



**Ordinary meeting business paper**

**Wednesday, 20 October 2021**

commencing 1.00 pm

Rous Administration Centre (L4), 218-232 Molesworth Street, Lismore

*Note: This meeting will be recorded and those in attendance should refrain from making any defamatory comments. There are to be no other recordings of this meeting without the prior authorisation of Council.*

*Philip Rudd  
General Manager*

## **AGENDA**

### **1. Confirmation of Minutes of previous meeting**

- 1.1 Ordinary Minutes 16 June 2021 ..... 1 - 5
- 1.2 Extraordinary Minutes 21 July 2021 ..... 6 - 11

### **2. Disclosure of Interest**

### **3. Presentation**

- Brian Wilkinson, Chairperson (Audit, Risk and Improvement Committee) will be in attendance to present on his report: *'Audit, Risk and Improvement Committee Performance Review: period 2020-2021'* (refer pp. 239-242).
- Geoff Dwyer and Richard Watkinson (Thomas Noble Russell) to present the *Annual Financial Reports and Audit Report for y.e. 30 June 2021* (refer pp. 13-102.)

### **4. General Manager reports**

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### **5. Group Manager Corporate and Commercial reports**

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### **6. Group Manager Planning and Delivery reports**

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<b>11.</b>	<b>Confidential matters</b>	
<b>12.</b>	<b>Matters of urgency</b>	
<b>13.</b>	<b>Questions without notice</b>	

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**MINUTES OF THE ORDINARY MEETING OF ROUS COUNTY COUNCIL HELD  
WEDNESDAY, 16 JUNE 2021 AT COUNCIL'S ADMINISTRATION OFFICE, LISMORE**

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**OPENING OF THE MEETING**

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Meeting commenced at 1.03pm.

The Chair extended a welcome to attendees.

Preamble

*In accordance with clause 5.21 of the Local Government Act 1993, attendees at the Council meeting were advised by the Chair that the meeting was being live streamed. The following points were noted by the Chair:*

- *All speakers should refrain from making any defamatory comments or releasing any personal information about another individual without their consent.*
- *Council accepts no liability for any damage that may result from defamatory comments made by persons attending meetings. All liability will rest with the individual who made the comments.*
- *This meeting must not be recorded by others without the prior written consent of the Council in accordance with Council's Code of Meeting Practice.*

Attendance*Councillors*

Keith Williams (Chair)

Sharon Cadwallader (Deputy Chair)

Basil Cameron

Darlene Cook

Vanessa Ekins

Sandra Humphrys

Robert Mustow

Cate Coorey (*from 1.10pm*)

*Staff*

General Manager (Phillip Rudd)

Group Manager Corporate and Commercial (Guy Bezrouchko)

Group Manager Planning and Delivery (Andrew Logan)

Group Manager People and Performance (Helen McNeil)

Group Manager Operations (Adam Nesbitt) *until 3.10pm*

Noeline Smith (minute taker)

Luka Taylor (IT support)

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**ACKNOWLEDGEMENT OF COUNTRY**

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*Council showed its respect and acknowledged the Traditional Custodians of the Land, of all Elders, on which this meeting took place.*

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## 1. APOLOGIES AND LEAVE OF ABSENCE

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Nil.

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## 2. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

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### i). Ordinary Council meeting 21 April 2021

**RESOLVED [26/21]** (Cadwallader/Mustow) that the minutes of the ordinary meeting held 21 April 2021 be confirmed as presented.

Moved: Cr Cadwallader      Seconded: Cr Mustow      CARRIED UNANIMOUSLY

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## 3. DISCLOSURE OF INTEREST

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Cr Cadwallader and Cr Humphrys declared a non-pecuniary, non-significant interest in relation to Item 6. *Final draft Delivery program | Operational plan and 2021/22 Budget* (page 62 of meeting agenda – *wedding ceremony fees*).

### SUSPENSION OF STANDING ORDERS

**RESOLVED [27/21]** that Council suspend Standing Orders to bring forward and deal with report: *Rous Cultural, Environmental and Information Centre*.

Moved: Cr Humphrys      Seconded: Cr Cadwallader      CARRIED UNANIMOUSLY

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## 3. GROUP MANAGER CORPORATE AND COMMERCIAL SERVICES

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### i). Rous Cultural, Environmental and Information Centre

*Responsible Officer: Group Manager Corporate and Commercial (Guy Bezrouchko)*

**RESOLVED [28/21]** that Council:

1. Receive and note the report.
2. Endorse the approach to lease the Lismore Visitor Information Centre site, establish and operate a cultural, environmental and information facility as per the Legal Framework set out in the report.
3. Approve an additional budget allocation of \$175,000 from bulk water reserves.
4. Receive a progress report biannually (every six months).
5. Further negotiations take place with Lismore City Council (LCC) regarding LCC providing tourism services fulltime including Monday-Friday.
6. Incorporate a history of the community and service club involvement in the development of the Lismore Visitor Information Centre, within the cultural and community displays.

*Cr Coorey arrived at 1.10pm.*

Moved: Cr Cadwallader      Seconded: Cr Mustow      CARRIED UNANIMOUSLY

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### RESUMPTION OF STANDING ORDERS

**RESOLVED [29/21]** that Standing Orders be resumed.

Moved: Cr Cadwallader      Seconded: Cr Mustow      CARRIED UNANIMOUSLY

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#### 4. GENERAL MANAGER REPORTS

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##### i). Final draft Delivery program | Operational plan and 2021/22 Budget

*Responsible Officer: General Manager (Phillip Rudd)*

**RESOLVED [30/21]** that Council:

1. Receive and note that no public submissions were lodged during the consultation process outlined in the report.
2. Receive and note the staff submissions lodged during the consultation process outlined in the report.

Moved: Cr Cadwallader      Seconded: Cr Cameron      CARRIED UNANIMOUSLY

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#### 5. GROUP MANGER CORPORATE AND COMMERCIAL REPORTS

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##### i). Retail water customer account assistance

*Responsible Officer: Group Manager Corporate and Commercial (Guy Bezrouchko)*

**RESOLVED [31/21]** that Council in accordance with section 356 (1) of the *Local Government Act 1993* and its 'Retail Water Customer Account Assistance' policy, approve financial assistance as listed in Table 1 of the report.

Moved: Cr D Cook      Seconded: Cr R Mustow      CARRIED UNANIMOUSLY

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#### 6. INFORMATION REPORTS

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*Responsible officers: Group Managers*

**RESOLVED [32/21]** that Council receive and note the following information reports:

1. Investments May 2021.
2. Audit, Risk and Improvement Committee – meeting update.
3. Reports/actions pending.

Moved: Cr Mustow      Seconded: Cadwallader      CARRIED UNANIMOUSLY

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#### 7. CONFIDENTIAL MATTERS

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##### MOVE TO CLOSED COUNCIL

*Preamble*

*Chair: We are at the point in our meeting where we have confidential items to consider. In accordance with Section 10A(4) of the Local Government Act, 1993 are there any members of the public who would like to make representations, before any part of the meeting is closed to the public, as to whether the meeting should be closed to consider the items. We have three items to consider. They are:*

1. *Deferral of Rocky Creek Dam Master Plan project*
2. *Proposed sale: 56-60 Carrington Street and 31-33 Conway Street, Lismore*
3. *Consolidation of workplace locations*

*If there are no objections, I call for a mover and seconder to move into Confidential Session.*

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*In accordance with our Code of Meeting Practice, the recording and live streaming of the meeting will be stopped for the Confidential Session. We will resume the Open Session of the meeting after the confidential items are considered, when we will report the recommendations to the Open meeting.*

**MOVE INTO CLOSED COUNCIL**

**RESOLVED [33/21]** that Council move into Closed Council to consider the following matters and the meeting be closed to members of the public and press based on the grounds detailed below:

Moved: Cr Cadwallader      Seconded: Humphrys      CARRIED UNANIMOUSLY

<b>Report</b>	<b>Deferral of Rocky Creek Dam Master Plan project</b>
<b>Grounds for closure</b>	Section 10A(2)(d) commercial information of a confidential nature that would, if disclosed, prejudice the commercial position of the person who supplied it.
<b>Report</b>	<b>Proposed sale: 56-60 Carrington Street and 31-33 Conway Street, Lismore</b>
<b>Grounds for closure</b>	Section 10A(2)(c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.
<b>Report</b>	<b>Consolidation of workplace locations</b>
<b>Grounds for closure</b>	Section 10A(2)(c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; and Section 10A(2)(d)(ii) commercial information of a confidential nature that would, if disclosed, confer a commercial advantage on a competitor of the Council.

**RESUME TO OPEN COUNCIL**

**RESOLVED [34/21]** that Council move to Open Council.

Moved: Cr Mustow      Seconded: Cr Cook      CARRIED UNANIMOUSLY

The General Manager read to the meeting the following resolution of Council:

**i). Deferral of Rocky Creek Dam Master Plan project**

**RESOLVED [35/21]** that Council:

1. Note the update on the Rocky Creek Dam Master Plan project progress, including the results of the Value of Tourism and Recreational Services provided by Rocky Creek Dam study by Southern Cross University.
2. Approve the deferral of the Rocky Creek Dam Master Plan project until the proposed trial (up to 3 years) of the Lismore Visitor Information Centre is concluded and evaluated, and the future site of a combined Council Administration Centre and Depot is resolved.
3. Approve the return of \$65,000 of non-committed funds from the project budget to Bulk reserves.

Moved: Cr Cadwallader      Seconded: Cr Coorey      CARRIED UNANIMOUSLY

**ii). Proposed sale: 56-60 Carrington Street and 31-33 Conway Street, Lismore**

*Crs Williams, Ekins and Cook, General Manager and Group Manager Corporate and Commercial, declared a non-pecuniary, non-significant interest in this report.*

**RESOLVED [36/21]** that Council:

1. Note the information provided in the report and the attached Valuation Report prepared by Acrementis® as at 30 June 2020.
2. Authorise the Group Manager People and Performance to:
  - (a) enter into direct negotiations for the sale of 56-60 Carrington Street and 31-33 Conway Street, Lismore, NSW (being the whole of the land contained within folios 3/129521 and 7/17438) (the 'property'); and
  - (b) accept a price for the property no less than the minimum selling price set out in the report or subsequent valuation, whichever is the higher, having regard to no agent involvement.
3. Authorise the General Manager and Chair to sign the contract for sale and purchase, and any other necessary documentation under seal to affect the sale and transfer of the property.

Moved: Cr Mustow

Seconded: Cr Humphrys

CARRIED UNANIMOUSLY

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**iii). Consolidation of workplace locations**

**RESOLVED [37/21]** that Council:

1. Receive and note the report.
2. Authorise the General Manager to negotiate the purchase of the property as described in the body of the report, subject to favourable reports being obtained as identified in the risk mitigation section of the report.
3. Approve the budget allocation identified in the finance section of the report.
4. Authorise the Chair and General Manager to sign the contract for sale and purchase, and any other necessary documentation under seal to affect the purchase and transfer of the property to Council.

Moved: Cr Cadwallader

Seconded: Cr Humphrys

CARRIED UNANIMOUSLY

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**8. MATTERS OF URGENCY**

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Nil.

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**9. QUESTIONS ON NOTICE**

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Nil.

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**10. CLOSE OF BUSINESS**

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There being no further business the meeting closed at 3.57pm.

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**MINUTES OF THE EXTRAORDINARY MEETING OF ROUS COUNTY COUNCIL HELD  
WEDNESDAY, 21 JULY 2021 AT COUNCIL'S ADMINISTRATION OFFICE, LISMORE.**

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**OPENING OF THE MEETING**

Meeting commenced at 1.17pm.

**PREAMBLE**

*In accordance with clause 5.21 of the Local Government Act 1993, attendees at the Council meeting were advised by the Chair that the meeting was being live streamed. The following points were noted by the Chair:*

- *All speakers should refrain from making any defamatory comments or releasing any personal information about another individual without their consent.*
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- *This meeting must not be recorded by others without the prior written consent of the Council in accordance with Council's Code of Meeting Practice.*

**ATTENDANCE**Councillors:

Keith Williams (Chair)  
Sharon Cadwallader (Deputy Chair)  
Basil Cameron  
Darlene Cook  
Vanessa Ekins  
Sandra Humphrys  
Robert Mustow  
Cate Coorey

Staff:

General Manager (Phillip Rudd)  
Group Manager Corporate and Commercial (Guy Bezrouchko)  
Group Manager Planning and Delivery (Andrew Logan)  
Group Manager People and Performance (Helen McNeil)  
Group Manager Operations (Adam Nesbitt)  
Noeline Smith (minute taker)  
Luka Taylor (IT support)

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**1. ACKNOWLEDGEMENT OF COUNTRY**

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Council showed its respect and acknowledged the Traditional Custodians of the Land of all Elders past, present and emerging, on which this meeting took place.

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**2. APOLOGIES AND LEAVE OF ABSENCE**

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Nil.

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**3. DISCLOSURE OF INTEREST**

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Nil.

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#### 4. GENERAL MANAGER REPORTS

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##### 4a Rous Regional Water Supply – revised draft Integrated Water Cycle Management Strategy adoption (Future Water Project 2060)

**MOTION** (Cook/Coorey) moved that Council:

1. Receive and note the public exhibition review document attached to the report entitled '*Future Water Plan 2060 Public Exhibition of revised Integrated Water Cycle Management Strategy outcomes June 2021*' prepared by Vaxa Group, in relation to the revised draft Integrated Water Cycle Management (IWCM) Strategy placed on public exhibition for 8 weeks from 1 April 2021 to 28 May 2021.
2. Note that copies of submissions received during the public exhibition period are available on the Rous County Council website.
3. Thank all persons and organisations that provided a submission to, or engaged in, the public exhibition and consultation process.
4. Adopt and confirm the revised IWCM Strategy as resolved at the Extraordinary meeting on 17 March 2021.
5. (a) Receive and note the letter dated 30 June 2021 from NTSCorp regarding various matters associated with the Reconciliation Action Plan Advisory Group and the Dunoon dam project Aboriginal cultural heritage report.  
b) Receive a response from management on the matters outlined in the NTSCorp letter mentioned above at 5(a).  
c) Enter into genuine consultations with the relevant traditional custodians including Widjabul Wia-bal Native Title Claim Group prior to any decision being made by Rous in relation to the Dunoon Dam project area.
6. Defer the report outlining options for dealing with land owned by Rous identified as part of the proposed Dunoon dam that was resolved by Council at its meeting of 16 December 2020 (resolution [61/20] Item 2), until after the next scheduled revision of the IWCM.

**AMENDMENT** (Cadwallader/Humphrys) moved that Council:

1. Receive and note the public exhibition review document attached to this report entitled '*Future Water Plan 2060 Public Exhibition of revised integrated Water Cycle Management outcomes June 2021*' prepared by Vaxa Group, in relation to the revised draft Integrated Water Cycle Management (IWCM) Strategy placed on exhibition for 8 weeks from 1 April 2021 to 28 May 2021.
  2. Note that copies of submissions received during the public exhibition period are available on the Rous County Council website.
  3. Thank all persons and organisations that provided a submission to, or engaged in, the public exhibition and consultation process.
  4. Adopt the previous 2020 IWCM strategy as resolved at the ordinary meeting on 17th June 2020.
  5. (a) Receive and note the letter dated 30 June 2021 from NTSCorp regarding various matters associated with the Reconciliation Action Plan Advisory Group and the Dunoon Dam project Aboriginal cultural heritage report.  
b) Receive a response from management on the matters outlined in the NTSCorp letter mentioned above at 5(a).
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6. Approve the completion of detailed cultural heritage, geotechnical and biodiversity assessments associated with the proposed Dunoon Dam in consultation with relevant Traditional Custodians including the Widjabul Wia-bal Native Title Claim Group.
7. Council staff to assess the level of financial support possible from State and Federal government.
8. Approve the reallocation of \$344,000 from the current 2021/22 financial year budgets for Stage 2 investigations to progress actions mentioned above at 6.

*Cr Mustow requested a ruling from the Chair in relation to his proposed foreshadowed motion, whether it was considered a foreshadowed motion or an amendment. Chair ruled the foreshadowed motion was not an amendment.*

The **AMENDMENT** on being put to the meeting was **LOST**.

Voting for: Crs Cadwallader, Humphrys, Mustow

Voting against: Crs Cameron, Cook, Coorey, Ekins, Williams

The **MOTION** on being put to the meeting was **CARRIED**.

Voting for: Crs Cameron, Cook, Coorey, Ekins, Williams

Voting against: Crs Cadwallader, Humphrys, Mustow.

**RESOLVED [38/21]** (Cook/Coorey) that Council:

1. Receive and note the public exhibition review document attached to the report entitled *'Future Water Plan 2060 Public Exhibition of revised Integrated Water Cycle Management Strategy outcomes June 2021'* prepared by Vaxa Group, in relation to the revised draft Integrated Water Cycle Management (IWCM) Strategy placed on public exhibition for 8 weeks from 1 April 2021 to 28 May 2021.
2. Note that copies of submissions received during the public exhibition period are available on the Rous County Council website.
3. Thank all persons and organisations that provided a submission to, or engaged in, the public exhibition and consultation process.
4. Adopt and confirm the revised IWCM Strategy as resolved at the Extraordinary meeting on 17 March 2021.
5. (a) Receive and note the letter dated 30 June 2021 from NTSCorp regarding various matters associated with the Reconciliation Action Plan Advisory Group and the Dunoon dam project Aboriginal cultural heritage report.  
(b) Receive a response from management on the matters outlined in the NTSCorp letter mentioned above at 5(a).  
(c) Enter into genuine consultations with the relevant traditional custodians including Widjabul Wia-bal Native Title Claim Group prior to any decision being made by Rous in relation to the Dunoon Dam project area.
6. Defer the report outlining options for dealing with land owned by Rous identified as part of the proposed Dunoon dam that was resolved by Council at its meeting of 16 December 2020 (resolution [61/20] Item 2), until after the next scheduled revision of the IWCM.

*Cr Mustow requested a ruling from the Chair in relation to his foreshadowed motion. The Chair advised the foreshadowed motion was a negation of the motion that was just adopted and therefore ineligible to be put to the meeting.*

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#### 4b Transfer of Marom Creek Water Treatment Plant to Rous County Council

**MOTION** (Cadwallader/Mustow) was moved that Council:

1. As part of its water security risk mitigation approach under the Future Water Project 2060, confirms that its:
  - (a) Preferred option is to acquire the Marom Creek Water Treatment Plant. ('The Property'), owned by Ballina Shire Council.
  - (b) second preferred option is to develop a groundwater treatment plant for Rous' bores located at Woodburn.
2. Direct the General Manager to write to the General Manager of Ballina Shire Council requesting that Ballina Shire Council not progress any of the planned upgrade works to the Marom Creek Water Treatment Plant, until Ballina Shire Council has resolved its position in relation to Rous' Preferred option (1(a)).
3. In the event that The Property acquisition does not proceed, confirms that the General Manager is authorised to progress the Second preferred option as mentioned above in 1(b).
4. Authorise:
  - (a) The General Manager to progress the Preferred and Second options concurrently and negotiate the purchase of The Property as described in the body of the report.
  - (b) The Chair and General Manager to sign necessary documentation under seal to affect the purchase and transfer of The Property to Rous County Council.
5. With reference to the 16 December 2020 resolution [61/20] "*Note the progress of discussions with Ballina Shire Council regarding the potential transfer or lease of Marom Creek WTP and that a further report will be provided*", note that this report satisfies the requirement to provide a further update on the progress of discussions with Ballina Shire Council.

The **MOTION** on being put to the meeting was **LOST**.

Voting for: Crs Cadwallader

Voting against: Crs Cameron, Cook, Coorey, Ekins, Humphrys, Mustow, Williams

**AMENDMENT** (Ekins/Cameron) was moved that Council:

1. As part of its water security risk mitigation approach under the Future Water Project 2060, confirms that its:
    - (a) **Preferred option** is to acquire the Marom Creek Water Treatment Plant, including ancillary infrastructure and assets, and the Ellis Road and Lindendale groundwater access licenses ('The Property'), owned by Ballina Shire Council.
    - (b) **Second preferred option** is to develop a groundwater treatment plant for Rous' bores located at Alstonville.
    - (c) **Third preferred option** is to develop a groundwater treatment plant for Rous' bores located at Woodburn.
  2. Direct the General Manager to write to the General Manager of Ballina Shire Council requesting that Ballina Shire Council not progress any of the planned upgrade works to the Marom Creek Water Treatment Plant, until Ballina Shire Council has resolved its position in relation to Rous' **Preferred option** (1(a)).
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3. In the event that The Property acquisition does not proceed, confirm that the General Manager is authorised to progress the **Second preferred option**.
4. Note that the preferred aquifer to source future groundwater supplies for the **Preferred and Second preferred** options is the Clarence Moreton Basin.
5. Authorise:
  - (a) The General Manager to progress the **Preferred and Second options** concurrently and negotiate the purchase of The Property as described in the body of the report.
  - (b) The Chair and General Manager to sign necessary documentation under seal to affect the purchase and transfer of The Property to Rous County Council.
6. With reference to the 16 December 2020 resolution [61/20] "*Note the progress of discussions with Ballina Shire Council regarding the potential transfer or lease of Marom Creek WTP and that a further report will be provided*", note that this report satisfies the requirement to provide a further update on the progress of discussions with Ballina Shire Council.

The **AMENDMENT** on being put to the meeting was **CARRIED** and became the **MOTION**.

