1.61643, 1/Adjust =
                                                     990.500, Adjust =
                                                                                                         1.18754
                                                     516.000, Adjust =
                                                                                                         0.61865
ADT and adjustment factor by day of week
Mon - Vol = 18601.000, Days = 22, ADT =
                                                     845.500, Adjust =
                                                                             0.98649, 1/Adjust =
                                                                                                         1.01370
Tue - Vol = 21407.000, Days = 22, ADT =
                                                     973.045, Adjust =
                                                                           0.85718, 1/Adjust =
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972.043, Adjust =

998.435, Adjust =

945.478, Adjust =

597.478, Adjust =

0.85806, 1/Adjust =

0.83538, 1/Adjust =

0.88217, 1/Adjust = 1.39599, 1/Adjust =

513.087, Adjust = 1.62560, 1/Adjust =

Wed - Vol = 22357.000, Days = 23, ADT =

Thu - Vol = 22964.000, Days = 23, ADT =
Fri - Vol = 21746.000, Days = 23, ADT =
Sat - Vol = 13742.000, Days = 23, ADT =
Sun - Vol = 11801.000, Days = 23, ADT =

MINUTES OF THE NARROMINE AUSTRALIA DAY COMMITTEE MEETING HELD IN NARROMINE SHIRE COUNCIL CHAMBERS ON MONDAY 4 NOVEMBER 2019

PRESENT: Cr Les Lambert (Chair), David Taylor, Keith Elrington, Peter Richardson, John Sinclair and Kelly McCutcheon (Minute Secretary)

The Chair welcomed those present and declared the meeting open at 4.34pm.

- 1. APOLOGIES: Ann-Iouise Stonestreet, Cr Mark Munro, Ros Reid, Viv Halbisch, Jeanette Nash
- 2. RECOMMENDED David Taylor / Keith Elrington that the apologies of Ann-Iouise Stonestreet, Cr Mark Munro, Ros Reid, Viv Halbisch and Jeanette Nash be accepted.
- 3. DECLARATION/CONFLICT OF INTEREST

Nil

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING:

RECOMMENDED Keith Elrington / David Taylor that the minutes of the previous adjourned meeting of the Narromine Australia Day Committee held on 14 October 2019 be adopted as a full and accurate record of proceedings of that meeting.

- 5. EVENT PLAN: Cr Les Lambert provided an update of the event schedule with the following items updated;
 - Committee to include the Environmental Champion in awards ceremony
 - Media releases to be sent to all media outlets and promoted on social media encouraging the community to nominate for the citizen of the year awards.
 - Menu for the event and quantities of food approved
- 6. GENERAL BUSINESS:

Nil

7. NEXT MEETING:

The next meeting of the Narromine Australia Day Committee will be held on the first Monday in December, as per the Committee Charter, commencing at 4:30pm at the Council Chambers.

There being no further business, the meeting closed at 5.05 pm.

The Minutes (pages 1) were confirmed at a meeting held on the day of 2019 and are a full and accurate record of the meeting held on the 4 November 2019.

MINUTES OF THE NARROMINE AUSTRALIA DAY COMMITTEE MEETING HELD IN NARROMINE SHIRE COUNCIL CHAMBERS ON MONDAY 16 DECEMBER 2019

PRESENT: Cr Les Lambert (Chair), Jeanette Nash, Pr. David Taylor, John Sinclair, Kelly McCutcheon (Minute Secretary).

The Chair welcomed those present and declared the meeting open at 4.31pm.

1. APOLOGIES

RECOMMENDED John Sinclair/Jeanette Nash that the apologies of Cr Mark Munro, Peter Richards, Ros Reid, Ann-Louise Stonestreet, Viv Halbish, Keith Elrington, Gwen Crook be accepted.

2. DECLARATION/CONFLICT OF INTEREST

Nil

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RECOMMENDED Cr Les Lambert / David Taylor that the Minutes of the previous meeting of the Narromine Australia Day Committee held on 4 November 2019 be adopted as a full and accurate record of proceedings of that meeting.

4. BUSINESS ARISING FROM THE MINUTES

Updated event plan.

5. GENERAL BUSINESS

• Shirts to be ordered for new committee members

6. NEXT MEETING

The next meeting of the Narromine Australia Day Committee will be held on Monday, 13 January 2020 in Council's Chambers commencing at 4.30pm.

There being no further business, the meeting closed at 4.55 pm.

The Minutes (pages 1) were confirmed at a meeting held on the day of 2020 and are a full and accurate record of the meeting held on the 16 December 2019.

MINUTES OF THE NARROMINE AUSTRALIA DAY COMMITTEE MEETING HELD IN NARROMINE SHIRE COUNCIL CHAMBERS ON MONDAY 13 JANUARY 2020

PRESENT: Cr Les Lambert (Chair), Jeanette Nash, Pr. David Taylor, Peter Richards, Gwen Crook, Keith Elrington, Ros Reid, Kelly McCutcheon (Minute Secretary).

The Chair welcomed those present and declared the meeting open at 4.34pm.

1. APOLOGIES

RECOMMENDED Keith Elrington/David Taylor that the apologies of Cr Mark Munro, Ann-Louise Stonestreet, John Sinclair and Viv Halbish be accepted.

2. DECLARATION/CONFLICT OF INTEREST

Nil

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RECOMMENDED David Taylor / Jeanette Nash that the Minutes of the previous meeting of the Narromine Australia Day Committee held on 16 December 2019 be adopted as a full and accurate record of proceedings of that meeting.