Voting for: Crs Cameron, Cook, Coorey, Ekins, Humphrys, Mustow, Williams

Voting against: Cr Cadwallader

**RESOLVED [39/21]** (Ekins/Cameron) that Council:

1. As part of its water security risk mitigation approach under the Future Water Project 2060, confirms that its:
    - (a) **Preferred option** is to acquire the Marom Creek Water Treatment Plant, including ancillary infrastructure and assets, and the Ellis Road and Lindendale groundwater access licenses ('The Property'), owned by Ballina Shire Council.
    - (b) **Second preferred option** is to develop a groundwater treatment plant for Rous' bores located at Alstonville.
    - (c) **Third preferred option** is to develop a groundwater treatment plant for Rous' bores located at Woodburn.
  2. Direct the General Manager to write to the General Manager of Ballina Shire Council requesting that Ballina Shire Council not progress any of the planned upgrade works to the Marom Creek Water Treatment Plant, until Ballina Shire Council has resolved its position in relation to Rous' **Preferred option** (1(a)).
  3. In the event that The Property acquisition does not proceed, confirm that the General Manager is authorised to progress the **Second preferred option**.
  4. Note that the preferred aquifer to source future groundwater supplies for the **Preferred and Second preferred** options is the Clarence Moreton Basin.
  5. Authorise:
    - (a) The General Manager to progress the **Preferred and Second options** concurrently and negotiate the purchase of The Property as described in the body of the report.
    - (b) The Chair and General Manager to sign necessary documentation under seal to affect the purchase and transfer of The Property to Rous County Council.
  6. With reference to the 16 December 2020 resolution [61/20] "*Note the progress of discussions with Ballina Shire Council regarding the potential transfer or lease of Marom Creek WTP and that a further report will be provided*", note that this report satisfies the requirement to provide a further update on the progress of discussions with Ballina Shire Council.
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**5. CLOSE OF BUSINESS**

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There being no further business the meeting closed at 3.10pm.

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## Council meeting schedule 2022

Responsible Officer: General Manager (Phillip Rudd)

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### Recommendation

That Council determine its meeting schedule for 2022 with meetings to be held on the third Wednesdays commencing 10.00am at the Rous County Council Administration Office on:

- 16 February
- 20 April
- 15 June
- 17 August
- 19 October
- 14 December

### Background

Council has previously resolved to meeting on the third Wednesday of every second month commencing at 1.00pm. Given the experience over this term, it is proposed to change the commencement time to 10.00am subject to confirmation with the incoming term of Council.

Meetings for 2022 will be scheduled for:

- 16 February
- 20 April
- 15 June
- 17 August
- 19 October
- 14 December (*meeting has been scheduled the second rather than the third Wednesday*)

On the third Wednesday of the month when meetings are not scheduled to be held, Council briefings or workshops will be scheduled as follows (unless, in consultation with the Chair, the General Manager determines that there is no substantial matter required for discussion):

- 16 March
- 18 May
- 20 July
- 21 September
- 16 November

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## Annual Financial Reports and Audit Report for the year ending 30 June 2021

*Responsible Officer: Group Manager Corporate & Commercial (Guy Bezrouchko)*

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### Recommendation

That Council:

1. In accordance with section 413 (2c) of the *Local Government Act 1993* and clause 215 of the *Local Government (General) Regulation 2005*, adopt the 2020/21 Audited Financial Reports and "Statement by Councillors and Management" for both the General-Purpose Financial Reports and the Special Purpose Financial Reports, with the Chairperson and Deputy Chairperson delegated to sign on behalf of Council.
2. Note that public notice for the presentation of the draft 2020/21 Financial Reports was issued on Wednesday, 13 October 2021 and invited both inspection and submissions.
3. Forward a copy of the 2020/21 Audited Financial Reports to the Office of Local Government.
4. Present the 2020/21 Audited Financial Reports to the public at Council's 20 October 2021 meeting.

### Background

Council's 2020/21 Financial Reports have now been completed and the Auditor's draft report received. To comply with the provisions of the *Local Government Act 1993*, the following actions must be implemented to allow for the finalisation of the year end accounts.

Geoff Dwyer (Thomas Noble and Russell) on behalf of the Audit Office of NSW will attend Council's meeting on 20 October 2021 and present the report on the audit of Council's accounts for the 2020/21 financial period.

The relevant sections of the *Local Government Act 1993* relating to the preparation of Council's annual financial reports are as follows:

- a) Section 413, 415 and 416 requires a council must prepare financial reports, including Financial Reports and 'Statement by Councillors and Management' for both the General-Purpose Financial Reports and Special Purpose Financial Reports; for each year, and must refer them for audit and be audited by the 31 October.
- b) Section 413 requires that the financial reports must be accompanied by a statement of Council's opinion made pursuant to a resolution of Council and signed by the Chairperson, at least one other councillor, General Manager and the Responsible Accounting Officer. The content supporting Council's opinion is prescribed and both forms are attached to this report.
- c) Fix a meeting date to present the financial reports to the public; and
- d) Advertise, for a minimum of seven days prior to the meeting, that the financial reports and the auditor's report are available for public inspection.

Public notice for the presentation of the financial reports at the October Council meeting, in the prescribed format occurred from Wednesday 13 October 2021.



## Financial summary

In addressing the statutory requirements under the *Local Government Act 1993*, Council's Audited Financial Reports together with the Auditor's Report are presented to Council.

Council's Net Operating Result for the financial year ended 30 June 2021 was a surplus of \$4.324M, which includes Capital Income of \$5.235M. This compares to a surplus in 2020 of \$2.384M (including Capital Income of \$4.411M).

Council's financial position remains sound as is demonstrated by the following key financial indicators for the past three years:

**Table 1: Key financial indicators**

	2020/21 (\$000's)	2019/20 (\$000's)	2018/19 (\$000's)
<b>Operating Results</b>			
Operating Result (deficit) before capital amounts	(911)	(2,207)	(3,034)
Operating Result adjusted for non-cash items (depreciation, impairment)	4,324	2,384	2,637
<b>Performance Measures</b>			
Unrestricted Current Ratio (Benchmark: > 1.5x)	7.03 : 1	5.24 : 1	5.42 : 1
Debt Service Cover Ratio (Benchmark: > 2x)	1.59 : 1	1.54 : 1	1.80 : 1
Building & Infrastructure Renewals Ratio (Benchmark: > 100%)	100.64%	92.77%	127.76%
<b>Net Working Capital</b>			
Cash Assets	49,380	35,193	37,698
Plus: Receivables	2,095	2,598	2,427
Less: Payables	(2,440)	(2,386)	(3,959)
<b>Sub total</b>	<b>49,035</b>	<b>35,405</b>	<b>36,166</b>
<b>Indebtedness</b>	<b>32,358</b>	<b>21,559</b>	<b>24,145</b>
<b>Restrictions</b>			
External	4,081	3,216	3,749
Internal	43,869	30,548	32,509
<b>Total</b>	<b>47,950</b>	<b>33,764</b>	<b>36,258</b>
<b>Equity</b>			
Retained earnings	244,899	240,575	238,191
Asset revaluation reserves	269,379	269,517	260,722
<b>Total Equity (including revaluations)</b>	<b>514,278</b>	<b>510,092</b>	<b>498,913</b>

The yearly operating performance is monitored and reported to Council through the Quarterly Budget Review process and integrated with Council's long-term financial plan. Actual results for 2020/21 closely reflect the budget estimates.

## Major income statement movements

### Revenue

Bulk water revenue continues to provide the majority of Council's operating revenue at \$19.8M or 63% of total revenue. This is a steady, reliable cash flow and increased by 7% compared to last year.

**Table 2: Total bulk water sales in kilolitres**

	2020/21	2019/20	2018/19
Bulk water charge (nominal per kilolitre)	\$1.7157	\$1.6552	\$1.6059
Total bulk water sales income	\$19,827,600	\$18,590,100	\$17,817,800
<b>Bulk water consumption in kilolitres*</b>			
Ballina Shire Council	3,988,841	3,690,695	3,701,081
Byron Shire Council	2,610,810	2,623,960	2,729,781
Lismore City Council	3,171,566	3,263,993	3,190,705
Richmond Valley Council	675,568	710,739	642,652
Rous retail customers	1,109,973	906,203	830,692
	<b>11,556,758</b>	<b>11,195,590</b>	<b>11,094,911</b>

\* The annual charge for all constituent Councils determines the current rate per kilolitre based on the respective Council's consumption for the previous year ending in February (Kilolitres based upon March to February readings).

Revenue received from retail water customers and filling stations decreased by \$187,400 (6.74%) and \$533,100 (62.51%) respectively, as regional rainfall returned to a more consistent pattern, after the drought experienced in 2019/20. Outstanding collections relating to retail water customers finished at 2.7% compared to last year's result of 4.6%.

Interest revenue from cash and investments decreased by \$431,600 (54%) compared to the previous year. The weighted average return on investments has decreased from 2.17% in 2019/20 to 1.15%, due to the continuing low interest rates.

Council's Land Development activities at Perradenya Estate included the sale of 20 lots during the year, resulting in a gain on disposal of \$1.094M. A revaluation of commercial properties resulted in a \$5,000 revaluation increment in the current year.

Council receives operating grants and contributions from various sources. The revenue received each year is influenced by the nature and extent of Council's improvements program and general economic activity. Grants and contributions decreased by \$125,700 (9.7%) compared to the previous year, as 'one off' funding for the March 2017 flood was finally acquitted in 2019/20.

Table 3: Developer contributions revenue increased by \$785,100 (17.8%) when compared to 2019/20, with the majority of contributions received from Ballina Shire Council (\$2.6M), Lismore City Council (\$1.2M) and Byron Shire Council (\$1.06M):

**Table 3: Developer contributions**

Rous	2020/21 (\$)	ET's 2020/21*	2019/20 (\$)	ET's 2019/20
TOTAL	5,188,086	585.63	4,402,987	509.71

\* ET = \$8,872 in the 2020/21 financial year.

Developer contributions received were utilised to fund Council's loan repayments for the Wilsons River Source and reduce the amount that is funded from operating revenue and reserves.

### Expenditure

Employee benefits and on-costs increased by \$705,500 (8.3%) compared to the previous year. This was due to increased salaries, superannuation and payroll tax costs associated with additional staff.

Materials and services decreased by \$1.49M (14.3%) when compared to 2019/20, with the majority of the decrease due to expenses related to extended ground water costs of \$1.42M, that were unable to be capitalised and the completion of a 'one off' grant for the March 2017 flood of \$486,000 in 2019/20.

Generally operational expenditure was in line with forecast.

### **Major statement of financial position movements**

#### Cash and Investments

Cash and investments have increased by \$14.187M (40%) compared to last year. This is due to the drawdown of \$13.5M in new loan funds in June 2021.

#### Inventories

Inventories of \$1.598M at 30 June 2021 include \$984,000 of real estate assets in relation to the Perradenya estate. This is a decrease of \$1.4M (58%) associated with the current year sale of Release 6 land stock.

#### Infrastructure, Property, Plant and Equipment

Council capitalised \$17.9M of assets during the year. Work continued on the St Helena upgrade with stage 1 nearing completion (\$11.27M), reticulation main upgrades (\$867,000), water treatment upgrades (\$3.27M), plant and equipment upgrades (\$575,000), information technology upgrades (\$213,000), flood mitigation upgrades (\$89,000) and solar installation at various sites (\$356,000). Other water supply network assets accounted for the majority of the remainder. As at 30 June 2021, \$4.7M remained in 'work in progress', with the St Helena stage 2 upgrade accounting for \$3.4M.

Water infrastructure assets are required to be indexed in between revaluation years. The NSW Department of Primary Industries provides the indexation percentage for water assets and advised that for 2020/21 the percentage was 0.92%. This has increased the value of Council's water infrastructure by \$3.062M.

Correction of prior period error - Lismore City Council received grant funding to construct the Lismore Airport Floodway over the existing South Lismore drain asset. The South Lismore drain was recognised in Rous County Council's asset register in 2010/11 after a revaluation identified several assets where ownership could be considered part of flood mitigation activities.

While assessing the correct accounting treatment for the transfer of the new works, by applying the Conceptual Framework for Financial Reporting criteria, it was determined that control of the South Lismore drain asset has always been with Lismore City Council and therefore it should be de-recognised. Following consultation between Lismore and Rous staff and the preparation of accounting position papers this accounting treatment was agreed upon by all relevant parties.

The de-recognition has resulted in a decrease to flood mitigation assets of \$3.2M as at 30 June 2020. The has resulted in the net carrying amount of flood mitigation assets changing from \$122.4M to \$119.2M.

### Contract liabilities

Total contract liabilities have increased by \$913,000 (1,087%) from the previous year. The majority of this relates to funds Council holds on behalf of the NSW Department of Primary Industries (\$730,000). While the remainder is funds received in advance which cannot be brought to account until specific expenditure has been completed.

### Borrowings

Council's net borrowing position increased by \$10.7M (50%) during the year, as a new loan was sourced to fund the St Helena upgrade project.

### **Special Purpose Financial Statements**

While Council is a multi-purpose county council, it has nominated land development and commercial properties as Category 2 businesses and water activities are deemed to be a Category 1 business for the purposes of National Competition policy reporting. Under the National Competition guidelines Council is required to apply taxation equivalent principles to each business similar to those that would apply if they were operating in the commercial sector. Council declared business activities have been reported with operating details and assets disclosed on a gross basis in Council's special purpose financial statements in accordance with this reporting framework.

#### *Correction of prior period errors – Under allocation of notional interest to land stock:*

In early 2000, Council acquired 47.7 hectares of land which was zoned Village 2(v) and had development consent for 166 serviced residential lots, 1 village/commercial lot and 2 integrated housing blocks. A register was created to capture all construction expenditure and apply notional interest prior to recouping costs through sales.

Over the past 20 years, the notional interest has been accumulating due to insufficient allocation to cost of goods sold, resulting in an inflated non-current receivables balance in the Water Supply Business Activities and inflated non-current inventories and borrowings in Land.

In 2021, a review was undertaken of the register that identified the amount of accumulated interest expense that should have been allocated to all land releases based on number of land lots per release. The errors identified have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to non-current receivables, inventories, borrowings and accumulated surplus at 30 June 2020.

### **Reserves scorecard for year ending 30 June 2021**

Council adopted [42/19] the Financial Reserves policy at the 19 June 2019 Council meeting. The policy provides target reserve balances for Internally Restricted Reserves. The targets identify the minimum balance of the reserve and are viewed as a guide rather than a benchmark. The minimum balances are based on a percentage of the annual recurrent expenses for each Fund. For example, if income ceased the Fund would still be able to operate and pay bills for three months (25% of average annual operating expense) or six months (50% of average annual operating expense).

Externally Restricted Reserves are raised when Council receives funds that legislation dictates be used for a specific purpose. These reserves are used to isolate funds to ensure they are only applied for the purpose for which they were paid. Typically, this relates to developer contributions, grants or trust deposits. Externally Restricted Reserves do not have a target reserve balance.

The policy requires that each year, reserve balances are compared to agreed targets and details are presented in a scorecard. Reserve balances reflect cash held by Council at 30 June 2021.

**Table 4: Reserves scorecard for year ending 30 June 2021**

<b>Internal Reserves compared to Budget Shocks Target</b>								
The target reserve balance is a percentage of the Funds annual operating expenses. The percentage is based on the reliability of the Funds financial transactions. Where the								
Reliability Assessment								
Reliable	1 month of annualised operating expense as contingency							
Moderate	2 months of annualised operating expense as contingency							
Unreliable	3 months of annualised operating expense as contingency							
<b>Reliability Rating</b>	<b>Flood Mitigation</b>	<b>Weeds Bio</b>	<b>Retail Water</b>	<b>RWL</b>	<b>Commercial Property</b>	<b>Fleet</b>	<b>Bulk Water Combined</b>	<b>Whole Organisation</b>
Operating Income	1	1	3	2	1	1	1	1
Operating Expense	2	1	3	2	1	1	2	2
Capital Income	1	1	1	1	1	1	1	1
Capital Expense	1	1	1	1	3	1	2	2
Reliability Total (in months)	5	4	8	6	6	4	6	6
2020/21 Operating Expense	\$1,567,154	\$1,526,358	\$3,443,146	\$825,807	\$331,517	\$893,278	\$18,895,668	\$27,482,900
Reliability Rating	5 over 12	4 over 12	8 over 12	6 over 12	6 over 12	4 over 12	6 over 12	6 over 12
Target Reserve Balance	\$653,000	\$509,000	\$2,295,000	\$413,000	\$166,000	\$298,000	\$9,448,000	\$13,741,000
Actual Internal Reserve Balance 30/6/21 <b>(excludes external restricted)</b>	\$901,286	\$1,156,690	\$2,664,125	\$409,657	\$1,203,373	\$1,160,076	\$37,803,597	\$45,298,804
Result	<b>Pass</b>	<b>Pass</b>	<b>Pass</b>	<b>Fail</b>	<b>Pass</b>	<b>Pass</b>	<b>Pass</b>	<b>Pass</b>
<b>External Reserves</b>	\$197,774	\$922,028	\$0	\$0	\$0	\$0	\$2,961,478	\$4,081,280
<b>Total Reserves</b>	<b>\$1,099,060</b>	<b>\$2,078,718</b>	<b>\$2,664,125</b>	<b>\$409,657</b>	<b>\$1,203,373</b>	<b>\$1,160,076</b>	<b>\$40,765,075</b>	<b>\$49,380,084</b>

The scorecard in Table 4 above, shows that actual internal reserve balances as at 30 June 2021 for all Funds, except Richmond Water Laboratories (RWL), exceed the target reserve balances. As at 30 June 2021, RWL had an accounts receivable balance due of \$50,000, which was received in July, increasing the actual internal reserve balance and exceeding the target reserve balance.

The scorecard shows that Council has healthy cash reserves and will continue to be able to meet its future obligations.

### **Consultation**

Council's *Annual Financial Reports and Audit Report for the year ended 30 June 2021* together with the *Financial Statements year ended 30 June 2021*, have been referred to the Audit, Risk and Improvement Committee (20 October 2021). Minutes of that meeting which is scheduled to be held on 18 October 2021 will be tabled at the Council meeting.

### **Conclusion**

Council remains in a sound financial position with cash and investments at satisfactory levels to ensure that all current liabilities can be met when they fall due.

### Attachment

1. Auditor-General NSW: Report on the Conduct of the Audit for the year ended 30 June 2021
2. Rous County Council 2020/21 Financial Statements for the year ended 30 June 2021

Cr Keith Williams  
Chair  
Rous County Council  
PO Box 230  
Lismore NSW 2480

Contact: Gearoid Fitzgerald  
Phone no: 02 9275 7392  
Our ref:

Xx October 2021

Dear Chair

**Report on the Conduct of the Audit  
for the year ended 30 June 2021  
Rous County Council**




I have audited the general purpose financial statements (GPFS) of the Rous County Council (the Council) for the year ended 30 June 2021 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 2021 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

	2021	2020	Variance
	\$m	\$m	%
User charges and fees	20.9	20.8	 0.5
Grants and contributions revenue	6.4	5.7	 12.3
Employee benefits and on-costs	9.1	8.4	 8.3

Materials and services	9.0	10.5	14.3
Operating result from continuing operations	4.3	2.4	79.2
Net operating result before capital grants and contributions	(0.9)	(2.0)	55.2

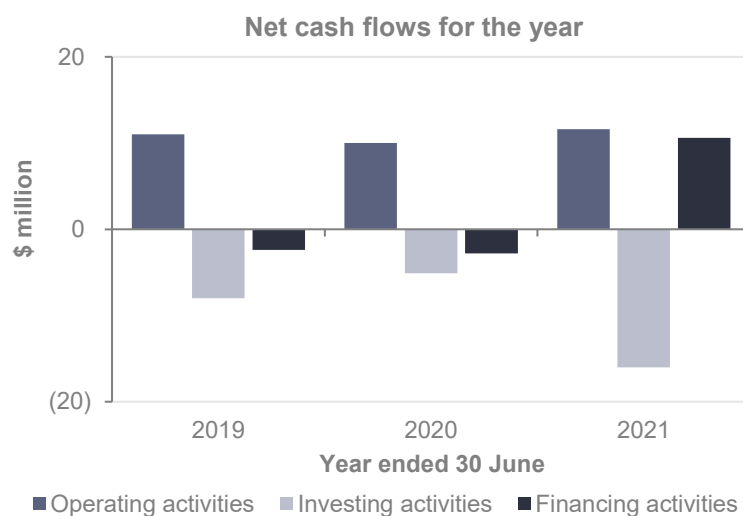
The Council's operating result from continuing operations (\$4.3 million including depreciation and amortisation expense of \$6.7 million) was \$1.9 million higher than the 2019–20 result. The increase is largely attributed to the following:

- grants and contributions revenue increased by \$0.7 million. This increase is largely attributable to higher section 64 contributions (increase of \$0.8 million)
- employee costs increased by \$0.7 million. Employee numbers increased to 97 (11% increase) as at 30 June 2021
- materials and services expenses decreased by \$1.5 million. This decrease is largely attributable to costs associated with extended groundwater studies in the prior year (\$1.4 million) which have not been incurred this year.

The net operating deficit before capital grants and contributions (\$0.9 million) improved by \$1.1 million from the 2019–20 result.

## STATEMENT OF CASH FLOWS

- Net cash provided by operating activities increased by \$1.7 million.
- Net cash used in investing activities increased by \$10.9 million. This largely represents a shift in the composition of Council's investment portfolio, with \$12.5 million increased net investment in term deposits in 2020-21.
- Net cash provided by financing activities increased by \$13.4 million. A \$13.5 million TCorp loan advance was received in 2020-21.





## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>49.4</b>	<b>35.2</b>	<ul style="list-style-type: none"> <li>Externally restricted cash and investments has increased by \$0.9 million. This is represented by an increase in special purpose unexpended grants.</li> <li>Internally restricted cash and equivalents has increased by \$13.3 million. The \$13.5 million TCorp loan was drawn in June 2021 and largely remains unexpended at 30 June 2021.</li> </ul>
Restricted cash and investments:			
• External restrictions	4.1	3.2	
• Internal restrictions	43.9	30.6	

### Debt

Council has a bank overdraft facility with an approved drawdown limit of \$0.1 million, which was unused at 30 June 2021. Council continues to repay borrowings in line with existing loan agreements.

## PERFORMANCE

### Performance measures

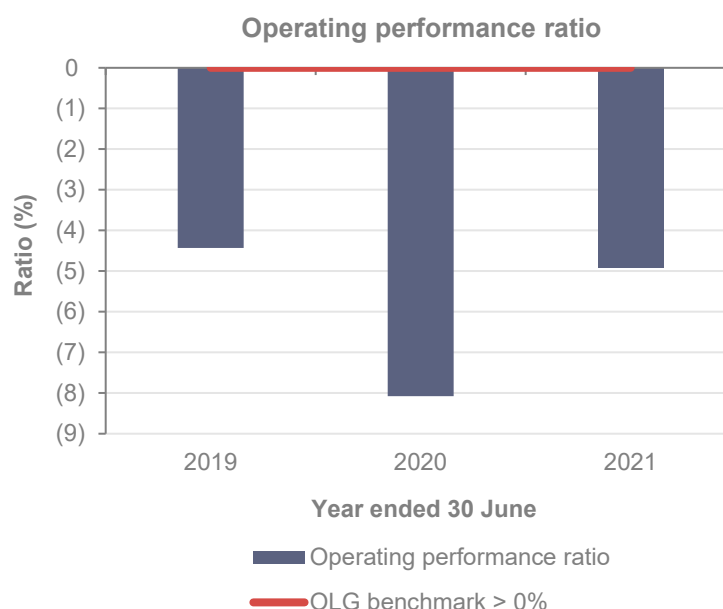
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

#### Operating performance ratio

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

The Council did not meet the OLG benchmark for the current and previous two reporting period.

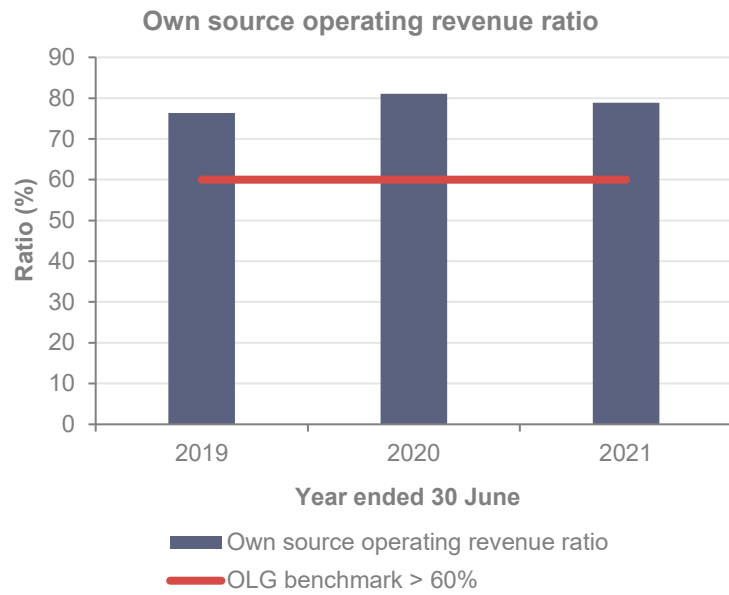
An improvement in Councils 2020–21 operating result (before all capital items) led to an increased operating performance ratio.



**Own source operating revenue ratio**

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

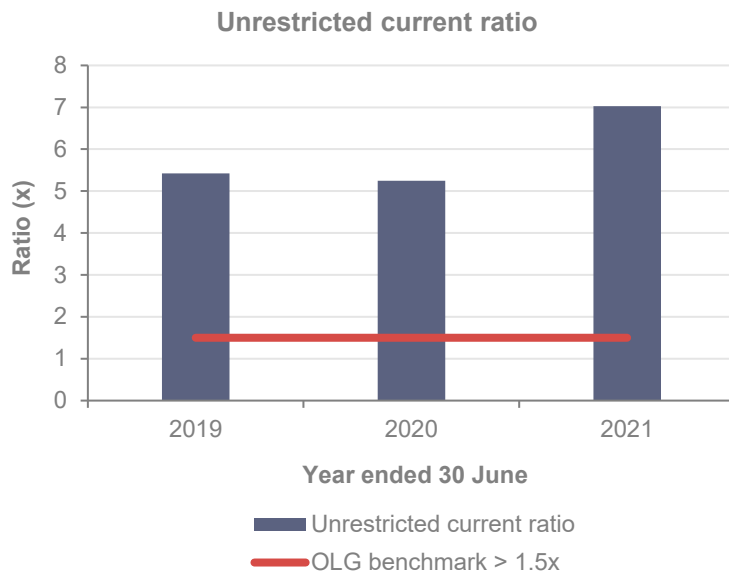
The Council exceeded the OLG benchmark for the current reporting period.



**Unrestricted current ratio**

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

The Council exceeded the OLG benchmark for the current reporting period.

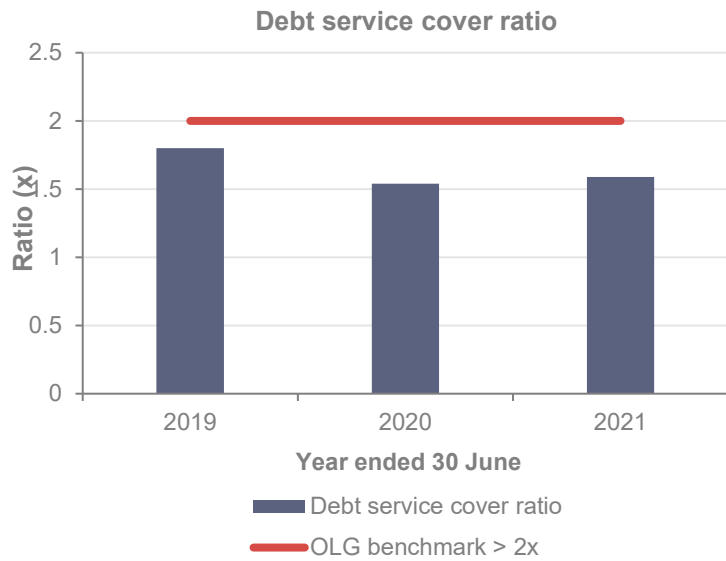


**Debt service cover ratio**

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

The Council did not meet the OLG benchmark for the current and previous two reporting periods.

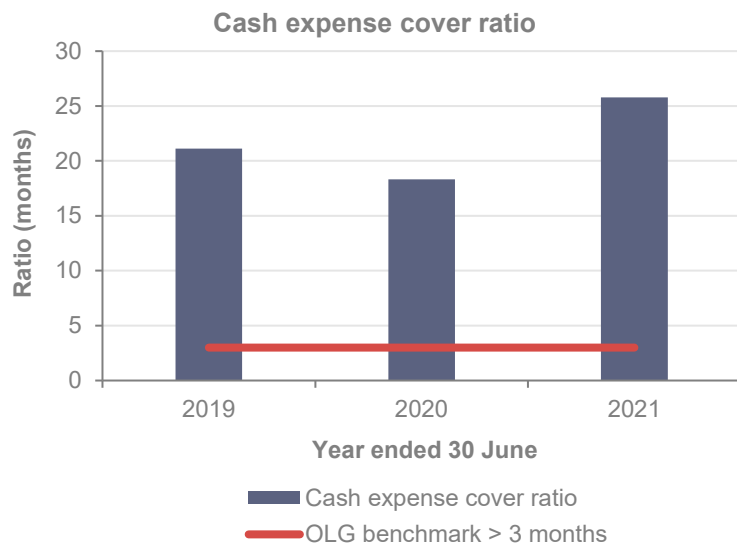
Loan repayments have remained comparable with the 2019-20 year and so to has the debt service cover ratio.



**Cash expense cover ratio**

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

The Council exceeded the OLG benchmark for the current reporting period.



**Infrastructure, property, plant and equipment renewals**

Council's asset renewal expenditure in the 2020-21 year was \$5.9 million (2019-20 - \$5.8 million). Significant renewal expenditure on both Stage 1 and Stage 2 of the St Helena 600 and raw pump upgrade projects occurred in the 2020-21 year.

**OTHER MATTERS**

**Prior period error**

Council reassessed the South Lismore drain asset in 2020-21 and determined that it has always been under the control of Lismore City Council and therefore should be derecognised.

Council's disclosure of the impact of correcting this prior period error is disclosed in Note G4-1.

### **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.

Gearoid Fitzgerald  
Delegate of the Auditor-General for New South Wales

cc: Philip Rudd, General Manager  
Brian Wilkinson, Chair of Audit, Risk and Improvement Committee  
Jim Betts, Secretary of the Department of Planning, Industry and Environment

# Rous County Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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**Rous County Council****General Purpose Financial Statements**for the year ended 30 June 2021

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## Rous County Council

### General Purpose Financial Statements

for the year ended 30 June 2021

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

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* 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 20 October 2021.

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Keith Williams  
Chairperson  
20 October 2021

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Sharon Cadwallader  
Deputy Chairperson  
20 October 2021

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Phillip Rudd  
General Manager  
20 October 2021

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Guy Bezrouchko  
Responsible Accounting Officer  
20 October 2021

## Rous County Council

## Income Statement

for the year ended 30 June 2021

<i>Original unaudited budget</i>				<i>Actual</i>	<i>Actual</i>
<b>2021</b>	<b>\$ '000</b>		Notes	<b>2021</b>	<b>2020</b>
		<b>Income from continuing operations</b>			
20,689		User charges and fees	B2-1	<b>20,892</b>	20,785
2,461		Other revenue	B2-2	<b>2,397</b>	2,614
1,064		Grants and contributions provided for operating purposes	B2-3	<b>1,163</b>	1,288
4,000		Grants and contributions provided for capital purposes	B2-3	<b>5,235</b>	4,411
549		Interest and investment income	B2-4	<b>368</b>	799
235		Other income	B2-5	<b>205</b>	266
2		Net gains from the disposal of assets	B4-1	<b>315</b>	–
29,000		<b>Total income from continuing operations</b>		<b>30,575</b>	30,163
		<b>Expenses from continuing operations</b>			
9,627		Employee benefits and on-costs	B3-1	<b>9,100</b>	8,395
9,682		Materials and services	B3-2	<b>9,043</b>	10,535
1,833		Borrowing costs	B3-3	<b>1,381</b>	1,546
7,108		Depreciation, amortisation and impairment for non-financial assets	B3-4	<b>6,727</b>	7,287
5		Other expenses	B3-5	–	15
–		Net losses from the disposal of assets	B4-1	–	1
28,255		<b>Total expenses from continuing operations</b>		<b>26,251</b>	27,779
<b>745</b>		<b>Operating result from continuing operations</b>		<b>4,324</b>	2,384
<b>745</b>		<b>Net operating result for the year attributable to Council</b>		<b>4,324</b>	2,384
(3,255)		<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(911)</b>	(2,027)

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



## Rous County Council

## Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	Restated 2020 <sup>1</sup>
<b>Net operating result for the year – from Income Statement</b>		<b>4,324</b>	<b>2,384</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>3,062</u>	<u>8,748</u>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>3,062</b>	<b>8,748</b>
<b>Total other comprehensive income for the year</b>		<b>3,062</b>	<b>8,748</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>7,386</b>	<b>11,132</b>

(1) See Note F4-1 for details regarding the restatement as a result of Prior Period Errors

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

## Rous County Council

### Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	Restated 2020 <sup>1</sup>	Restated 1 July 2019 <sup>1</sup>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	10,880	4,693	2,698
Investments	C1-2	38,000	29,000	29,000
Receivables	C1-4	2,082	2,552	2,414
Inventories	C1-5	436	1,504	464
Other		679	556	502
<b>Total current assets</b>		<b>52,077</b>	<b>38,305</b>	<b>35,078</b>
<b>Non-current assets</b>				
Investments	C1-2	500	1,500	6,000
Receivables	C1-4	13	46	13
Inventories	C1-5	1,162	1,509	1,417
Infrastructure, property, plant and equipment	C1-6	497,086	490,721	482,119
Investment property	C1-7	795	790	740
Intangible Assets	C1-8	772	237	369
Right of use assets	C2-1	293	562	–
<b>Total non-current assets</b>		<b>500,621</b>	<b>495,365</b>	<b>490,658</b>
<b>Total assets</b>		<b>552,698</b>	<b>533,670</b>	<b>525,736</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	2,440	2,386	3,959
Contract liabilities	C3-2	997	84	–
Lease liabilities	C2-1	312	312	–
Borrowings	C3-3	3,398	2,701	2,585
Employee benefit provisions	C3-4	2,225	2,069	1,845
<b>Total current liabilities</b>		<b>9,372</b>	<b>7,552</b>	<b>8,389</b>
<b>Non-current liabilities</b>				
Lease liabilities	C2-1	49	347	–
Borrowings	C3-3	28,960	18,858	21,560
Employee benefit provisions	C3-4	39	21	27
<b>Total non-current liabilities</b>		<b>29,048</b>	<b>19,226</b>	<b>21,587</b>
<b>Total liabilities</b>		<b>38,420</b>	<b>26,778</b>	<b>29,976</b>
<b>Net assets</b>		<b>514,278</b>	<b>506,892</b>	<b>495,760</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	244,899	240,575	238,191
IPPE revaluation reserve	C4-1	269,379	266,317	257,569
<b>Council equity interest</b>		<b>514,278</b>	<b>506,892</b>	<b>495,760</b>
<b>Total equity</b>		<b>514,278</b>	<b>506,892</b>	<b>495,760</b>

(1) See Note F4-1 for details regarding the restatement as a result of Prior Period Errors

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

## Rous County Council

### Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21 <sup>1</sup>			as at 30/06/20 <sup>1</sup>		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		240,575	269,517	510,092	238,191	260,722	498,913
Correction of prior period errors	F4-1	–	(3,200)	(3,200)	–	(3,153)	(3,153)
<b>Restated opening balance</b>		<b>240,575</b>	<b>266,317</b>	<b>506,892</b>	<b>238,191</b>	<b>257,569</b>	<b>495,760</b>
Net operating result for the year		4,324	–	4,324	2,384	–	2,384
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	3,062	3,062	–	8,748	8,748
<b>Other comprehensive income</b>		<b>–</b>	<b>3,062</b>	<b>3,062</b>	<b>–</b>	<b>8,748</b>	<b>8,748</b>
<b>Total comprehensive income</b>		<b>4,324</b>	<b>3,062</b>	<b>7,386</b>	<b>2,384</b>	<b>8,748</b>	<b>11,132</b>
<b>Closing balance at 30 June</b>		<b>244,899</b>	<b>269,379</b>	<b>514,278</b>	<b>240,575</b>	<b>266,317</b>	<b>506,892</b>

(1) See Note F4-1 for details regarding the restatement as a result of Prior Period Errors

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

## Rous County Council

### Statement of Cash Flows

for the year ended 30 June 2021

<i>Original unaudited budget</i>			<i>Actual</i>	<i>Actual</i>
<b>2021</b>	<b>\$ '000</b>	Notes	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
20,689	User charges and fees		<b>20,895</b>	20,687
549	Investment and interest revenue received		<b>564</b>	1,007
5,064	Grants and contributions		<b>7,701</b>	5,567
2,696	Other		<b>2,488</b>	2,897
<i>Payments:</i>				
(9,627)	Employee benefits and on-costs		<b>(9,141)</b>	(8,146)
(8,854)	Materials and services		<b>(8,946)</b>	(9,495)
(1,833)	Borrowing costs		<b>(1,391)</b>	(1,577)
(833)	Other		<b>(560)</b>	(1,008)
7,851	<b>Net cash flows from operating activities</b>	F1-1	<b>11,610</b>	9,932
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Redemption of term deposits		<b>35,000</b>	47,000
3,250	Sale of real estate assets		<b>4,268</b>	–
2	Sale of infrastructure, property, plant and equipment		<b>165</b>	162
<i>Payments:</i>				
–	Acquisition of term deposits		<b>(43,000)</b>	(42,500)
(17,687)	Purchase of infrastructure, property, plant and equipment		<b>(10,142)</b>	(8,636)
(3,063)	Purchase of real estate assets		<b>(1,748)</b>	(1,121)
–	Purchase of intangible assets		<b>(535)</b>	(6)
(17,498)	<b>Net cash flows from investing activities</b>		<b>(15,992)</b>	(5,101)
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
13,500	Proceeds from borrowings		<b>13,500</b>	–
<i>Payments:</i>				
(3,196)	Repayment of borrowings		<b>(2,701)</b>	(2,586)
–	Principal component of lease payments		<b>(230)</b>	(250)
10,304	<b>Net cash flows from financing activities</b>		<b>10,569</b>	(2,836)
657	<b>Net change in cash and cash equivalents</b>		<b>6,187</b>	1,995
4,693	Cash and cash equivalents at beginning of year		<b>4,693</b>	2,698
5,350	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>10,880</b>	4,693
–	plus: Investments on hand at end of year	C1-2	<b>38,500</b>	30,500
5,350	<b>Total cash, cash equivalents and investments</b>		<b>49,380</b>	35,193

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

## Rous County Council

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## Rous County Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 20 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these 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 (Act)* and *Local Government (General) Regulation 2005 (Regulation)*, 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.

#### Historical cost convention

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

#### Significant accounting estimates and judgements

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

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

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note C1-7
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (iii) employee benefit provisions – refer Note C3-4.

#### Significant judgements in applying the Council's accounting policies

- (i) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-3.
- (ii) Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

#### Monies and other assets received by Council

##### 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:

- Water service
- Flood mitigation services
- Biological weeds management.

## A1-1 Basis of preparation (continued)

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### **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.

### **Volunteer services**

Council has no volunteer services.

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

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

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2021 reporting period.

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

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

### **New accounting standards adopted during the year**

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2021. None of these standards had a significant impact on reported position or performance.



## B Financial Performance

### B1 Functions or activities

#### B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants</i>		<i>Carrying amount of assets</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i> <sup>1</sup> <i>Restated</i>
<b>Functions or activities</b>										
Bulk Water Supply	<b>23,068</b>	22,308	<b>18,472</b>	20,243	<b>4,596</b>	2,065	–	–	<b>406,088</b>	386,024
Commerical Property	<b>1,287</b>	274	<b>420</b>	321	<b>867</b>	(47)	–	–	<b>3,364</b>	4,847
Fleet Operations	<b>153</b>	88	<b>47</b>	50	<b>106</b>	38	–	–	<b>2,207</b>	1,782
Flood Mitigation	<b>949</b>	1,399	<b>1,946</b>	2,320	<b>(997)</b>	(921)	<b>189</b>	530	<b>125,464</b>	126,340
Retail Water Supply	<b>2,620</b>	3,772	<b>3,014</b>	2,487	<b>(394)</b>	1,285	–	–	<b>12,475</b>	12,663
Richmond Water Laboratories	<b>789</b>	922	<b>826</b>	851	<b>(37)</b>	71	–	–	<b>749</b>	790
Weeds Biosecurity	<b>1,709</b>	1,400	<b>1,526</b>	1,507	<b>183</b>	(107)	<b>875</b>	574	<b>2,351</b>	1,224
<b>Total functions and activities</b>	<b>30,575</b>	<b>30,163</b>	<b>26,251</b>	<b>27,779</b>	<b>4,324</b>	<b>2,384</b>	<b>1,064</b>	<b>1,104</b>	<b>552,698</b>	<b>533,670</b>

(1) See Note F4-1 for details regarding the restatement as a result of Prior Period Errors

## B1-2 Components of functions or activities

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Details relating to the Council's functions or activities as reported in B1-1 are as follows:

### **Bulk Water Supply**

The regional water supply authority providing water in bulk to the local government areas of Lismore (excluding Nimbin), Ballina (excluding Wardell), Byron (excluding Mullumbimby) and Richmond Valley (excluding land to the west of Coraki).

### **Commerical Property**

Real estate development and various rental properties.

### **Fleet Operations**

All functions relating to vehicle investment, improving efficiency and productivity.

### **Flood Mitigation**

Responsible for the construction, replacement and routine maintenance of various flood mitigation infrastructure. This includes floodgates and some rural drains and canals. In addition, we also have a key role in relation to an urban levee designed to protect the central business district of Lismore against a 1 in 10 year flood.

### **Retail Water Supply**

Retail water services that are directly connected to Council's trunk main system.  
Water filling stations.

### **Richmond Water Laboratories**

Analyse water to assess drinking water quality, and offer a range of tests designed for rainwatertanks and bores. Also test the environmental quality of waste water and effluent, as well as run off and leachates from contaminated landfill sites.

### **Weeds Biosecurity**

Wide range of activities to combat the spread of targeted weeds across the Northern Rivers region of NSW.

## B2 Sources of income

### B2-1 User charges and fees

\$ '000	Timing	2021	2020
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	20,840	20,737
<b>Total specific user charges</b>		<b>20,840</b>	<b>20,737</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Private works – section 67	2	10	2
Regulatory/ statutory fees	2	42	46
<b>Total fees and charges – statutory/regulatory</b>		<b>52</b>	<b>48</b>
<b>Total user charges and fees</b>		<b>20,892</b>	<b>20,785</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		20,840	20,737
User charges and fees recognised at a point in time (2)		52	48
<b>Total user charges and fees</b>		<b>20,892</b>	<b>20,785</b>

#### Accounting policy

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

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

Prepaid filling station keys granted by Council are all either short-term or low value and all revenue is recognised at the time that the key is granted.

### B2-2 Other revenue

\$ '000	Timing	2021	2020
Assessment on other councils	2	1,472	1,491
Water testing	2	785	913
Other	2	140	210
<b>Total other revenue</b>		<b>2,397</b>	<b>2,614</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		2,397	2,614
<b>Total other revenue</b>		<b>2,397</b>	<b>2,614</b>

#### Accounting policy for other revenue

Where the revenue is earned the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

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

## B2-3 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
Weed biosecurity	1,2	875	574	–	–
Flood mitigation	2	189	530	–	–
<b>Previously contributions:</b>					
Bulk supply network	2	17	47	47	8
Flood mitigation	2	82	135	–	–
Weed biosecurity	2	–	2	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>1,163</b>	<b>1,288</b>	<b>47</b>	<b>8</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>1,163</b>	<b>1,288</b>	<b>47</b>	<b>8</b>
<b>Total grants and non-developer contributions</b>		<b>1,163</b>	<b>1,288</b>	<b>47</b>	<b>8</b>
<b>Comprising:</b>					
– State funding		1,064	1,104	–	–
– Other funding		99	184	47	8
		<b>1,163</b>	<b>1,288</b>	<b>47</b>	<b>8</b>

## Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions:</b>						
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 64 – water supply contributions		2	–	–	5,188	4,403
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>5,188</b>	<b>4,403</b>
<b>Total grants and contributions</b>			<b>1,163</b>	<b>1,288</b>	<b>5,235</b>	<b>4,411</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			130	–	–	–
Grants and contributions recognised at a point in time (2)			1,033	1,288	5,235	4,411
<b>Total grants and contributions</b>			<b>1,163</b>	<b>1,288</b>	<b>5,235</b>	<b>4,411</b>

## B2-3 Grants and contributions (continued)

### Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	<i>Operating 2021</i>	<i>Operating 2020</i>	<i>Capital 2021</i>	<i>Capital 2020</i>
<b>Unspent grants</b>				
Unspent grants at 1 July	35	280	-	7
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	180	-	-	-
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(35)	(245)	-	(7)
<b>Unspent grants at 30 June</b>	<b>180</b>	<b>35</b>	<b>-</b>	<b>-</b>

Weed grants:

- Miconia funding from the Queensland Department of Agriculture & Fisheries.
- North Coast Bushfire Recovery from NSW Local Land Services.
- Tropical Soda Apple landholder engagement program from NSW Department of Primary Industries.