4. BUSINESS ARISING FROM THE MINUTES

Updated event plan.

5. GENERAL BUSINESS

NA

6. NEXT MEETING

The next meeting of the Narromine Australia Day Committee will be held on Monday, 20 January 2020 in Council's Chambers commencing at 4.30pm.

There being no further business, the meeting closed at 5.15 pm.

The Minutes (pages 1) were confirmed at a meeting held on the day of 2020 and are a full and accurate record of the meeting held on the 13 January 2020.

MINUTES OF THE ECONOMIC DEVELOPMENT GROUP COMMITTEE MEETING HELD IN **COUNCIL'S** CHAMBERS ON MONDAY 2 DECEMBER 2019

PRESENT: Jane Redden (Narromine Shire Council, General Manager), Phil Johnston (Director Community and Economic Development), Cr Craig Davies, Cr Dawn Collins, Cr Robert McCutcheon, Cr Les Lambert, Cr Mark Munro, John Sevil, Jodi Browning, Peter Kierath, David Cliffe, Tracy McIntyre, Susie Rae, Jon Elder and Kelly McCutcheon (Minute Secretary).

1. WELCOME

Cr Mark Munro welcomed those present and declared the meeting open at 4:00pm. Cr Munro introduced Jon Elder (Vice President of the Lower Macquarie Groundwater Association)

2. APOLOGIES: Robert Handsaker, Cr Col Hamilton, Cr Lyn Jablonski, Peter MacInnes and Cr Trudy Everingham

RECOMMENDED Tracy McIntyre / Peter Kierath that the apologies be accepted.

3. DECLARATION / CONFLICT OF INTEREST:

Nil

4. PREVIOUS MINUTES

RECOMMENDED Jodie Browning / Tracy McIntyre that the minutes of the previous meeting of the Economic Development Group held on 5 October be accepted as a true and accurate record of that meeting.

5. PRESENTATION: LOWER MACQUARIE GROUNDWATER

Vice president of the Lower Macquarie Groundwater Association presented current findings on the effects of irrigation on the aquifers in the Narromine Shire and the economic benefit of high intensity farming within the Shire.

- 6. ECONOMIC DEVELOPMENT COMMITTEE
- 1) Economic Development Strategy Sub Group Updates

Director, Community and Economic Development provided an update on the following:

Subgroup	Updates
Tourism, Arts	- Visitors Guide: Prospectus completed by most tourism related
and	businesses. Information has been collated and will be sent to the
Promotions	designer prior to the end of the year. The 2020/2021 guide should
	be ready to print in February
	- New Residents Guide: Final draft being approved. Will be printed,
	ready for distribution by January.
	- Narromineregion.com.au: New website now live, information
	includes why to move to the region, schools and real estate agents.

MINUTES OF THE ECONOMIC DEVELOPMENT GROUP COMMITTEE MEETING HELD IN **COUNCIL'S** CHAMBERS ON MONDAY 2 DECEMBER 2019

	The website also includes visitation information relating to the new visitors guide. Excursion itinerary including on the website. - Learn, innovate and grow events: Narromine hosted 7 events over October and November in both Narromine and Trangie. Over 80 people attended the suite of events. A social media event hosted by Facebook and #buyfromthebush is scheduled for the new year. - Town Entrances: Designs requested from designer.
Agriculture and Infrastructure Development	 Inland Rail: Construction continues on the Parkes to Narromine Route. A Community Session is scheduled for 2 December 5:30pm – 6:30pm. The preferred route has been identified however it has not been published to date. Korean Agriculture Project: Council continues to work with CSU to secure the project in the Region. Feedlot development: Council continues to capture potential interest in the development of a feedlot in the area.
Business, Industrial and Residential Development	 Skypark Development: Tenders are being evaluated. Development should commence mid 2020. Narromine Aerodrome Precinct: Tenders are being evaluated. Aged Care Facilities: Council is submitting two applications in the Building Better Regions Fund. One for Timbrebongie and one for Trangie Retirement Village. Learn, grow and innovate workshops: 7 Workshops were held during October and November in both Narromine and Trangie. Over 80 members of the business community attended the workshops. Currently there are 5 workshops scheduled for early next year including a workshop being held with Facebook and #buyfromthebush.
Social Plan	 DIAP - Council commenced planning on further integration of DIAP including upgrading public toilets shop front access. Crime Strategy - Council in the process of developing a Crime Strategy. The Crime Strategy will include the next stages of the CCTV System along with other actions to assist in reducing opportunity for crime.

RECOMMENDED David Cliffe / Susie Rae that the information in regards to the subgroup updates be noted.

6. GENERAL BUSINESS

 Narromine Social Plan: Additional Economic Development Sub Committee to be established to assist in achieving actions listing in the 2019/2021 Social Plan. Cr

MINUTES OF THE ECONOMIC DEVELOPMENT GROUP COMMITTEE MEETING HELD IN **COUNCIL'S** CHAMBERS ON MONDAY 2 DECEMBER 2019

Trudy Everingham elected the Council representative, three community members to be included in the subcommittee. Narromine Shire Council

7. NEXT MEETING:

The next meeting of the Economic Development Group Committee will be held on 18 March 2020, commencing at 5.00 pm at Narromine Shire Council. EDG Subcommittee's will be contacted to arrange next meeting dates.

There being no further business, the meeting closed at 6.20pm.

The minutes (pages 1-3) were confirmed on 2020 and are a true and accurate record of proceedings of the meeting held on 2 December 2019.