### Contributions

Unspent funds at 1 July	152	119	-	-
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	88	86	-	-
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(60)	(53)	-	-
<b>Unspent contributions at 30 June</b>	<b>180</b>	<b>152</b>	<b>-</b>	<b>-</b>

Flood Fund receives a number of operating contribution each year. They consist of:

- Private landholder contributions
- Constituent Council contributions for drainage union maintenance

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time, whereas over time recognition is where the control of the services is ongoing throughout the project.

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

#### Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

## B2-3 Grants and contributions (continued)

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

### Developer contributions

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

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 Council may apply contributions according to the priorities established in work schedules for the contribution plan.

### Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

## B2-4 Interest and investment income

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue user fees and charges	1	5
– Cash and investments	367	794
<b>Total interest and investment income (losses)</b>	<b>368</b>	<b>799</b>

### Accounting policy

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

## B2-5 Other income

\$ '000	2021	2020
Fair value increment on investment properties	5	50
Rental income	200	148
<b>Total other income</b>	<b>205</b>	<b>266</b>

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	6,664	6,380
Employee leave entitlements (ELE)	1,426	1,341
Superannuation	810	732
Workers' compensation insurance	127	113
Fringe benefit tax (FBT)	31	33
Payroll tax	237	136
Training costs (other than salaries and wages)	175	215
Other	128	83
<b>Total employee costs</b>	<b>9,598</b>	<b>9,033</b>
Less: capitalised costs	(498)	(638)
<b>Total employee costs expensed</b>	<b>9,100</b>	<b>8,395</b>

#### Accounting policy

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 D3-1 for more information.

**B3-2 Materials and services**

<b>\$ '000</b>	Notes	<b>2021</b>	<b>2020</b>
Raw materials and consumables		<b>5,426</b>	4,959
Contractor and consultancy costs		<b>2,781</b>	4,735
Audit Fees	E2-1	<b>81</b>	75
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	E1-2	<b>109</b>	116
Advertising		<b>5</b>	44
Bank fees		<b>4</b>	8
Electricity		<b>31</b>	34
Insurance		<b>256</b>	216
Postage		<b>14</b>	4
Printing and stationery		<b>11</b>	10
Subscriptions and publications		<b>52</b>	39
Telephone		<b>36</b>	49
Internal audit		<b>31</b>	37
Water billing and collection		<b>64</b>	59
Other expenses		<b>75</b>	35
<b>Legal expenses:</b>			
– Other		<b>4</b>	8
Expenses from leases of low value assets		<b>63</b>	107
<b>Total materials and services</b>		<b>9,043</b>	<b>10,535</b>

**Accounting policy**

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

**B3-3 Borrowing costs**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>(i) Interest bearing liability costs</b>		
Interest on leases	<b>14</b>	26
Interest on loans	<b>1,367</b>	1,520
<b>Total borrowing costs expensed</b>	<b>1,381</b>	<b>1,546</b>

**Accounting policy**

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 as incurred.



### B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		440	502
Office equipment		122	148
Furniture and fittings		33	30
Land improvements (depreciable)		76	63
<b>Infrastructure:</b>			
– Buildings		126	129
– Water supply network		4,937	5,252
– Flood mitigation assets		684	766
Right of use assets	C2-1	202	259
Intangible assets	C1-8	107	138
<b>Total depreciation and amortisation costs</b>		<b>6,727</b>	<b>7,287</b>
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR INTANGIBLES AND IPP&amp;E</b>		<b>6,727</b>	<b>7,287</b>

#### Accounting policy

##### 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 C1-6 for IPPE assets and Note C1-8 for intangible assets and Note C2-1 for right of use assets.

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

##### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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.

### B3-5 Other expenses

\$ '000	2021	2020
<b>Other</b>		
Contributions and donations	–	15
<b>Total other expenses</b>	<b>–</b>	<b>15</b>

#### Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

**B4 Gains or losses****B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

<b>\$ '000</b>	Notes	<b>2021</b>	<b>2020</b>
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		<b>(81)</b>	–
<b>Gain (or loss) on disposal</b>		<b>(81)</b>	–
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-6		
Proceeds from disposal – plant and equipment		<b>165</b>	162
Less: carrying amount of plant and equipment assets sold/written off		<b>(92)</b>	(163)
<b>Gain (or loss) on disposal</b>		<b>73</b>	(1)
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-6		
Less: carrying amount of infrastructure assets sold/written off		<b>(771)</b>	–
<b>Gain (or loss) on disposal</b>		<b>(771)</b>	–
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-5		
Proceeds from disposal – real estate assets		<b>4,268</b>	–
Less: carrying amount of real estate assets sold/written off		<b>(3,174)</b>	–
<b>Gain (or loss) on disposal</b>		<b>1,094</b>	–
<b>Gain (or loss) on disposal of term deposits</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		<b>35,000</b>	47,000
Less: carrying amount of term deposits sold/redeemed/matured		<b>(35,000)</b>	(47,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	–
<b>Net gain (or loss) on disposal of assets</b>		<b>315</b>	(1)

**Accounting policy**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. 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.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 17/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

**Material variations of more than 10%** between original budget and actual results or where the variance is considered material by nature are explained below.

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
User charges and fees	20,689	20,892	203	1% <b>F</b>
Other revenues	2,461	2,397	(64)	(3)% <b>U</b>
Operating grants and contributions	1,064	1,163	99	9% <b>F</b>
Capital grants and contributions	4,000	5,235	1,235	31% <b>F</b>
Grants and Contributions provided for capital purposes resulted in an increase of \$1.2M (F) (31%) above budget. The revenue increase can be attributed to increased receipts for Section 64 Developer Contributions.				
Interest and investment revenue	549	368	(181)	(33)% <b>U</b>
Interest and Investment revenue was \$181k (U) (33%) below the original budget. The original budget for investment interest was based on an average portfolio balance of \$26M calculated on an average rate of return of 2%. The portfolio size remained consistently higher due to Section 64 Developer Contributions and slower than anticipated cash flow requirements for capital works, with an average held balance of \$35M. However, interest rates remained low resulting in decreased returns.				
Net gains from disposal of assets	2	315	313	15,650% <b>F</b>
Traditionally, Council provides a modest budget for gain on disposal of assets due to the inherent difficulty in estimating proceeds from asset disposal. As a result actual gain on disposal of assets has produced a variance of \$313k (F). This gain is comprised of a \$1.094M (F) from the sale of all lots associated with the Perradenya release 6 stage and \$73k (F) Plant, Property & Equipment. Offset by loss from the disposal of Infrastructure assets \$771k (U) and \$81k (U) for rural buildings.				
Other income	235	205	(30)	(13)% <b>U</b>
The original budgets for rental income were developed prior to AASB 16 consideration. Additionally, Investment properties are valued annually, with any increment or decrement appearing on the Income Statement. Due to the difficulty in estimating valuations, Council has not provided a budget. This financial year, the property is fully tenanted and has increased in value by \$5k.				

## B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----		
<b>EXPENSES</b>					
Employee benefits and on-costs	9,627	9,100	527	5%	F
Materials and services	9,682	9,043	639	7%	F
Borrowing costs	1,833	1,381	452	25%	F
The original budget had anticipated a new \$13.5M loan being drawn down through the financial year. This loan was only sourced in June 2021, which reduced the expected loan interest payable for the year.					
Depreciation, amortisation and impairment of non-financial assets	7,108	6,727	381	5%	F
Other expenses	5	-	5	100%	F
Other Expenses were \$5k (F) (100%) below the original budget forecast. No donations were paid in the 2020/21 year.					
Net losses from disposal of assets	-	-	-	∞	F
<b>STATEMENT OF CASH FLOWS</b>					
Cash flows from operating activities	7,851	11,610	3,759	48%	F
Cash flows from operating activities was \$3.759m (F) (48%) above the original forecast budget. The majority of the increase relates to additional S64 developer contributions (\$1.23M), new grant funding (\$962K) and outstanding grant funds from 2019/20 (\$475k). This increased further due to a reduction in employee costs (\$486k) and borrowing costs (\$442k) due to a new \$13.5M loan being sourced in June 2021, which reduced the expected loan interest payable for the year, as discussed above in 'Borrowing costs.'					
Cash flows from investing activities	(17,498)	(15,992)	1,506	(9)%	F
Cash flows from financing activities	10,304	10,569	265	3%	F

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	267	157
Cash-equivalent assets		
– Deposits at call	10,613	4,536
<b>Total cash and cash equivalents</b>	<b>10,880</b>	<b>4,693</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	10,880	4,693
<b>Balance as per the Statement of Cash Flows</b>	<b>10,880</b>	<b>4,693</b>

#### Accounting policy

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.

#### C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	38,000	500	29,000	1,500
<b>Total financial investments</b>	<b>38,000</b>	<b>500</b>	<b>29,000</b>	<b>1,500</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>48,880</b>	<b>500</b>	<b>33,693</b>	<b>1,500</b>

#### Accounting policy

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

## C1-2 Financial investments (continued)

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- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

### C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	<b>48,880</b>	<b>500</b>	33,693	1,500
<b>attributable to:</b>				
External restrictions	4,081	–	3,216	–
Internal restrictions	43,369	500	29,048	1,500
Unrestricted	1,430	–	1,429	–
	<b>48,880</b>	<b>500</b>	33,693	1,500

\$ '000	2021	2020
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#### Details of restrictions

##### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	176	–
Other	821	–
<b>External restrictions – included in liabilities</b>	<b>997</b>	<b>–</b>

##### External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended grants (recognised as revenue) – general fund	4	35
Other	3,080	3,181
<b>External restrictions – other</b>	<b>3,084</b>	<b>3,216</b>

##### Total external restrictions

##### Internal restrictions

Council has internally restricted cash, cash equivalents and investments as follows:

Flood Fund	802	805
Weeds Bio Fund	1,131	843
Retail Water Fund	2,564	2,602
Richmond Water Laboratories Fund	400	449
Commercial Property Fund	1,103	1,033
Fleet Fund	1,110	933
Bulk Fund - Building & structures	188	266
Bulk Fund - Assets & programs	30,676	17,729
Bulk Fund - Employees leave entitlement	2,264	2,090
Bulk Fund - Electricity	2,587	2,577
Bulk Fund - Office equipment & computers	936	1,126
Bulk Fund - Greenhouse gas abatement	108	95
<b>Total internal restrictions</b>	<b>43,869</b>	<b>30,548</b>

##### Total restrictions

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

## C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Purpose</b>				
User charges and fees	71	–	140	–
Accrued revenues				
– Interest on investments	122	–	318	–
– Other income accruals	893	–	1,221	–
Finance lease receivable	74	13	42	46
Government grants and subsidies	145	–	483	–
Sundry debtors	543	–	78	–
Other debtors	234	–	270	–
<b>Total</b>	<b>2,082</b>	<b>13</b>	<b>2,552</b>	<b>46</b>
<b>Total net receivables</b>	<b>2,082</b>	<b>13</b>	<b>2,552</b>	<b>46</b>

**Accounting policy**

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.

**Impairment**

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.



## C1-5 Inventories

<i>\$ '000</i>	<b>2021</b> <i>Current</i>	<b>2021</b> <i>Non-current</i>	<b>2020</b> <i>Current</i>	<b>2020</b> <i>Non-current</i>
<b>Inventories at cost</b>				
Real estate for resale (refer to (i) below)	48	936	1,127	1,283
Stores and materials	388	226	377	226
<b>Total inventories at cost</b>	<b>436</b>	<b>1,162</b>	<b>1,504</b>	<b>1,509</b>
<b>Total inventories</b>	<b>436</b>	<b>1,162</b>	<b>1,504</b>	<b>1,509</b>
<b>(i) Real estate development</b>				
Residential – undeveloped	48	936	1,127	1,283
<b>Total real estate for resale</b>	<b>48</b>	<b>936</b>	<b>1,127</b>	<b>1,283</b>

### Accounting policy

#### 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.

#### Real estate held for resale/capitalisation of borrowing costs

Real estate 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 real estate 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.

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020 <sup>1</sup>			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>2</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	12,004	–	12,004	1,909	1,817	–	–	(11,027)	–	4,704	–	4,704
Plant and equipment	4,232	(3,077)	1,155	–	505	(92)	(440)	70	–	4,508	(3,311)	1,197
Office equipment	1,809	(1,541)	268	–	212	–	(122)	–	–	2,021	(1,663)	358
Furniture and fittings	734	(368)	366	–	21	–	(33)	–	–	755	(401)	354
<b>Land:</b>												
– Operational land	10,506	–	10,506	–	–	–	–	–	–	10,506	–	10,506
– Non-depreciable land improvements	2,374	–	2,374	–	–	–	–	–	–	2,374	–	2,374
– Depreciable land improvements	3,247	(887)	2,360	–	–	–	(76)	124	–	3,371	(963)	2,408
<b>Infrastructure:</b>												
– Buildings	4,853	(2,846)	2,007	–	104	(81)	(126)	26	–	4,555	(2,625)	1,930
– Water supply network	468,146	(132,655)	335,491	3,891	2,772	(738)	(4,937)	10,152	3,062	486,651	(136,958)	349,693
– Flood mitigation	136,357	(12,167)	124,190	84	–	(33)	(684)	5	–	136,393	(12,831)	123,562
<b>Total infrastructure, property, plant and equipment</b>	<b>644,262</b>	<b>(153,541)</b>	<b>490,721</b>	<b>5,884</b>	<b>5,431</b>	<b>(944)</b>	<b>(6,418)</b>	<b>(650)</b>	<b>3,062</b>	<b>655,838</b>	<b>(158,752)</b>	<b>497,086</b>

(1) See Note F4-1 for details regarding the restatement as a result of Prior Period Errors

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

## C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2019 <sup>1</sup>			Asset movements during the reporting period						At 30 June 2020 <sup>1</sup>		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>2</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Transfers	Revaluation increments to equity (ARR) <sup>1</sup>	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	9,099	–	9,099	5,056	2,146	–	–	(4,297)	–	12,004	–	12,004
Plant and equipment	4,154	(2,683)	1,471	–	291	(124)	(502)	19	–	4,232	(3,077)	1,155
Office equipment	1,780	(1,469)	311	–	106	(1)	(148)	–	–	1,809	(1,541)	268
Furniture and fittings	715	(338)	377	–	17	–	(30)	2	–	734	(368)	366
<b>Land:</b>												
– Operational land	10,506	–	10,506	–	–	–	–	–	–	10,506	–	10,506
Land improvements – non-depreciable	2,374	–	2,374	–	–	–	–	–	–	2,374	–	2,374
Land improvements – depreciable	3,247	(824)	2,423	–	–	–	(63)	–	–	3,247	(887)	2,360
<b>Infrastructure:</b>												
– Buildings	4,853	(2,717)	2,136	–	–	–	(129)	–	–	4,853	(2,846)	2,007
– Water supply network	460,397	(126,234)	334,163	656	–	(37)	(5,252)	2,832	3,128	468,146	(132,655)	335,491
– Flood mitigation	131,624	(12,365)	119,259	75	–	–	(766)	2	5,620	136,357	(12,167)	124,190
<b>Total infrastructure, property, plant and equipment</b>	<b>628,749</b>	<b>(146,630)</b>	<b>482,119</b>	<b>5,787</b>	<b>2,560</b>	<b>(162)</b>	<b>(6,890)</b>	<b>(1,442)</b>	<b>8,748</b>	<b>644,262</b>	<b>(153,541)</b>	<b>490,721</b>

(1) See Note F4-1 for details regarding the restatement as a result of Prior Period Errors.

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

## C1-6 Infrastructure, property, plant and equipment (continued)

### Accounting policy

#### Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

#### Useful lives of IPPE

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:

	Useful lives
Equipment, furniture and fittings	2 - 20 yrs
Land	Infinite
Land improvements	5 - 20 yrs
Infrastructure:	
– Buildings and other structures	20 - 100 yrs
– Bulk earthworks	Infinite
– Water supply network	15 - 150 yrs
– Open space / recreational assets	5 - 20 yrs
– Flood mitigation infrastructure	20 - 100 yrs

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

#### Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

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

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

## C1-7 Investment properties

\$ '000	2021	2020
<b>Owned investment property</b>		
Investment property on hand at fair value	795	790
<b>Total owned investment property</b>	<b>795</b>	<b>790</b>
<b>At fair value</b>		
Opening balance at 1 July	790	740
Net gain/(loss) from fair value adjustments	5	50
<b>Closing balance at 30 June</b>	<b>795</b>	<b>790</b>

### Accounting policy

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

Properties that are under construction for future use as investment properties are regarded as investment property. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	1,145	1,139
Accumulated amortisation	(908)	(770)
<b>Net book value – opening balance</b>	<b>237</b>	<b>369</b>
<b>Movements for the year</b>		
Purchases	642	6
Amortisation charges	(107)	(138)
<b>Closing values at 30 June</b>		
Gross book value	1,787	1,145
Accumulated amortisation	(1,015)	(908)
<b>Total software – net book value</b>	<b>772</b>	<b>237</b>
<b>Total intangible assets – net book value</b>	<b>772</b>	<b>237</b>

### Accounting policy

#### IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over buildings. Information relating to the leases in place and associated balances and transactions is provided below.

#### Buildings

Council leases land and buildings for their corporate office; the lease is generally 5 years and includes a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

The building lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

#### Extension options

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

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

There are \$624,000 in potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

#### (a) Right of use assets

\$ '000	<i>Administration building</i>	<i>Total</i>
<b>2021</b>		
Opening balance at 1 July 2020	562	562
Adjustments due to re-measurement of lease liability	(67)	(67)
Depreciation charge	(202)	(202)
<b>Balance at 30 June</b>	<b>293</b>	<b>293</b>
<b>2020</b>		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	821	821
Depreciation charge	(259)	(259)
<b>Balance at 30 June</b>	<b>562</b>	<b>562</b>

#### (b) Lease liabilities

\$ '000	<i>2021 Current</i>	<i>2021 Non-current</i>	<i>2020 Current</i>	<i>2020 Non-current</i>
Lease liabilities	312	49	312	347
<b>Total lease liabilities</b>	<b>312</b>	<b>49</b>	<b>312</b>	<b>347</b>

#### (c) (i) The maturity analysis

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

\$ '000	<i>&lt; 1 year</i>	<i>1 – 5 years</i>	<i>&gt; 5 years</i>	<i>Total</i>	<i>Total per Statement of Financial Position</i>
<b>2021</b>					
Cash flows	312	52	–	364	361
<b>2020</b>					
Cash flows	312	364	–	676	659

continued on next page ...

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## C2-1 Council as a lessee (continued)

### (d) Income Statement

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

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	14	26
Interest income from sub-leasing right of use assets	7	6
Depreciation of right of use assets	202	259
Expenses relating to low-value leases	63	107
	<b>286</b>	<b>398</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	230	250
	<b>230</b>	<b>250</b>

### Accounting policy

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

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

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

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

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

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

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

#### **Exceptions to lease accounting**

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

## C2-2 Council as a lessor

### (a) Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-7)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-6).

\$ '000	2021	2020
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#### (i) Assets held as investment property

Investment property operating leases relate to Council owned buildings not required for the operations of Council business.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	79	68
<b>Total income relating to operating leases for investment property assets</b>	<b>79</b>	<b>68</b>

#### Operating lease expenses

Direct operating expenses that generated rental income	9	8
Direct operating expenses that did not generate rental income	4	4
<b>Total expenses relating to operating leases</b>	<b>13</b>	<b>12</b>

#### Repairs and maintenance: investment property

Other	11	9
<b>Total repairs and maintenance: investment property</b>	<b>11</b>	<b>9</b>

#### (ii) Assets held as property, plant and equipment

Council provides operating leases on Council land and buildings that are currently not required for operational purposes.

Lease income (excluding variable lease payments not dependent on an index or rate)	113	148
<b>Total income relating to operating leases for Council assets</b>	<b>113</b>	<b>148</b>

#### Other leased assets expenses

Other	37	43
<b>Total expenses relating to other leases assets</b>	<b>37</b>	<b>43</b>

#### (iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	54	80
1–2 years	–	51
<b>Total undiscounted lease payments to be received</b>	<b>54</b>	<b>131</b>



## C2-2 Council as a lessor (continued)

### (b) Finance leases

\$ '000	2021	2020
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Council has sub-leased a section of the Administration building and has classified this as finance leases since the sub-lease is for the remaining life of the Council's lease to the building.

Finance income on the net investment in the lease	76	42
<b>Total Income relating to finance leases</b>	<b>76</b>	<b>42</b>

#### Maturity analysis of undiscounted lease payments to be received after reporting date for finance leases:

< 1 year	74	42
1–2 years	13	42
2–3 years	–	8
<b>Total lease payments receivable</b>	<b>87</b>	<b>92</b>

Unearned finance income	1	4
<b>Net investment in the lease</b>	<b>86</b>	<b>88</b>

#### Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

## C3 Liabilities of Council

### C3-1 Payables

<b>\$ '000</b>	<b>2021 Current</b>	<b>2021 Non-current</b>	<b>2020 Current</b>	<b>2020 Non-current</b>
<b>Payables</b>				
Goods and services	608	-	505	-
Capital creditors	1,224	-	593	-
Accrued expenses:				
– Borrowings	280	-	290	-
– Salaries and wages	-	-	215	-
Accrued expenses	328	-	777	-
Other	-	-	6	-
<b>Total payables</b>	<b>2,440</b>	<b>-</b>	<b>2,386</b>	<b>-</b>

#### Current payables not anticipated to be settled within the next twelve months

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Total payables</b>	<b>-</b>	<b>-</b>

#### Accounting policy

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.

#### Payables

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

### C3-2 Contract Liabilities

<b>\$ '000</b>	Notes	<b>2021 Current</b>	<b>2021 Non-current</b>	<b>2020 Current</b>	<b>2020 Non-current</b>
Grants received prior to performance obligation being satisfied	(i)	926	-	64	-
Contributions received prior to performance obligation being satisfied		71	-	20	-
<b>Total contract liabilities</b>		<b>997</b>	<b>-</b>	<b>84</b>	<b>-</b>

#### Notes

(i) Council acts in an agency capacity for several grant projects.

#### Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

### C3-3 Borrowings

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	3,398	28,960	2,701	18,858
<b>Total borrowings</b>	<b>3,398</b>	<b>28,960</b>	<b>2,701</b>	<b>18,858</b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1-1.

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

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	21,559	(2,701)	13,500	–	–	–	32,358
Lease liability (Note C2-1b)	659	(230)	–	–	–	(68)	361
<b>Total liabilities from financing activities</b>	<b>22,218</b>	<b>(2,931)</b>	<b>13,500</b>	<b>–</b>	<b>–</b>	<b>(68)</b>	<b>32,719</b>

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	24,145	(2,586)	–	–	–	–	21,559
Lease liability (Note C2-1b)	–	(312)	–	–	945	26	659
<b>Total liabilities from financing activities</b>	<b>24,145</b>	<b>(2,898)</b>	<b>–</b>	<b>–</b>	<b>945</b>	<b>26</b>	<b>22,218</b>

#### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	100	100
Credit cards/purchase cards	110	110
<b>Total financing arrangements</b>	<b>210</b>	<b>210</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	100	100
– Credit cards/purchase cards	110	110
<b>Total undrawn financing arrangements</b>	<b>210</b>	<b>210</b>

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

#### Accounting policy

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.

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.

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 borrowing costs.

### C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	695	–	653	–
Long service leave	1,486	39	1,355	21
TIL	44	–	61	–
<b>Total employee benefit provisions</b>	<b>2,225</b>	<b>39</b>	<b>2,069</b>	<b>21</b>

#### Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,546	1,355
	<b>1,546</b>	<b>1,355</b>

#### Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if 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 and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

#### 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.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

## D Risks and accounting uncertainties

### D1-1 Risks relating to financial instruments held

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.

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 financial instruments held are:

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

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 – interest rate and price risk

\$ '000	2021	2020
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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.

Impact of a 1% movement in interest rates		
– Equity / Income Statement	494	352

#### (b) Credit risk

Council's major receivables comprise user charges and fees, contributions from constituent councils and sundry debtors.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

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

Credit risk on 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 annual charges and fees at higher than market rates which further encourages the payment of debt.

## D1-1 Risks relating to financial instruments held (continued)

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 debtors.

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

### Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. 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 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	2,008	–	3	56	28	2,095
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	100.00%	1.34%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>28</b>	<b>28</b>
<b>2020</b>						
Gross carrying amount	2,108	3	476	–	11	2,598
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	100.00%	0.42%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11</b>	<b>11</b>

### (c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, 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 by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2021</b>							
Trade/other payables	0.00%	–	2,440	–	–	2,440	2,440
Loans and advances	4.96%	–	4,955	19,184	16,378	40,517	32,358
<b>Total financial liabilities</b>		<b>–</b>	<b>7,395</b>	<b>19,184</b>	<b>16,378</b>	<b>42,957</b>	<b>34,798</b>
<b>2020</b>							
Trade/other payables	0.00%	–	2,386	–	–	2,386	2,386
Loans and advances	6.58%	–	4,078	16,128	6,861	27,067	21,559
<b>Total financial liabilities</b>		<b>–</b>	<b>6,464</b>	<b>16,128</b>	<b>6,861</b>	<b>29,453</b>	<b>23,945</b>

## D2 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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).

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
<b>Recurring fair value measurements</b>									
<b>Investment property</b> C1-7									
Commercial property		30/6/21	30/06/20	795	790	–	–	795	790
<b>Total investment property</b>				<b>795</b>	<b>790</b>	<b>–</b>	<b>–</b>	<b>795</b>	<b>790</b>
<b>Infrastructure, property, plant and equipment</b> C1-6									
Buildings		30/6/18	30/06/18	–	–	1,930	2,007	1,930	2,007
Land		30/6/18	30/06/18	–	–	10,506	10,506	10,506	10,506
Non-depreciable land improvements		30/06/17	30/06/17	–	–	2,374	2,374	2,374	2,374
Depreciable land improvements		30/06/17	30/6/17	–	–	2,408	2,360	2,408	2,360
Water infrastructure: water distribution assets		30/6/17	30/6/17	–	–	175,531	162,072	175,531	162,072
Water infrastructure: dams and treatment assets		30/6/17	30/6/17	–	–	174,161	173,419	174,161	173,419
Flood mitigation infrast. <sup>1</sup>		30/6/20	30/6/20	–	–	123,562	124,190	123,562	124,190
<b>Total infrastructure, property, plant and equipment</b>				<b>–</b>	<b>–</b>	<b>490,472</b>	<b>476,928</b>	<b>490,472</b>	<b>476,928</b>

(1) See Note F4-1 for details regarding the restatement as a result of Prior Period Errors.

### Valuation techniques

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

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

#### Investment property

For Investment property, council obtains external valuations by independent valuers on an annual basis.

The last revaluation was performed by Acumentis Pty Ltd for the 2020/21 financial year.

Acumentis Pty Ltd is an independent entity and is not an employee of Council.



## D2 Fair value measurement (continued)

### Infrastructure, property, plant and equipment (IPPE)

For land, buildings and infrastructure council obtains external valuations by independent valuers every five years. The last revaluation was performed by:

- Water Infrastructure – APV Valuers & Asset Management for the 2016/17 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Flood Mitigation Infrastructure – Assetic for the 2019/20 financial year. Assetic is an independent entity and is not an employee of Council.
- Land & Buildings – Taylor Byrne Pty Ltd for the 2017/18 financial year. Taylor Byrne Pty Ltd is an independent entity and is not an employee of Council.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices.

In accordance with AASB 13 Fair Value Measurement no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

The following non-current assets categorised above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Council considers information from a variety of sources, including:

- Current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- Discounted cash flow projections based on reliable estimates of future cash flows.
- Capitalised income projections based on a property's estimated not market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3.

Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated replacement cost for each building componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Newly Completed Buildings are categorised as level 2, as the initial measurement is recognised at cost and is represented accordingly until subject to revaluation. This is considered appropriate as, once assets are brought into use, there is no longer an identical correlation with the "shelf product". Council did not have any of these assets at reporting date.

For infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is current replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs.

For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial.

### Water Infrastructure Assets

Council's water infrastructure assets include Distributions assets (such as water pipelines) Treatment Assets (such as treatment plants) and Source Assets (such as Rocky Creek Dam) and Catchment Assets.

These assets are valued by an external valuer every 5 years using the cost approach.

In between full revaluations, these assets are indexed each year in line with the NSW Reference Rates Manuals as published by the NSW Office of Water.

Whilst the units rates based on linear metres of certain diameter pipes and prices per unit per pit or similar capacity can be supported by market evidence (Level 2), other inputs (such as estimates or residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value.

## D2 Fair value measurement (continued)

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As such, this asset class is classified as being valued using Level 3 inputs. There has been no change to the valuation process during the reporting period.

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations as well as internal project costs for similar assets. The useful economic life of the assets is assessed in accordance with Council's Asset Capitalisation Policy as described in Note A1-1. The remaining economic life is assessed based upon physical depreciation and obsolescence. The council provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed in between full revaluation years are included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. Sensitivity to changes in unobservable inputs may significantly impact on fair value. Council's exposure to sensitivity of the unobservable inputs is generally limited to the projected increase in infrastructure construction costs which has historically been in the range of 2-5% per annum. Disclosure of additional quantitative information about significant unobservable inputs is considered immaterial.

### **Flood Mitigation Infrastructure**

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations as well as internal project costs for similar assets. The useful economic life of the assets is assessed in accordance with Council's Asset Capitalisation Policy as described in Note A1-1. The remaining economic life is assessed based upon physical depreciation and obsolescence. The council provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed in between full revaluation years are included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. The Council is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value.

### **Highest and best use**

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

## D3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

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

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

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

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

\* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2021 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

### D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$71,616.59. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA, and covers the period ended 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$71,617. Council's expected contribution to the plan for the next annual reporting period is \$73,198.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2021 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$42,900 as at 30 June 2021.

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

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

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

\* Plus promotional increases

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

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, which will be a triennial actuarial investigation will be completed by December 2021.

## E People and relationships

### E1 Related party disclosures

#### E1 Key management personnel (KMP)

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:

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Compensation:</b>		
Short-term benefits	321	345
Post-employment benefits	23	23
Other long-term benefits	3	6
<b>Total</b>	<b>347</b>	<b>374</b>

#### E1-2 Councillor and Mayoral fees and associated expenses

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
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The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Chairperson's fee	17	17
Councillors' fees	81	81
Councillors' (incl. Chairperson) expenses	11	18
<b>Total</b>	<b>109</b>	<b>116</b>

## E2 Other relationships

### E2-1 Audit fees

\$ '000	2021	2020
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	81	71
<b>Remuneration for audit and other assurance services</b>	<b>81</b>	<b>71</b>
<b>Total Auditor-General remuneration</b>	<b>81</b>	<b>71</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other audit and assurance services	-	4
<b>Remuneration for audit and other assurance services</b>	<b>-</b>	<b>4</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>-</b>	<b>4</b>
<b>Total audit fees</b>	<b>81</b>	<b>75</b>

## F Other matters

### F1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>4,324</b>	2,384
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	<b>6,727</b>	7,287
Net losses/(gains) on disposal of assets	<b>(315)</b>	1
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	<b>(5)</b>	(50)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	<b>503</b>	(82)
Decrease/(increase) in inventories	<b>(11)</b>	(11)
Decrease/(increase) in other current assets	<b>(123)</b>	(54)
Increase/(decrease) in payables	<b>103</b>	108
Increase/(decrease) in accrued interest payable	<b>(10)</b>	(31)
Increase/(decrease) in other accrued expenses payable	<b>(664)</b>	510
Increase/(decrease) in other liabilities	<b>(6)</b>	(432)
Increase/(decrease) in contract liabilities	<b>913</b>	84
Increase/(decrease) in provision for employee benefits	<b>174</b>	218
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>11,610</b>	<b>9,932</b>

### F2-1 Commitments

#### Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	<b>83</b>	18
Plant and equipment	<b>197</b>	315
Infrastructure	<b>12,940</b>	6,993
Land development	<b>157</b>	1,099
<b>Total commitments</b>	<b>13,377</b>	<b>8,425</b>

#### Details of capital commitments

Council has committed to progressing the St Helena 600 upgrade.

### F3-1 Events occurring after the reporting date

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The financial impact of COVID-19 on Council has not been material, with service levels to the constituent councils and members of the public maintained.

As at 30 June 2021, Council assessed the impact of COVID-19 on the fair value of its non-current physical and financial assets. These assets include land, buildings, infrastructure and receivables. This was based on historical sales information, expectation of macroeconomic conditions and outlook at the time of assessment. Given continued uncertainty of the COVID-19 factor, it is possible that post 30 June 2021 there may be some new evidence that impacts this fair value assessment materially.

There are no other known events that would impact on the Council or have a material impact on the financial statements.



## F4 Changes from prior year statements

### F4-1 Correction of errors

#### Nature of prior-period error

As a result of discussions regarding control and ownership of infrastructure assets the following prior period error has been identified:

Lismore City Council received grant funding to construct the Lismore Airport Floodway over the existing South Lismore drain asset. The South Lismore drain was recognised in Rous County Council's asset register. While assessing the correct accounting treatment for the transfer of the new works, by applying the Conceptual Framework for Financial Reporting criteria, it was determined that control of the South Lismore drain asset has always been with Lismore City Council and therefore it should be derecognised.

<b>Summary of prior year items impacting on Infrastructure, property, plant and equipment</b>	<b>\$'000</b>
Flood mitigation – drains	(3,153)
<b>Total for correction of prior period errors at 1 July 2019</b>	<b>(3,153)</b>
Flood mitigation – drains	(47)
<b>Total for correction of prior period errors at 30 June 2020</b>	<b>(3,200)</b>
<b>Summary of prior year items impacting on IPPE Revaluation Reserve</b>	
Flood mitigation – drains	(3,153)
<b>Total for correction of prior period errors at 1 July 2019</b>	<b>(3,153)</b>
Flood mitigation – drains	(47)
<b>Total for correction of prior period errors at 30 June 2020</b>	<b>(3,200)</b>

Council considers the error to be material and has corrected the 2018/19 and 2019/20 affected financial statement line items, as follows:

As at 1 July 2019:

Infrastructure, property, plant and equipment	\$3,153,000	Decrease
Revaluation Reserve	\$3,153,000	Decrease

As at 30 June 2020:

Infrastructure, property, plant and equipment	\$3,200,000	Decrease
Revaluation Reserve	\$3,200,000	Decrease

The error identified above has been corrected by restating the balances at the beginning of the earliest period presented (1 July 2019) and taking the adjustment through to the IPPE revaluation reserve at that date. When the asset was originally added to Council's asset register in 2011, it was brought on through the IPPE revaluation reserve. A further \$47,000 was removed in 2019/20 that related to the revaluation increment for the Flood mitigation - drain.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

#### Changes to the opening Statement of Financial Position at 1 July 2019

##### Statement of Financial Position

<b>\$ '000</b>	<b>Original Balance 1 July, 2019</b>	<b>Impact Increase/ (decrease)</b>	<b>Restated Balance 1 July, 2019</b>
Infrastructure, property, plant and equipment	485,272	(3,153)	482,119
<b>Total non-current assets</b>	<b>493,811</b>	<b>(3,153)</b>	<b>490,658</b>
<b>Total assets</b>	<b>528,889</b>	<b>(3,153)</b>	<b>525,736</b>
IPPE Revaluation Reserve	260,722	(3,153)	257,569
<b>Council equity interest</b>	<b>498,913</b>	<b>(3,153)</b>	<b>495,760</b>
<b>Total equity</b>	<b>498,913</b>	<b>(3,153)</b>	<b>495,760</b>

## F4-1 Correction of errors (continued)

### Adjustments to the comparative figures for the year ended 30 June 2020

#### Statement of Financial Position

<i>\$ '000</i>	<i>Original Balance 30 June, 2020</i>	<i>Impact Increase/ (decrease)</i>	<i>Restated Balance 30 June, 2020</i>
Infrastructure, property, plant and equipment	493,921	(3,200)	490,721
<b>Total non-current assets</b>	<b>498,565</b>	<b>(3,200)</b>	<b>495,365</b>
<b>Total assets</b>	<b>536,870</b>	<b>(3,200)</b>	<b>533,670</b>
IPPE Revaluation reserve	269,517	(3,200)	266,317
<b>Council equity interest</b>	<b>510,092</b>	<b>(3,200)</b>	<b>506,892</b>
<b>Total equity</b>	<b>510,092</b>	<b>(3,200)</b>	<b>506,892</b>

#### Statement of Comprehensive Income

<i>\$ '000</i>	<i>Original Balance 30 June, 2020</i>	<i>Impact Increase/ (decrease)</i>	<i>Restated Balance 30 June, 2020</i>
Gain (loss) on revaluation of infrastructure, property, plant and equipment	8,795	(47)	8,748
<b>Total items which will not be reclassified subsequently to the operating result</b>	<b>8,795</b>	<b>(47)</b>	<b>8,748</b>
<b>Total other comprehensive income for the year</b>	<b>8,795</b>	<b>(47)</b>	<b>8,748</b>
<b>Total comprehensive income for the year</b>	<b>8,795</b>	<b>(47)</b>	<b>8,748</b>

## F5 Statement of developer contributions as at 30 June 2021

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.

### F5-1 S64 contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>S64</b>								
S64 contributions	–	5,188	–	–	(5,188)	–	–	–
<b>Total</b>	–	<b>5,188</b>	–	–	<b>(5,188)</b>	–	–	–

## F6 Statement of performance measures

### F6-1 Statement of performance measures – consolidated results

\$ '000	<b>Amounts 2021</b>	<b>Indicator 2021</b>	<b>Indicators</b>		<b>Benchmark</b>
			2020 <sup>2</sup>	2019	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(1,231)</b>	<b>(4.92)%</b>	(8.08)%	(4.43)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>25,020</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>23,857</b>	<b>78.85%</b>	81.07%	76.33%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>30,255</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>47,996</b>	<b>7.03x</b>	5.24x	5.42x	> 1.50x
Current liabilities less specific purpose liabilities	<b>6,829</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>6,877</b>	<b>1.59x</b>	1.54x	1.80x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>4,312</b>				
<b>5. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>49,380</b>	<b>25.80</b>	18.31	21.11	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>1,914</b>	<b>mths</b>	mths	mths	mths

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

(2) See Note F4-1 for details regarding the restatement as a result of Prior Period Errors.

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

## Rous County Council

### General Purpose Financial Statements

for the year ended 30 June 2021

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#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

## Rous County Council

### General Purpose Financial Statements

for the year ended 30 June 2021

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#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

# Rous County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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## Rous County Council

## Special Purpose Financial Statements

for the year ended 30 June 2021

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**Background**

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



Rous County Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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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 20 October 2021.

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Keith Williams  
Chairperson  
20 October 2021

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Sharon Cadwallader  
Deputy Chairperson  
20 October 2021

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Phillip Rudd  
General Manager  
20 October 2021

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Guy Bezrouchko  
Responsible Accounting Officer  
20 October 2021

## Rous County Council

## Income Statement of Water Supply Business Activity

for the year ended 30 June 2021

\$ '000	2021	2020 <i>Restated</i>
<b>Income from continuing operations</b>		
User charges	20,882	20,783
Interest	336	701
Grants and contributions provided for non-capital purposes	18	47
Other income	155	228
<b>Total income from continuing operations</b>	<b>21,391</b>	<b>21,759</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	7,354	6,790
Borrowing costs	1,381	1,544
Materials and services	7,006	8,058
Depreciation, amortisation and impairment	5,911	6,371
Loss on sale of assets	666	2
Other expenses	–	15
<b>Total expenses from continuing operations</b>	<b>22,318</b>	<b>22,780</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(927)</b>	<b>(1,021)</b>
Grants and contributions provided for capital purposes	5,235	4,411
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>4,308</b>	<b>3,390</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>4,308</b>	<b>3,390</b>
<b>Surplus (deficit) after tax</b>	<b>4,308</b>	<b>3,390</b>
<b>Plus accumulated surplus</b>	<b>119,699</b>	<b>117,579</b>
<b>Plus/less: Correction of error</b>	<b>–</b>	<b>(1,270)</b>
<b>Plus adjustments for amounts unpaid:</b>		
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>124,007</b>	<b>119,699</b>
<b>Return on capital %</b>	<b>0.1%</b>	<b>0.1%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	4,308	3,390
<b>Surplus for dividend calculation purposes</b>	<b>4,308</b>	<b>3,390</b>
<b>Potential dividend calculated from surplus</b>	<b>2,154</b>	<b>1,695</b>

## Rous County Council

### Income Statement of Land

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2 Restated
<b>Income from continuing operations</b>		
Profit from the sale of assets	771	–
<b>Total income from continuing operations</b>	<b>771</b>	<b>–</b>
<b>Expenses from continuing operations</b>		
Materials and services	43	48
Calculated taxation equivalents	28	28
<b>Total expenses from continuing operations</b>	<b>71</b>	<b>76</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>700</b>	<b>(76)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>700</b>	<b>(76)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>700</b>	<b>(76)</b>
Less: corporate taxation equivalent [based on result before capital]	(182)	–
<b>Surplus (deficit) after tax</b>	<b>518</b>	<b>(76)</b>
<b>Plus accumulated surplus</b>	<b>(282)</b>	<b>(493)</b>
<b>Plus/less: prior period adjustments</b>	<b>–</b>	<b>259</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	28	28
– Corporate taxation equivalent	182	–
<b>Closing accumulated surplus</b>	<b>446</b>	<b>(282)</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>76</b>

## Rous County Council

## Income Statement of Commercial Property

for the year ended 30 June 2021

<b>\$ '000</b>	<b>2021</b> <b>Category 2</b>	<b>2020</b> <b>Category 2</b>
<b>Income from continuing operations</b>		
Interest	–	25
Other income	186	248
<b>Total income from continuing operations</b>	<b>186</b>	<b>273</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	19	21
Materials and services	213	189
Depreciation, amortisation and impairment	57	64
Calculated taxation equivalents	3	3
<b>Total expenses from continuing operations</b>	<b>292</b>	<b>277</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(106)</b>	<b>(4)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(106)</b>	<b>(4)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(106)</b>	<b>(4)</b>
<b>Surplus (deficit) after tax</b>	<b>(106)</b>	<b>(4)</b>
<b>Plus accumulated surplus</b>	<b>2,183</b>	<b>2,184</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	3	3
<b>Add:</b>		
<b>Closing accumulated surplus</b>	<b>2,080</b>	<b>2,183</b>
<b>Subsidy from Council</b>	<b>106</b>	<b>4</b>

## Rous County Council

## Statement of Financial Position of Water Supply Business Activity

as at 30 June 2021

\$ '000	2021	2020 <i>Restated</i>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	10,310	3,274
Investments	33,780	26,731
Receivables	1,536	1,833
Inventories	326	282
Other	679	287
<b>Total current assets</b>	<b>46,631</b>	<b>32,407</b>
<b>Non-current assets</b>		
Right of use assets	293	562
Investments	500	1,500
Receivables	661	3,262
Inventories	226	226
Infrastructure, property, plant and equipment	372,402	365,541
Intangible assets	769	233
<b>Total non-current assets</b>	<b>374,851</b>	<b>371,324</b>
<b>Total assets</b>	<b>421,482</b>	<b>403,731</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	30	20
Lease liabilities	312	312
Payables	1,645	1,926
Borrowings	3,398	2,701
Employee benefit provisions	2,225	2,069
<b>Total current liabilities</b>	<b>7,610</b>	<b>7,028</b>
<b>Non-current liabilities</b>		
Lease liabilities	49	347
Borrowings	28,960	18,858
Employee benefit provisions	39	21
<b>Total non-current liabilities</b>	<b>29,048</b>	<b>19,226</b>
<b>Total liabilities</b>	<b>36,658</b>	<b>26,254</b>
<b>Net assets</b>	<b>384,824</b>	<b>377,477</b>
<b>EQUITY</b>		
Accumulated surplus	124,007	119,699
Revaluation reserves	260,817	257,778
<b>Total equity</b>	<b>384,824</b>	<b>377,477</b>

## Rous County Council

## Statement of Financial Position of Land

as at 30 June 2021

<i>\$ '000</i>	<b>2021</b> <i>Category 2</i>	<b>2020</b> <i>Category 2</i> <i>Restated</i>
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	293	254
Inventories	13	1,126
<b>Total current assets</b>	<b>306</b>	<b>1,380</b>
<b>Non-current assets</b>		
Inventories	1,432	1,976
<b>Total non-current assets</b>	<b>1,432</b>	<b>1,976</b>
<b>Total assets</b>	<b>1,738</b>	<b>3,356</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	631	376
<b>Total current liabilities</b>	<b>631</b>	<b>376</b>
<b>Non-current liabilities</b>		
Borrowings	661	3,262
<b>Total non-current liabilities</b>	<b>661</b>	<b>3,262</b>
<b>Total liabilities</b>	<b>1,292</b>	<b>3,638</b>
<b>Net assets</b>	<b>446</b>	<b>(282)</b>
<b>EQUITY</b>		
Accumulated surplus	446	(282)
<b>Total equity</b>	<b>446</b>	<b>(282)</b>

## Rous County Council

## Statement of Financial Position of Commercial Property

as at 30 June 2021

<b>\$ '000</b>	<b>2021</b> <b>Category 2</b>	<b>2020</b> <b>Category 2</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	173	461
Investments	1,030	671
Receivables	76	261
<b>Total current assets</b>	<b>1,279</b>	<b>1,393</b>
<b>Non-current assets</b>		
Receivables	13	–
Investment property	795	790
<b>Total non-current assets</b>	<b>808</b>	<b>790</b>
<b>Total assets</b>	<b>2,087</b>	<b>2,183</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	7	–
<b>Total current liabilities</b>	<b>7</b>	<b>–</b>
<b>Total liabilities</b>	<b>7</b>	<b>–</b>
<b>Net assets</b>	<b>2,080</b>	<b>2,183</b>
<b>EQUITY</b>		
Accumulated surplus	2,080	2,183
<b>Total equity</b>	<b>2,080</b>	<b>2,183</b>

## Rous County Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2021

## Prior year error of Water Supply Business Activities

\$ '000

## Water Supply Business Activity

## Nature of prior-period error

A reconciliation between the water supply business activity non-current receivables and the land business activity non-current borrowings identified a discrepancy that requires adjustment in the 2020/21 financial statements.

In early 2000, Council acquired 47.7 hectares of land which was zoned Village 2(v) and had development consent for 166 serviced residential lots, 1 village/commercial lot and 2 integrated housing blocks. An internal loan register was established between the water supply business and land activities to capture all construction expenditure and apply notional interest prior to recouping costs through sales.

Over the past 20 years, the notional interest has been accumulating due to insufficient allocation to cost of goods sold within the land business activity, resulting in an inflated non-current receivables balance within the water supply business activity.

In 2021, a review was undertaken of the register that identified the amount of accumulated interest expense that should have been allocated to all land releases based on number of land lots per release.

Council considers the error to be material and has corrected the 2019/20 affected financial statement line items below. Council does not deem it necessary to disclose a third Statement of Financial Position.

As at 30 June 2020:

Non-current assets - Receivables	\$ 1,270,000	Decrease
Accumulated surplus	\$ 1,270,000	Decrease

Comparatives have been changed to reflect the correction of errors.

The impact on each line item is shown in the tables below.

## Adjustments to the comparative figures for the year ended 30 June 2020

## Statement of Financial Position – Water Supply Business

<b>\$'000</b>	<b>Original Balance 30 June, 2020</b>	<b>Impact Increase/ (decrease)</b>	<b>Restated Balance 30 June, 2020</b>
<b>Activity</b>			
Receivables	4,532	(1,270)	3,262
<b>Total non-current assets</b>	<b>372,594</b>	<b>(1,270)</b>	<b>371,324</b>
<b>Total assets</b>	<b>405,001</b>	<b>(1,270)</b>	<b>403,731</b>
Accumulated surplus	120,969	(1,270)	119,699
<b>Total equity</b>	<b>378,747</b>	<b>(1,270)</b>	<b>377,477</b>



## Rous County Council

## Notes to the Special Purpose Financial Statements

for the year ended 30 June 2021

## Prior year error of Land

\$ '000

## Land

## Nature of prior-period error

In early 2000, Council acquired 47.7 hectares of land which was zoned Village 2(v) and had development consent for 166 serviced residential lots, 1 village/commercial lot and 2 integrated housing blocks. An internal loan register was established between the water supply business and land activities to capture all construction expenditure and apply notional interest to determine how much the land activity should repay when sales were realised.

Over the past 20 years, the notional interest has been accumulating due to insufficient allocation to cost of goods sold, resulting in an inflated inventories and borrowings balance.

In 2021, a review was undertaken of the register that identified the amount of accumulated interest expense that should be allocated to all land releases based on number of land lots per release.

Council considers the error to be material and has corrected the 2019/20 affected financial statement line items below. Council does not deem it necessary to disclose a third Statement of Financial Position.

As at 30 June 2020:

Non-current assets - Inventories	\$ 3,463,000	Decrease
Non-current assets - Borrowings	\$ 3,722,000	Decrease
Accumulated surplus	\$ 259,000	Increase

Comparatives have been changed to reflect the correction of errors.

The impact on each line item is shown in the tables below.

## Adjustments to the comparative figures for the year ended 30 June 2020

## Statement of Financial Position – Land

<b>\$'000</b>	<b>Original Balance 30 June, 2020</b>	<b>Impact Increase/ (decrease)</b>	<b>Restated Balance 30 June, 2020</b>
<b>Activity</b>			
Inventories	5,439	(3,463)	1,976
<b>Total non-current assets</b>	<b>5,439</b>	<b>(3,463)</b>	<b>1,976</b>
<b>Total assets</b>	<b>6,819</b>	<b>(3,463)</b>	<b>3,356</b>
Borrowings	6,984	(3,722)	3,262
<b>Total non-current liabilities</b>	<b>6,984</b>	<b>(3,722)</b>	<b>3,262</b>
<b>Total liabilities</b>	<b>7,360</b>	<b>(3,722)</b>	<b>3,638</b>
Accumulated surplus	(541)	259	(282)
<b>Total equity</b>	<b>(541)</b>	<b>259</b>	<b>(282)</b>

## Note – Significant Accounting Policies

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A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2005 (Regulation)* 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, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

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

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns 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)

##### Water

Provision of safe drinking water to the Constituent Councils and their consumers.

#### Category 2

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

##### Land development

Residential land development incorporating low impact environmental features including water and energy.

##### Commercial properties

Incorporates commercial rental properties at Carrington Street, Conway Street and subleases at Molesworth Street.

##### 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.

## Note – Significant Accounting Policies (continued)

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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 – **26%**

Land tax – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,001 up to \$4,616,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

### **Income tax**

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26%.

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 26% is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### **Local government rates and charges**

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all 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.

#### **(i) Subsidies**

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where 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. The overall effect of subsidies is contained within the Income Statements of business activities.

#### **(ii) 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'.

## Note – Significant Accounting Policies (continued)

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Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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**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 1.49% at 30/6/21.

### (iii) 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 businesses are permitted to pay an annual dividend from its water supply business surplus.

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

- 50% of this surplus in any one year, or
- the number of water supply assessments at 30 June 2020 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

## Rous County Council

### Special Purpose Financial Statements for the year ended 30 June 2021

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Please upift Council's Audit Report PDF (opinion) for inclusion in the SPFS report (via the Home screen).

# Rous County Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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Rous County Council

Special Schedules

for the year ended 30 June 2021

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**Special Schedules:**

Report on Infrastructure Assets as at 30 June 2021

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## Rous County Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					\$ '000	\$ '000	1	2	3
Buildings	Other	150	56	91	19	1,115	3,145	0.0%	40.0%	53.0%	7.0%	0.0%
	Council works depot	20	100	53	47	815	1,410	0.0%	25.0%	45.0%	30.0%	0.0%
	<b>Sub-total</b>	<b>170</b>	<b>156</b>	<b>144</b>	<b>66</b>	<b>1,930</b>	<b>4,555</b>	<b>0.0%</b>	<b>35.4%</b>	<b>50.5%</b>	<b>14.1%</b>	<b>0.0%</b>
Water supply network	Water supply network	5,310	26,551	2,778	2,998	349,693	486,651	48.0%	35.0%	15.0%	2.0%	0.0%
	<b>Sub-total</b>	<b>5,310</b>	<b>26,551</b>	<b>2,778</b>	<b>2,998</b>	<b>349,693</b>	<b>486,651</b>	<b>48.0%</b>	<b>35.0%</b>	<b>15.0%</b>	<b>2.0%</b>	<b>0.0%</b>
Flood mitigation network	Flood mitigation	1,150	150	672	480	123,562	136,393	32.0%	51.0%	12.0%	5.0%	0.0%
	<b>Sub-total</b>	<b>1,150</b>	<b>150</b>	<b>672</b>	<b>480</b>	<b>123,562</b>	<b>136,393</b>	<b>32.0%</b>	<b>51.0%</b>	<b>12.0%</b>	<b>5.0%</b>	<b>0.0%</b>
Water supply land improvements	Land Improvements – Water assets	10	15	562	493	4,782	5,745	21.0%	44.0%	29.0%	6.0%	0.0%
	<b>Sub-total</b>	<b>10</b>	<b>15</b>	<b>562</b>	<b>493</b>	<b>4,782</b>	<b>5,745</b>	<b>21.0%</b>	<b>44.0%</b>	<b>29.0%</b>	<b>6.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>6,640</b>	<b>26,872</b>	<b>4,156</b>	<b>4,037</b>	<b>479,967</b>	<b>633,344</b>	<b>44.0%</b>	<b>38.5%</b>	<b>14.7%</b>	<b>2.8%</b>	<b>0.0%</b>

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

## Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required



## Rous County Council

## Report on infrastructure assets as at 30 June 2021

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020 <sup>2</sup>	2019	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	5,860	100.64%	92.77%	127.76%	>= 100.00%
Depreciation, amortisation and impairment	5,823				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	6,640	1.37%	1.42%	0.57%	< 2.00%
Net carrying amount of infrastructure assets	484,671				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	4,037	97.14%	84.86%	70.17%	> 100.00%
Required asset maintenance	4,156				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	26,872	4.24%	4.02%	1.73%	
Gross replacement cost	633,344				

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

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

(2) See Note F4-1 for details regarding the restatement as a result of Prior Period Errors.

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## Quarterly Budget Review Statement for the quarter ending 30 September 2021

*Responsible Officer: Group Manager Corporate & Commercial (Guy Bezrouchko)*

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### Recommendation

That Council note the results presented in the Quarterly Budget Review Statement as at 30 September 2021 and authorise the variations to the amounts from those previously estimated.

### Background

The Integrated Planning and Reporting (IP&R) framework sets out minimum standards of reporting that will assist Council in adequately disclosing its overall financial position and to provide sufficient additional information to enable informed decision-making and enhance transparency.

The Quarterly Budget Review Statement (QBRs) is made up of a minimum of six key statements:

- (QBRs1) Statement by the Responsible Accounting Officer on Council's financial position
- (QBRs2) Budget Review Income and Expenses Statement
- (QBRs3) Budget Review Capital Budget
- (QBRs4) Budget Review Cash and Investments Position
- (QBRs5) Budget Review Contracts and Other Expenses
- (QBRs6) Budget Review Key Performance Indicators

For the information of Council, the original 2021/22 budget was adopted on 17 June 2021 as part of the 2021/22 Operational Plan and the 2017/22 Delivery Program.

### Governance

- **Finance**

#### **(QBRs1) Report by Responsible Accounting Officer**

The following statement is made in accordance with clause 203(2) of the *Local Government (General) Regulation 2005*.

"It is my opinion that the Quarterly Budget Review Statement of Rous County Council for the quarter ended 30 September 2021 indicates that Council's projected financial position at 30 June 2022 will be satisfactory at year end, having regard to the projected estimates of income and expenditure, the original budgeted income and expenditure and Council's short-term liquidity position."



Guy Bezrouchko  
Responsible Accounting Officer

**Table 1: Summary of proposed changes whole organisation – September 2021**

BUDGET ITEMS	Original Budget 2021/22	2020/21 Carryovers	September	Projected Year End Result 2021/22
			30-Sep-21	
			Quarter	
<b>Operating Income</b>				
Flood	950,100	0	1,129,900	2,080,000
Weeds	1,613,300	0	207,300	1,820,600
Retail	2,905,900	0	0	2,905,900
RWL	771,000	0	0	771,000
Commercial Property	270,900	0	0	270,900
Fleet	80,500	0	0	80,500
Bulk	19,961,700	0	0	19,961,700
<b>TOTAL OPERATING REVENUES</b>	<b>26,553,400</b>	<b>0</b>	<b>1,337,200</b>	<b>27,890,600</b>
<b>Operating Expenses</b>				
Flood	1,713,000	162,700	1,276,500	3,152,200
Weeds	1,611,600	80,000	275,300	1,966,900
Retail	2,982,000	15,500	0	2,997,500
RWL	769,300	0	0	769,300
Commercial Property	381,900	0	0	381,900
Fleet	157,000	0	0	157,000
Bulk	23,247,000	737,500	383,700	24,368,200
<b>TOTAL OPERATING EXPENSES</b>	<b>30,861,800</b>	<b>995,700</b>	<b>1,935,500</b>	<b>33,793,000</b>
<b>OPERATING RESULT</b>	<b>(4,308,400)</b>	<b>(995,700)</b>	<b>(598,300)</b>	<b>(5,902,400)</b>
Exclude Depreciation	7,416,500	0	0	7,416,500
<b>Cash Result</b>	<b>3,108,100</b>	<b>(995,700)</b>	<b>(598,300)</b>	<b>1,514,100</b>
Add: Capital Income	5,766,400	0	(1,686,400)	4,080,000
Less: Capital Expense	36,878,000	803,100	461,500	38,142,600
Add: From/Less: (To) Reserve	31,417,900	1,798,800	2,751,500	35,968,200
Less: Loan Repayments	3,414,400	0	5,300	3,419,700
<b>Estimated Cash Movement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### June 2021 Budget and carryover adjustments

Council adopted the 2021/22 budget at the June 2021 meeting. As identified in the report, Council also considered three additional staff submissions for software licences and two separate reports which impacted the adopted budget figures as shown in the original report, namely: Rous Cultural, Environment and Information Centre [D21/18829] and Consolidation of Workplace Locations [D21/18920].

Carryover adjustments from 2020/21 totalling \$3,175,800; \$995,700 in operational expenditure and \$2,180,100 in capital expenditure were approved by the Leadership Team. These were distributed to Councillors in August 2021 due to the absence of the Ordinary Council meeting ([Attachment 1](#)).

\$1,377,000 of capital works for Stage 2 of the St Helena 600 mains renewal/augmentation project originally budgeted for 2021/22 has been moved to 2022/23. This is a multiyear project and is anticipated to be completed by December 2022.

As such, \$803,100 in capital expenditure has been reinstated for 2021/22.

The budget movements are shown in the table below:

	<b>Operating Expenditure</b>	<b>Capital Expenditure</b>
Original Budget 2021/22 as per June-21 report	\$30,166,900	\$29,290,500
Add: Software Licences (Staff Submission)	\$106,000	\$100,000
Add: Rous Cultural, Environmental and Information Centre	\$175,000	\$0
Add: Consolidation of Workplace Locations	\$413,900*	\$7,487,500
<b>Adopted Original Budget</b>	<b>\$30,861,800</b>	<b>\$36,878,000</b>
Add: Carryovers 2021/22	\$995,700	\$2,180,100
Less: Carryovers 2022/23	\$0	(\$1,377,000)
<b>Revised Budget including Carryovers 2021/22</b>	<b>\$31,857,500</b>	<b>\$37,681,100</b>

\* In relation to the acquisition of the new workplace facility an additional non-cash budget allocation of \$113,900 has been provided to account for depreciation expense during the 2021/22 financial year.

### **Commentary on proposed adjustments – September 2021 (Table 1)**

The following notes detail proposed budget variations on a fund basis as compared to the original budget and quarterly adjustments. For reporting purposes, only changes over \$5,000 are individually referenced.

## Flood Mitigation Fund

## (QBR2) Income &amp; Expenses - Flood

	Original Budget 2021/22	2020/21 Carryovers	Recommend changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
<b>Operating Income</b>					
Interest Income / Sundry	6,700	0	0	6,700	1,200
Lismore Insurance Reimbursement	4,500	0	0	4,500	0
Operating Contributions	821,000	0	59,900	880,900	254,000
Operating Grants	117,900	0	1,070,000	1,187,900	34,200
<b>Total Operating Income</b>	<b>950,100</b>	<b>0</b>	<b>1,129,900</b>	<b>2,080,000</b>	<b>289,400</b>
<b>Operating Expense</b>					
Administration Expenses	203,600	0	0	203,600	49,900
Building/Depot Expenses	18,100	0	0	18,100	3,100
Fleet Hire Expense	71,600	0	0	71,600	16,700
Training & Staff	0	0	0	0	0
Insurance	4,500	0	0	4,500	0
Salaries & Wages	449,900	0	0	449,900	134,500
Operations Purchases	280,300	162,700	1,276,500	1,719,500	294,800
Depreciation	685,000	0	0	685,000	181,600
Loss on Sale	0	0	0	0	0
<b>Total Operating Expense</b>	<b>1,713,000</b>	<b>162,700</b>	<b>1,276,500</b>	<b>3,152,200</b>	<b>680,600</b>
<b>Operating Result</b>	<b>(762,900)</b>	<b>(162,700)</b>	<b>(146,600)</b>	<b>(1,072,200)</b>	<b>(391,200)</b>
Less Depreciation	685,000	0	0	685,000	181,600
<b>Operating Result Excl. Non Cash</b>	<b>(77,900)</b>	<b>(162,700)</b>	<b>(138,600)</b>	<b>(379,200)</b>	<b>(209,600)</b>
Add Capital Income	0	0	0	0	0
Less Capital Expenses	150,300	0	0	150,300	12,300
Transfer from/(to) Reserve	228,200	162,700	146,600	537,500	221,900
Less Loan Repayments	0	0	0	0	0
<b>Net Cash Movement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## March/April 2021 Flood Event

The March/April 2021 flood damaged two public flood assets owned by Council in the Local Government Area (LGA) of Richmond Valley Council. As this was declared a Natural Disaster Area by the State, Council is eligible for grant funding under the NSW Natural Disaster Essential Public Asset Restoration Guidelines to undertake repairs to these assets. Council is required to carry out the repair/ reinstatement works and then apply to be reimbursed by the NSW Government through their agent, Public Works Advisory.

Council should be able to claim for contractor costs associated with repair/reinstatement works however staff time on the projects and any works deemed as an improvement are not claimable. No claims have been approved at this stage and as such it is not possible to quantify the total amount of revenue to be received.

The two projects are:

- Bungawalbin - this was a repair to the earthen levee following it being breached during the flood event. The work is nearing completion with the estimated final cost being approximately \$215,000. Council is responsible for the first \$27,000 of works carried out and the remaining \$188,000 is expected to be claimed. \$18,400 was expensed in 2020/21 and a budget allocation is required for the expenditure of \$196,600 that is forecast for 2021/22.
- West Coraki – a landslip occurred on the bank of the drain, partially blocking the drain, and impacting a residential house directly above the landslip. Initial investigations and design work were completed, and the quotes for the work obtained under the Local Government Procurement (LGP 420) Major and Minor Civil works panel. Based on the contractors quote, the estimated cost to complete the work is between \$900,000 and \$1,000,000. The project is complicated due to the size of the slip and its proximity to the house.

Staff have been working with the homeowners to progress the project as quickly as possible, due to the impact on their lifestyle and wellbeing. At this stage \$782,000 is expected to be claimed based on the eligible costs. Works totalling \$53,900 have been carried out to date; \$35,500 being expensed in 2020/21 and a budget is required for the contract expenditure of up to \$1,000,000 that will occur in 2021/22 and \$50,000 in consultancy and others costs incurred during construction.

Flood fund operates on a tight budget and holds relatively low funding in reserve and as such this project represents a significant financial and liquidity risk. The flood reserve balance at 30 June 2021 was \$1,099,100 and after accounting for the net cost impact of the two projects above, the estimated flood reserve balance is forecast to reduce to \$561,600 at 30 June 2022. Again, this assumes that the grant funding is received at the amounts identified.

Any works that are carried out and deemed unclaimable under the NSW Natural Disaster Essential Public Asset Restoration Guidelines will have a negative impact on this fund's reserve balance. It is important that this project and the associated claim are completed quickly, so that any claimable funds are not still outstanding at year end. If the claim is not fully received prior to year-end, then a temporary loan may be required from Bulk Fund in order to maintain the Flood Fund reserves until the claim is received.

Given the complicated nature of this project it will be monitored closely by Finance staff and future updates on these projects will be provided via a Quarterly Budget Review Statement submission or a separate report to Council as the works and claims progress.

This adjustment will decrease the forecast operating result.

Operating Income	Grants and Contributions	GC-LEVEE BUNGAWALBIN	\$188,000
Operating Expenditure	Material and Contracts	GC-LEVEE BUNGAWALBIN	(\$196,600)
Operating Income	Grants and Contributions	GC-WEST CORAKI	\$782,000
Operating Expenditure	Materials and Contracts	GC-WEST CORAKI	(\$1,050,000)
Reserves	Flood Fund		\$276,600
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

### Coastal Management Plan Scoping Study

This funding was obtained from the Department of Planning, Industry and Environment for the purpose of undertaking a scoping study to assist with the development of a Coastal Management Plan (CMP) for the Richmond River. Council's successful application involves \$100,000 in grant funding, \$30,000 in contributions from constituent councils' and a \$20,000 contribution from Council towards a total project cost of \$150,000. The project is part of the Coastal and Estuary Grant Program – Planning Stream and is due for completion in December 2021.

The contribution funds were received in 2020/21 and are to be reinstated under the Australian Accounting Standard AASB 15 Revenue from Contracts with Customers. The grant funding was approved in 2020/21 but will only be received after the project is completed.

This adjustment will increase the forecast operating result.

Operating Income	Grants and Contributions	GC-CMP STUDY	\$30,000
	Grants and Contributions	GC-CMP STUDY	\$100,000
Reserves	Flood Fund	Externally Restricted	(\$130,000)
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

### Risk based framework - water quality sampling

The Department of Planning, Industry and Environment contracted Rous County Council for the purpose of monitoring sediment yield from grazing and macadamia sites. The program will use dataloggers constructed by Southern Cross University to better understand sediment and nutrient loads to compare standards of land management within the grazing and macadamia industries. The sampling is also intended to measure past best management practice works against 'business as usual' approaches. Council staff will assist with the installation of sampling equipment and additional analytical support will be provided by Richmond Water Laboratories.

Operating contributions revenue of \$29,900 was received in 2020/21 and is to be reinstated under the Australian Accounting Standard AASB 15 Revenue from Contracts with Customers as this funding can only be recognised after sufficiently specific performance obligations have been completed.

This adjustment has no impact on the forecast operating result.

Operating Income	Grants and Contributions	P-RBF WQ	\$29,900
Operating Expenditure	Materials and Contractors	P-RBF WQ	(\$29,900)
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

## Weed Biosecurity Fund

## (QBRS2) Income &amp; Expenses - Weeds

	Original Budget 2021/22	2020/21 Carryovers	Recommend changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
<b>Operating Income</b>					
Interest Income / Sundry	10,200	0	0	10,200	13,300
Operating Contributions	825,100	0	0	825,100	206,300
Operating Grants	778,000	0	176,300	954,300	176,400
Private Works Income	0	0	31,000	31,000	0
<b>Total Operating Income</b>	<b>1,613,300</b>	<b>0</b>	<b>207,300</b>	<b>1,820,600</b>	<b>396,000</b>
<b>Operating Expense</b>					
Administration Expenses	327,400	0	0	327,400	77,300
Building/Depot Expenses	19,100	0	0	19,100	3,700
Fleet Hire Expense	155,800	0	0	155,800	43,500
Training & Staff	0	0	0	0	0
Salaries & Wages	934,400	80,000	71,300	1,085,700	229,600
Operations Purchases	147,900	0	204,000	351,900	24,700
Depreciation	27,000	0	0	27,000	7,500
Loss on Sale	0	0	0	0	0
<b>Total Operating Expense</b>	<b>1,611,600</b>	<b>80,000</b>	<b>275,300</b>	<b>1,966,900</b>	<b>386,300</b>
<b>Operating Result</b>	<b>1,700</b>	<b>(80,000)</b>	<b>(68,000)</b>	<b>(146,300)</b>	<b>9,700</b>
Less Depreciation	27,000	0	0	27,000	7,500
<b>Operating Result Excl. Non Cash</b>	<b>28,700</b>	<b>(80,000)</b>	<b>(68,000)</b>	<b>(119,300)</b>	<b>17,200</b>
Add Capital Income	0	0	0	0	0
Less Capital Expenses	85,000	25,000	0	110,000	100
Transfer from/(to) Reserve	56,300	105,000	68,000	229,300	(17,100)
<b>Net Cash Movement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Frogbit – new weed incursion

This funding was obtained from the Department of Primary Industries for the purpose of providing rapid response treatments to new incursions of the prohibited weed Frogbit (*Limnobium Laevigatum*). Council's successful application involves \$15,000 in grant funding and a \$10,000 in-kind contribution from Council towards a total project cost of \$25,000. The project is part of the NSW Weeds Action Program – State Priority Weeds Coordination and Response.

The grant funding was received in 2020/21 while Council's contribution towards the project is to be reinstated under the Australian Accounting Standard AASB 15 Revenue from Contracts with Customers.

This adjustment will decrease the forecast operating result.

Operating Expenditure	Materials and Contractors	GC-WAP FROGBIT	(\$10,000)
Reserves	Weed Fund	Internally Restricted	\$10,000
		<b>Impact on Cash Surplus</b>	<b>\$0</b>



**Parthenium – new weed incursion**

Funding was obtained from the Department of Primary Industries for the purpose of first response treatments of new incursions of the Parthenium weed. Council's successful application involves \$15,000 in grant funding and a \$5,000 contribution from Council towards a total project cost of \$20,000. The project is part of the NSW Weeds Action Program – New Weed Incursion – Parthenium Response and was extended due to the NSW bushfires in 2019-20.

The grant funding was received in 2020/21 and \$10,000 is due to be reinstated under Australian Accounting Standard AASB 15 Revenue from Contracts with Customers.

This adjustment will decrease the forecast operating result.

Operating Income	Grants and Contributions	GC-WAP PARTHENIUM	\$10,000
Operating Expenditure	Materials and Contractors	GC-WAP PARTHENIUM	(\$20,000)
Reserves	Weed Fund	Internally Restricted	\$10,000
<b>Impact on Cash Surplus</b>			<b>\$0</b>

**Miconia – weed eradication**

The Department of Agriculture and Fisheries provided this funding for the purpose of performing ground survey work and control services regarding known and potential Miconia weed sites. Council's successful application is 100% grant funded and the total project cost was increased to \$75,000. This project is due to be completed in September 2021.

The grant funding was received in 2020/21 while Council's remaining expenditure on the project is to be reinstated under the Australian Accounting Standard AASB 15 Revenue from Contracts with Customers.

This adjustment will decrease the forecast operating result.

Operating Expenditure	Materials and Contractors	GC-MICONIA	(\$4,000)
Reserves	Weed Fund	Externally Restricted	\$4,000
<b>Impact on Cash Surplus</b>			<b>\$0</b>

**Tropical Soda Apple - Engagement Officer**

This funding was obtained from the Department of Primary Industries for the purpose of undertake a Tropical Soda Apple landholder engagement program. The project is part of the NSW Weeds Action Program TSA Landholder Engagement Program and is a five-year program due to be completed in June 2025.

A portion of grant funding that was received in 2020/21 and Council's remaining expenditure from 2020/21 is due to be reinstated under Australian Accounting Standard AASB 15 Revenue from Contracts with Customers.

This adjustment will decrease the forecast operating result.

Operating Income	Grants and Contributions	GC-TSA ENGAGE OFFICER	\$18,300
Operating Expenditure	Salaries and Wages	GC-TSA ENGAGE OFFICER	(\$40,300)
Reserves	Weed Fund	Internally Restricted	\$22,000
<b>Impact on Cash Surplus</b>			<b>\$0</b>

### Tropical Soda Apple - Bushfire Recovery

Funding was obtained from Local Land Services for the purpose of Tropical Soda Apple control works on properties affected by the NSW bushfires in 2019-20. Council's successful application involves \$250,000 in grant funding and a \$22,000 contribution from Council towards a total project cost of \$272,000. The project is part of the Bushfire Recovery Stimulus Program and is due to be completed in December 2021.

The grant funding was received in 2020/21 while Council's remaining expenditure on the project is to be reinstated under the Australian Accounting Standard AASB 15 Revenue from Contracts with Customers.

This adjustment will decrease the forecast operating result.

Operating Income	Grants and Contributions	GC-TSA BUSHFIRE RECOVERY	\$148,000
Operating Expenditure	Materials and Contractors	GC-TSA BUSHFIRE RECOVERY	(\$170,000)
Reserves	Weed Fund	Internally Restricted	\$22,000
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

### Tropical Soda Apple – Byron Drought Relief (Private Works)

Byron Shire Council provided this funding for the purpose of controlling a 4.8 hectare infestation of Tropical Soda Apple weed in the Byron Shire area and to provide a report of infested properties treated. The total contract is for \$40,000 with \$9,000 being expensed and received in 2020/21.

The remaining funding and expenditure will occur in 2020/21 and is to be reinstated Australian Accounting Standard AASB 15 Revenue from Contracts with Customers.

This adjustment has no impact on the forecast operating result.

Operating Income	Private Works	P-BYRON DROUGHT RELIEF	\$31,000
Operating Expenditure	Salaries and Wages	P- BYRON DROUGHT RELIEF	(\$31,000)
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

## Retail Fund

**(QBR2) Income & Expenses - Retail**

	Original Budget 2021/22	2020/21 Carryovers	Recommend changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
<b>Operating Income</b>					
Water Sales	2,880,600	0	0	2,880,600	828,900
Interest Income / Sundry	25,300	0	0	25,300	8,700
Operating Grants	0	0	0	0	0
<b>Total Operating Income</b>	<b>2,905,900</b>	<b>0</b>	<b>0</b>	<b>2,905,900</b>	<b>837,600</b>
<b>Operating Expense</b>					
Administration Expenses	223,100	0	0	223,100	38,100
Administration - Bulk Water Cost	1,779,100	0	0	1,779,100	444,400
Building/Depot Expenses	1,600	0	0	1,600	0
Fleet Hire Expense	83,500	0	0	83,500	20,000
Salaries & Wages	555,500	0	0	555,500	137,000
Operations Purchases	138,800	15,500	0	154,300	52,400
Depreciation	200,400	0	0	200,400	53,000
Loss on Sale	0	0	0	0	0
<b>Total Operating Expense</b>	<b>2,982,000</b>	<b>15,500</b>	<b>0</b>	<b>2,997,500</b>	<b>744,900</b>
<b>Operating Result</b>	<b>(76,100)</b>	<b>(15,500)</b>	<b>0</b>	<b>(91,600)</b>	<b>92,700</b>
Less Depreciation	200,400	0	0	200,400	53,000
<b>Operating Result Excl. Non Cash</b>	<b>124,300</b>	<b>(15,500)</b>	<b>0</b>	<b>108,800</b>	<b>145,700</b>
Add Capital Income	0	0	0	0	0
Less Capital Expenses	1,517,700	0	10,000	1,527,700	1,800
Transfer from/(to) Reserve	1,393,400	15,500	10,000	1,418,900	(143,900)
<b>Net Cash Movement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Smart metering**

Council resolved in December 2020 to undertake a two-year project, beginning on 1 July 2021, to install smart meters for its approximately 2,000 retail customers and explore options with the constituent councils. The aim of this project is to overcome the limitations of traditional manual meter reading and provide more and timely information around leaks and also about customer's water use behaviour, to ultimately reduce water consumption. The existing operational budget is no longer required and as such is to be transferred to the smart metering capital project where it can be best utilised.

An adjustment is required to increase capital expenditure in the Retail Water Fund.

This adjustment has no impact on the forecast operating result.

Capital Expenditure	Contractors	CE-S METERS	(\$10,000)
Reserves	Retail Water Fund		\$10,000
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

## Richmond Water Laboratory Fund

**(QBR2) Income & Expenses - Richmond Water Laboratory**

	Original Budget 2021/22	2020/21 Carryovers	Recommend changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
<b>Operating Income</b>					
Laboratory Sales	766,000	0	0	766,000	157,100
Interest Income / Sundry	5,000	0	0	5,000	1,400
<b>Total Operating Income</b>	<b>771,000</b>	<b>0</b>	<b>0</b>	<b>771,000</b>	<b>158,500</b>
<b>Operating Expense</b>					
Administration Expenses	44,700	0	0	44,700	10,800
Building Expenses	51,000	0	0	51,000	7,000
Fleet Hire Expense	15,500	0	0	15,500	4,300
Salaries & Wages	434,200	0	0	434,200	95,500
Operations - Materials & Contractors	177,500	0	0	177,500	77,100
Operations - Licences/Accreditation	26,200	0	0	26,200	18,900
Operations - Equipment	5,000	0	0	5,000	0
Depreciation	15,200	0	0	15,200	5,200
<b>Total Operating Expense</b>	<b>769,300</b>	<b>0</b>	<b>0</b>	<b>769,300</b>	<b>218,800</b>
<b>Operating Result</b>	<b>1,700</b>	<b>0</b>	<b>0</b>	<b>1,700</b>	<b>(60,300)</b>
Less Depreciation	15,200	0	0	15,200	5,200
<b>Operating Result Excl. Non Cash</b>	<b>16,900</b>	<b>0</b>	<b>0</b>	<b>16,900</b>	<b>(55,100)</b>
Less Capital Expenses	44,100	0	0	44,100	0
Transfer from/(to) Reserve	27,200	0	0	27,200	55,100
<b>Net Cash Movement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

No budget adjustments are required this quarter.

## Property Fund

**(QBR2) Income & Expenses - Commercial Properties**

	Original Budget 2021/22	2020/21 Carryovers	Recommend changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
<b>Operating Income</b>					
Interest Income / Sundry	9,900	0	0	9,900	2,700
Property Income	261,000	0	0	261,000	57,300
Profit on Sale	0	0	0	0	0
<b>Total Operating Income</b>	<b>270,900</b>	<b>0</b>	<b>0</b>	<b>270,900</b>	<b>60,000</b>
<b>Operating Expense</b>					
Administration Expenses	50,800	0	0	50,800	12,800
Building - Maintenance	108,600	0	0	108,600	45,300
Building - Lease	74,700	0	0	74,700	12,600
Perradenya Estate Operations	64,000	0	0	64,000	0
Salaries & Wages	20,900	0	0	20,900	4,800
Operations Purchases	0	0	0	0	7,600
Depreciation	62,900	0	0	62,900	14,500
Loss on Sale	0	0	0	0	0
<b>Total Operating Expense</b>	<b>381,900</b>	<b>0</b>	<b>0</b>	<b>381,900</b>	<b>97,600</b>
<b>Operating Result</b>	<b>(111,000)</b>	<b>0</b>	<b>0</b>	<b>(111,000)</b>	<b>(37,600)</b>
Less Depreciation	<b>62,900</b>	<b>0</b>	<b>0</b>	<b>62,900</b>	<b>14,500</b>
<b>Operating Result Excl. Non Cash</b>	<b>(48,100)</b>	<b>0</b>	<b>0</b>	<b>(48,100)</b>	<b>(23,100)</b>
Add Capital Income	1,686,400	0	(1,686,400)	0	0
Less Capital Expenses	2,551,000	29,800	0	2,580,800	20,200
Transfer from/(to) Reserve	912,700	29,800	1,686,400	2,628,900	43,300
<b>Net Cash Movement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Land Development – Perradenya Release 7**

The original budget was developed assuming that the Perradenya Release 7 land development would have been constructed and sold in the 2021/22 financial year. Release 7 is the next stage of the Perradenya land development – 20 lots adjacent to Fredericks Road on the north side of the land allotment. Preliminary works are scheduled to commence during this year however the sale of these lots will not be realised until 2022/23. A budget reallocation is required to move the capital income of \$1,686,400 from 2021/22 to 2022/23.

This adjustment has no impact on the forecast operating result.

Capital Income	Sales of Land	CE-PERRA REL7	(\$1,686,400)
Reserves	Commercial Property Fund		\$1,686,400
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

## Fleet Fund

**(QBR2) Income & Expenses - Fleet**

	Original Budget 2021/22	2020/21 Carryovers	Recommend changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
<b>Operating Income</b>					
Interest Income / Sundry	80,500	0	0	80,500	16,200
Profit on Sale	0	0	0	0	0
<b>Total Operating Income</b>	<b>80,500</b>	<b>0</b>	<b>0</b>	<b>80,500</b>	<b>16,200</b>
<b>Operating Expense</b>					
Fleet Operations	514,800	0	0	514,800	121,000
Fleet Hire Income	(909,200)	0	0	(909,200)	(226,700)
Salaries & Wages	111,400	0	0	111,400	13,800
Operations Purchases	0	0	0	0	500
Depreciation	440,000	0	0	440,000	83,200
Loss on Sale	0	0	0	0	0
<b>Total Operating Expense</b>	<b>157,000</b>	<b>0</b>	<b>0</b>	<b>157,000</b>	<b>(8,200)</b>
<b>Operating Result</b>	<b>(76,500)</b>	<b>0</b>	<b>0</b>	<b>(76,500)</b>	<b>24,400</b>
Less Depreciation	440,000	0	0	440,000	83,200
<b>Operating Result Excl. Non Cash</b>	<b>363,500</b>	<b>0</b>	<b>0</b>	<b>363,500</b>	<b>107,600</b>
Add Capital Income	0	0	0	0	0
Less Capital Expenses	454,000	0	0	454,000	89,700
Transfer from/(to) Reserve	90,500	0	0	90,500	(17,900)
<b>Net Cash Movement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

No budget adjustments are required this quarter.

## Bulk Water Fund

## (QBR2) Income &amp; Expenses - Bulk

	Original Budget 2021/22	2020/21 Carryovers	Recommend changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
<b>Operating Income</b>					
Water Sales	19,436,400	0	0	19,436,400	4,859,100
Interest Income / Sundry	367,100	0	0	367,100	38,100
Property Income	0	0	0	0	4,800
Operating Contributions	0	0	0	0	5,000
Operating Grants	156,000	0	0	156,000	0
Profit on Sale	2,200	0	0	2,200	0
<b>Total Operating Income</b>	<b>19,961,700</b>	<b>0</b>	<b>0</b>	<b>19,961,700</b>	<b>4,907,000</b>
<b>Operating Expense</b>					
Administration Expenses	535,600	60,000	0	595,600	364,600
Administration - Retail Water Cost	(1,779,100)	0	0	(1,779,100)	(444,400)
Finance Costs	1,659,900	0	(19,600)	1,640,300	28,100
Building/Depot Expenses	919,100	0	0	919,100	102,000
Fleet Hire Expense	568,300	0	0	568,300	126,000
Training & Staff	529,200	0	0	529,200	37,500
Insurance	273,000	0	0	273,000	317,900
Members Expenses	168,600	0	0	168,600	25,200
Salaries & Wages	7,354,100	0	381,300	7,735,400	1,372,600
Operations Purchases	7,032,300	677,500	22,000	7,731,800	893,300
Depreciation	5,986,000	0	0	5,986,000	1,454,800
Loss on Sale	0	0	0	0	0
<b>Total Operating Expense</b>	<b>23,247,000</b>	<b>737,500</b>	<b>383,700</b>	<b>24,368,200</b>	<b>4,277,600</b>
<b>Operating Result</b>	<b>(3,285,300)</b>	<b>(737,500)</b>	<b>(383,700)</b>	<b>(4,406,500)</b>	<b>629,400</b>
Less Depreciation	5,986,000	0	0	5,986,000	1,454,800
<b>Operating Result Excl. Non Cash</b>	<b>2,700,700</b>	<b>(737,500)</b>	<b>(383,700)</b>	<b>1,579,500</b>	<b>2,084,200</b>
Add Capital Income	4,080,000	0	0	4,080,000	276,900
Less Capital Expenses	32,075,900	748,300	451,500	33,275,700	9,567,600
Transfer from/(to) Reserve	28,709,600	1,485,800	840,500	31,035,900	7,403,500
Less Loan Repayments	3,414,400	0	5,300	3,419,700	197,000
<b>Net Cash Movement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Organisational Restructure Impact on Salaries and Wages

The Rous Structure and Resourcing Review was finalised in August 2021. Changes have been made to resource levels to address requirements identified from internal audit program reviews, being "Work Health Safety Review (February 2020)" and "Procure to Pay Review (March 2021)" as well as the internal customer service review. Also, the review establishes resources to enable Council to fulfill its future objectives including significant capital works forecast over the next ten-years particularly around the Future Water Program 2060.

Recruitment on new positions has commenced and will be ongoing for the next few months while all department and reporting changes will be in effect from 1 October 2021.

The major changes to operating expenditure are discussed below:

- The Future Water Strategy Project Manager position has been moved from operational salaries to capital salaries within the Future Water Program. This represents an operational saving of \$142,000.
- Changes to finance staff positions and the consolidation of finance and procurement staff has resulted in an operational saving of \$112,000. The changes include the removal of the Procurement and Properties Coordinator position, a reduction in the Accountant and Financial Accountant positions, offset by the appointment of the full-time Finance Business Partner four-year term contract position.
- Customer Service staff have been combined with Engagement staff with several position changes adding \$49,900 to operational expenditure. The previous positions of Communications & Engagement Coordinator and Engagement Officer have been replaced with the positions of Customer and Communications Manager and Communications Business Partner.
- Changes to governance staff positions including the addition of the Procurement Advisor position adding \$37,600 in operational expenditure. This is a permanent position and is due to be recruited soon.
- Changes to human resources and payroll staff positions including the addition of the HR Payroll Term Support Officer adding \$77,900 in operational expenditure. The new position is for a two-year term contract and is due to be recruited soon.
- An additional team within People and Performance being the; Innovation and Change Team Leader, Change Behaviour Initiatives Business Partner and Improvement and Performance Business Partner adding \$177,100 in operating expenditure. These positions are all for four-year term contracts and are due to be recruited soon. Where possible these positions will be allocated to capital works projects and as such the additional funding required represents the conservative impact on operating expenditure.
- The additional positions of Reconciliation Liaison Officer; a permanent position to be recruited and Cultural Awareness Training Officer; a one-year term contract position that was recently appointed. These positions are forecast to add \$115,600 in operating expenditure.
- The addition of the Business Support Officer position; a five-year term contract position and the Infrastructure Program Manager; a permanent position to planning and delivery. These positions are both due to be recruited soon and will add \$116,000 in operating expenditure.
- The addition of the Process Engineer; a four-year term contract position to be recruited and the extension of the Graduate Engineer position contract for a further 12 months to operations. These positions are forecast to add \$93,200 in operating expenditure. This position will be allocated to capital works projects if possible and as such the additional funding required represents the conservative impact on operating expenditure.

Overall, these changes and additions are forecast to increase operating expenditure by \$413,300. Changes to forecast operating expenditure for permanent staff positions represents a saving of \$64,800 which is offset by the forecast for staff employed on term contract positions increasing by \$478,100.

This adjustment will decrease the forecast operating result.

Operating Expenditure Reserves	Salaries and Wages Bulk Fund	S-ADMIN	(\$413,300) \$413,300
		<b>Impact on Cash Surplus</b>	<b>\$0</b>



### Asset Planning and GIS Officer Labour Hire

In addition to the changes to salaries required by the organisational restructure a budget re-allocation has been identified regarding the Asset Planning and GIS Officer position. This position has been temporarily filled on a labour hire basis for three to four months while recruitment of a permanent staff member occurs. The estimated cost to be transferred to contractors is \$32,000 and has no impact on the forecast operating result.

This adjustment has no impact on the forecast operating result.

Operating Expenditure	Contractors	S-ADMIN	(\$32,000)
Operating Expenditure	Salaries and Wages	S-ADMIN	\$32,000
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

### New Borrowings

The original budget for new borrowings allocated \$378,000 for loan interest and \$512,700 for principal repayments based on borrowings of \$13.5M at 2.8%. This loan was executed in June 2021 at an interest rate of 2.68% resulting in reduced interest expenditure and increased principal repayments. Overall, a budget reduction of \$14,300 is required.

This adjustment will increase the forecast operating result.

Operating Expenditure	Borrowings	Loan Interest	\$19,600
Loan Repayments	Borrowings	Principal Repayment	(\$5,300)
Reserves	Bulk Fund	Unrestricted Reserve	(\$14,300)
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

### Fosters Spur Shed

In 2019 Council approved via the Quarterly Budget Review Statement for the Quarter Ending 31 December 2018, a budget increase for a second bush regeneration team for a three-year period. This was aimed at increasing the regeneration works at operational sites to improve the standard of these zones and to commence works on previously unworked areas at Fosters Spur.

At the completion of this program, ongoing maintenance of the site will be required into the foreseeable future.

To enable efficient ongoing maintenance of the area, a storage shed is required to house tools and materials required to undertake these works. When complete, all-weather access can be made by boat from the Rocky Creek Dam picnic area, saving approximately 2 hours of 4WD travel each day.

The construction of the proposed 6m x 3m shed will provide a lockable storage facility for the required equipment, chemicals and materials to undertake this work as required without the need for excessive travel. It will also provide staff with an indoor facility to plan daily works, have appropriate breaks and retreat out of the elements when needed.

This adjustment has no impact on the forecast operating result.

Capital Expenditure	Materials and Contracts	CE-Fosters Spur	(\$30,000)
Reserves	Bulk Fund		\$30,000
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

**Smart metering**

As discussed above in the Retail Water Fund.

An adjustment is required to reduce operating expenditure in the Bulk Fund.

This adjustment will increase the forecast operating result.

Operating Expenditure	Other Direct Costs	P-DM SM	\$10,000
Reserves	Bulk Fund	Assets and Programs	(\$10,000)
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

**Nightcap WTP bulk chemical storage**

Previously a carryover request from 2020/21 was approved for \$57,800 for the strategic review of this facility with the remaining carryover works moved to 2022/23 for future works. Since that time an opportunity arose to purchase 2 x 21kL self-bunded tanks for the facility, which will deliver an immediate environmental risk reduction benefit. The entire budget from 2020/21 is now required to cover this purchase, and as such an additional \$82,700 has been added to this budget for this purpose.

This adjustment has no impact on the forecast operating result.

Capital Expenditure	Contractors and Materials	CE-CHEM FARM	(\$82,700)
Reserves	Bulk Fund	Assets and Programs	\$82,700
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

**St Helena corrosion repairs**

This project formed part of the 2020/21 carryovers with \$400,000 originally planned for 2021/22 and the remaining funds of \$338,800 planned for 2022/23 due to the estimated timing of the works. At the time Council staff considered the project's construction risk too great for the works to be completed within 12 months. Since then, the tender for the project has been completed and the contractor has confirmed that they will be able to complete the works within the current 2021/22 year. In addition, a significant construction risk has been mitigated through discussions with the contractor. Council staff capacity and resources have been assessed and are sufficient to manage the project.

As such \$338,800 has been bought forward to 2021/22 to fund the completion of these works.

This adjustment has no impact on the forecast operating result.

Capital Expenditure	Contractors and Materials	CE-CORROSION	(\$338,800)
Reserves	Bulk Fund	Assets and Programs	\$338,800
		<b>Impact on Cash Surplus</b>	<b>\$0</b>

## Budget Review for the Quarter Ended 30 September 2021

**(QBR3) Capital Budget**

	Original Budget 2021/22	2020/21 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2021/22	Actual YTD
<b>Capital Funding:</b>					
Capital Grants & Contributions	0	0	0	0	
Internal Restrictions					
- Renewals	11,546,500	859,840	408,960	12,815,300	1,026,000
- New Assets	19,565,100	(56,740)	1,738,940	21,247,300	8,665,700
External Restrictions					
- Infrastructure	0	0	0	0	0
Other Capital Funding Sources					
- Operating Revenue	0	0	0	0	0
- S64 Contributions	4,080,000	0	0	4,080,000	0
Income from Sale of Assets					
- Plant and Equipment	0	0	0	0	0
- Land and Buildings	1,686,400	0	(1,686,400)	0	0
<b>Total Capital Funding</b>	<b>36,878,000</b>	<b>803,100</b>	<b>461,500</b>	<b>38,142,600</b>	<b>9,691,700</b>
<b>Capital Expenditure:</b>					
New Assets					
- Plant and Equipment	498,100	0	0	498,100	89,700
- Office Equipment	110,000	50,000	0	160,000	118,500
- Inventory (Land)	2,490,000	0	0	2,490,000	20,200
- Land and Buildings	7,737,500	0	0	7,737,500	7,542,600
- Infrastructure	14,495,900	(106,740)	52,540	14,441,700	894,700
Renewals (Replacement)					
- Plant and Equipment	0	0	0	0	0
- Office Equipment	672,300	0	0	672,300	33,500
- Land and Buildings	26,000	29,800	0	55,800	0
- Infrastructure	10,848,200	830,040	408,960	12,087,200	992,500
<b>Total Capital Expenditure</b>	<b>36,878,000</b>	<b>803,100</b>	<b>461,500</b>	<b>38,142,600</b>	<b>9,691,700</b>

## Budget Review for the Quarter Ended 30 September 2021

## (QBR54) Cash &amp; Investments

	Opening Balances 2020/21	Original Budget 2021/22	2020/21 Carryovers	Recommend changes for Council Resolution	Projected Year End Result 2021/22
<b>Unrestricted:</b>					
Flood Mitigation	99,000	0	0	0	99,000
Weeds Biosecurity	25,800	0	0	0	25,800
Retail Water	100,000	0	0	0	100,000
Richmond Water					
Laboratories	10,000	0	0	0	10,000
Commercial Properties	100,000	0	0	0	100,000
Fleet	50,000	0	0	0	50,000
Bulk Water	1,043,800	0	0	0	1,043,800
<b>Total Unrestricted</b>	<b>1,428,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,428,600</b>
<b>Externally Restricted:</b>					
Flood Grants	197,800	0	0	(30,000)	167,800
Weeds Grants	922,000	0	0	(68,000)	854,000
Weeds Other	0	0	0	0	0
Bulk Water Grants	11,500	0	0	0	11,500
Bulk Water Other	2,950,000	0	0	0	2,950,000
<b>Total Externally Restricted</b>	<b>4,081,300</b>	<b>0</b>	<b>0</b>	<b>(98,000)</b>	<b>3,983,300</b>
<b>Internally Restricted:</b>					
Flood Mitigation	802,300	(228,200)	(162,700)	(116,600)	294,800
Weeds Biosecurity	1,130,900	(56,300)	(105,000)	0	969,600
Retail Water	2,564,100	(1,393,400)	(15,500)	(10,000)	1,145,200
Richmond Water					
Laboratories	399,600	(27,200)	0	0	372,400
Commercial Properties	1,103,400	(912,700)	(29,800)	(1,686,400)	(1,525,500)
Fleet	1,110,100	(90,500)	0	0	1,019,600
Bulk Water					
- Buildings & Structures	187,700	(150,000)	0	0	37,700
- Assets & Programs	30,676,300	(27,209,300)	(1,375,800)	(840,500)	1,250,700
- Employee Leave					
Entitlement	2,264,200	(678,000)	0	0	1,586,200
- Electricity	2,586,900	0	0	0	2,586,900
- Office Equipment & Computer	936,400	(672,300)	(110,000)	0	154,100
- Greenhouse Gas					
Abatement	108,300	0	0	0	108,300
<b>Total Internally Restricted</b>	<b>43,870,200</b>	<b>(31,417,900)</b>	<b>(1,798,800)</b>	<b>(2,653,500)</b>	<b>8,000,000</b>
<b>Total Restricted</b>	<b>47,951,500</b>	<b>(31,417,900)</b>	<b>(1,798,800)</b>	<b>(2,751,500)</b>	<b>11,983,300</b>

## Investment and Cash Bank Statement

The Responsible Accounting Officer certifies that all funds including those under restriction have been invested in accordance with section 625 of the *Local Government Act 1993*, clause 212 of the *Local Government (General) Regulation 2005* and Council's 'Investment' policy. Council's bank statement has been reconciled up to and including 30 September 2021.

**Reconciliation**

The YTD cash and investment figure reconciles to the actual balances held as follows:

Cash at Bank (as per bank statements)	5,988,921
Investments on Hand	34,500,000
<b>Reconciled Cash at Bank &amp; Investments</b>	<b><u>40,488,921</u></b>

**(QBR5) Contractors**

Contractor	Contract Details & Purpose	Contract Value (\$)	Comm. Date	Duration of Contract	Budgeted (Y/N)
Hydrosphere Consulting	Preparation of RDMP and Drought Management Plan	91,400	23/08/2021	10 mths	Y
Hunter H2O Holdings	Assessment of Nightcap Water Treatment Plant Chemical Storage	57,800	24/08/2021	4 mths	Y
Bell Invest Trust tas Hybrid Energy Consult Pty Ltd	Smart Metering Project Manager	237,184	9/09/2021	2 years	Y
Ledonne Constructions Pty Ltd	West Coraki Canal Landslip Remediation Works	898,421	30/09/2021	4 mths	Y

**Note:** Minimum reporting level is 1% of estimated income from continuing operations or \$50,000 whichever is the lesser.

**(QBR5) Consultancy and Legal Expenses****Definition of Consultant**

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high-level specialist or professional advice to assist decision making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors.

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	\$16,327	Y
Legal Fees	\$27,004	Y

Comment: All consultancies and legal expenses incurred to date are within budget allocations. All figures exclude GST.

<b>Consultancies</b>		
	Corporate & Commercial - RAP Advisory	\$200
	Planning & Delivery – Dam Safety Management System	\$16,127
<b>Legal Fees</b>		
	People & Performance – Contract Template Suite	\$20,792
	People & Performance - Water Connection Policy	\$5,214
	Planning & Delivery – Developer Contributions	\$998

## Statement of Expenses for Councillors

### Councillor Expenses for the Quarter Ending 30/09/2021 (Q1)

Quarter 1	Other Expenses	Official Business of Council - Travel	Official Business of Council - Professional Development/Training	Total by Councillor (Q1)
Councillor Cadwallader	0	49	0	49
Councillor Cameron	0	0	0	0
Councillor Cook	0	72	0	72
Councillor Ekins	0	0	0	0
Councillor Humphrys	0	0	0	0
Councillor Mustow	0	0	0	0
Councillor Richardson	0	0	0	0
Councillor Williams	0	0	0	0
<b>Total Per Expense Type</b>	<b>0</b>	<b>121</b>	<b>0</b>	<b>121</b>

	Q1	Q2	Q3	Q4	Total by Councillor YTD
Councillor Cadwallader	49	0	0	0	49
Councillor Cameron	0	0	0	0	0
Councillor Cook	72	0	0	0	72
Councillor Ekins	0	0	0	0	0
Councillor Humphrys	0	0	0	0	0
Councillor Mustow	0	0	0	0	0
Councillor Richardson	0	0	0	0	0
Councillor Williams	0	0	0	0	0
<b>Total Per Expense Type</b>	<b>121</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>121</b>

Budget 2021/22  
FY

61,500
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This information is provided in accordance with paragraph 6.2 of the 'Payment of expenses and provision of facilities for chairperson and councillors' policy.

### (QBR56) Key Performance Indicators

In assessing an organisation's financial position, there are several performance indicators that can assist to easily identify whether an organisation is financially sound. These indicators and their associated benchmarks, as stipulated by Office of Local Government, are set out below:

	# Performance Indicator		Flood	Weeds	Retail	RWL	Property	Fleet	Bulk	Consolidated	Local Government Bench Mark
1	Operating Performance	2021/22 Budget Review	(1,072,200)	(146,300)	(91,600)	1,700	(111,000)	(76,500)	(4,406,500)	(5,902,400)	Surplus
		2020/21 Actual	(996,969)	182,587	(441,212)	(36,557)	868,066	105,730	(592,588)	(910,944)	
2	Current Ratio	2021/22 Budget Review	56.16	184.94	49.81	47.80	(28.51)	53.48	1.94	2.62	> 1.5
		2020/21 Actual	7.87	45.91	182.68	19.32	22.07	13.12	5.47	6.46	
3	Debt Service Cover Ratio	2021/22 Budget Review	-	-	-	-	-	-	1.50	1.76	> 2
		2020/21 Actual	-	-	-	-	-	-	1.56	1.95	
4	Own Source Operating Revenue Ratio	2021/22 Budget Review	1%	1%	100%	100%	100%	100%	83%	75%	> 60%
		2020/21 Actual	1%	1%	98%	100%	100%	100%	78%	75%	
5	Building and Infrastructure Renewals Ratio	2021/22 Budget Review	0.18 : 1	-	-	-	1.11 : 1	-	2.41 : 1	2.09 : 1	> 1:1
		2020/21 Actual	0.11 : 1	-	-	-	0.00 : 1	-	0.96 : 1	0.86 : 1	



## Comments on Key Performance Indicators

Please note that comments relate to the consolidated financial indicators.

### 1. Operating Result Before Capital Contributions

The operating result is the profit or loss that Council makes from normal operations excluding expenditure on capital items. A surplus is a positive financial indicator.

*Comment: Council's operating result (deficit) before capital items has increased compared with the original budgeted deficit of \$4,308,400.*

Original Budgeted Deficit	(\$4,308,400)
Projected Year End Result 2021/22	(\$5,902,400)
	<b>(\$1,594,000)</b>

The increase can be attributed to carry over works (\$996k) reinstated from 2020/21, operating expenses (\$1.502m) and salaries (\$453k) offset by revenue from grant funding (\$1.246m), contributions (\$60k), private works income (\$31k) and a reduction in interest expense (\$20k).

Carryovers / Reinstatements	(\$995,700)
Expenses	(\$1,935,500)
Revenue	\$1,337,200
	<b>(\$1,594,000)</b>

Note: Operating results include depreciation of \$7,416,500 which is non-cash.

### 2. Current Ratio Liquidity

The current ratio measures Council's ability to pay existing liabilities in the next 12 months. A ratio greater than one is a positive financial indicator.

*Comment: The above ratio means that for every dollar Council owes in the short term, it has \$7.42 available in assets that can be converted to cash.*

### 3. Debt Service Cover Ratio

This ratio demonstrates the cost of servicing Council's annual debt obligations (loan repayments, both principal and interest) as a portion of available revenue from ordinary activities. A higher ratio is a positive financial indicator.

*Comment: Ratio, as a percentage of ordinary revenue, is consistent with the Long-Term Financial Plan. Due to the timing of loan repayments, the ratio is reduced in the first quarter as the majority of loan repayments occur in the second and fourth quarters.*

### 4. 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. A Council's financial flexibility improves the higher the level of its own source revenue. A higher ratio is a positive financial indicator.

*Comment: The above percentage demonstrates that the majority of Council's income is generated from user fees and charges, i.e. water sales.*

### 5. Building and Infrastructure Renewal Ratio

This ratio indicates the rate of renewal/replacement of existing assets against the depreciation of the same category of assets. A ratio greater than one is a positive financial indicator.

*Comment: The current ratio reflects Council's normal practices.*

## Grant application information

This table provides information on grant applications that have been approved or submitted up to time of preparation of the QBRS. Any grants that may have been approved after that date or that have been applied for, will be covered in future reports. The details of new grants, including grants awaiting a determination, are provided below. A financial update on existing grants has also been provided.

*Note: all totals are GST exclusive*

Grant Name	Fund	Synopsis	Funding Body	Program	Project Length	Total Project Value	Grant Funding	Council Funding	Total Expenditure to Date	Balance of Approved Funds to Spend
<b>New Grants Submissions</b>										
Tropical Soda Apple High Risk Pathways Funding	Weeds	Tropical Soda Apple control in high risk pathways at Grady's Creek and Byrill Creek	North Coast Local Land Services	High Risk Pathways	12 mths	34,580	29,580	5,000	N/A	N/A
<b>Active Grants That Have Been Previously Reported</b>										
Integrated Water Cycle Management (IWCM) Strategy	Water	Undertake a review of the long-term water security strategy and complete a integrated water cycle management strategy for RCC.	DPIE	Safe & Secure Water Program	12 mths	929,000	151,000	778,000	928,566	434
Coastal Management Plan	Flood	Stage one of the Richmond River Coastal Management program scoping study	DPIE	Floodplain Management Grants Scheme	18 mths	149,997	99,998	49,999	100,139	49,858
Water Quality Monitoring 2019-22	Flood	Richmond River water quality monitoring project	DPIE	Coastal & estuary grants program	36 mths	199,768	99,884	99,884	116,390	83,378
Voluntary House Raising	Flood	Facilitate the voluntary house raising of 2 homes in the Lismore area.	DPIE	Floodplain management grants scheme	12 mths	187,900	187,900	-	60,228	127,672
Flood Maintenance 2018-22	Flood	Third year of a four year grant. Each year \$169,200 is available to spend	DPIE	Floodplain management grants scheme	60 mths	676,800	84,600 p.a.	84,600 p.a.	81,239	3,361
Weeds Action Program 2015-20	Weeds	Funding allocated annually	LLS	North Coast weeds action program 2015-20	12 mths	1,378,900	702,000	676,900	135,928	1,242,972
Miconia 2018-21	Weeds	Miconia weed surveillance and control services in Northern NSW	QLD Ag & Fisheries	Miconia Weed Eradication	36 mths	61,740	61,740	-	57,777	3,963
Alligator Weed - Evans Catchment	Weeds	Funded under new weed incursion program	NSW DPI	WAP - New weed incursion	12mths	41,500	32,000	9,500	36,471	5,029
Parthenium Weed Rapid Response	Weeds	Rapid response to control prohibited Matter species – parthenium weed	NSW DPI	New weed incursion	12 mths	20,000	15,000	5,000	-	20,000
2020-2021 NSW Weeds Action Program – New Weed Incursion – Frogbit Rapid Response	Weeds	Support essential first response treatments of new incursions of prohibited weeds	NSW DPI	NSW Weeds Action Program – State Priority Weeds Coordination and Response	12 mths	25,000	15,000	10,000	15,000	10,000
Bushfire Recovery Stimulus -W2 Strategic Weed Control	Weeds	Control of high priority weeds in the region. Focus on Tropical Soda Apple control in areas that are on fire affected properties or located within high risk pathways.	LLS	NSW Bushfire Recovery Stimulus	12 mths	272,000	250,000	22,000	145,545	126,455
North Coast Bushfire Recovery – Delivery of – W1 Tropical Soda Apple Landholder Engagement Project in the North Coast	Weeds	Tropical Soda Apple Landholder Engagement and Compliance Program – delivery of 210 property inspections	LLS & DPI	NSW Bushfire Recovery Stimulus	12 mths	96,000	74,000	22,000	73,721	22,279

### **Legal**

In accordance with clause 203 of the *Local Government (General) Regulation 2005*, Council's financial position is satisfactory having regard to the original estimate of income and expenditure and Council's projected short-term liquidity position.

### **Consultation**

This report was prepared in consultation with the General Manager, managers and relevant staff.

### **Conclusion**

In summary, all budget items other than those identified in the report have performed within the parameters set by Council in adopting the 2021/22 Operational Plan.

### **Attachment:**

1. Preliminary 2020/21 End of Year financial summary

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## Preliminary 2020/21 End of Year financial summary

*Responsible Officer: Group Manager Corporate and Commercial (Guy Bezrouchko)*

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### **Background**

This report provides a preliminary overview of the 2020/21 financial performance of the organisation, detailing the transfers to and from reserve and identifying the works to be carried forward to the 2021/22 financial year.

While the figures and commentary will provide a guide to performance, it is important to note that it is subject to change as end of year accounting adjustments are in progress and the audit has not yet commenced.

It is anticipated that any year-end adjustments will not affect the cash position. Therefore, it is reasonable to adopt the transfers to and from reserves as well as the works carried forward budgets.

The attachment provides a summary of the completed capital works program as at 30 June 2021.

### **End of Year financial summary**

The End of Year financial summary is presented for the whole organisation and then broken down on a Fund basis. Actual income and expenditure are compared to estimates as at the March 2021 quarterly review. The tables summarise the financial performance; accompanying commentary is high level and reflects the preliminary nature of the results.

#### Whole Organisation

Table 1 shows income and expense for Council. It highlights those preliminary results have generally been better than anticipated with an operating deficit of \$892,300.

**Table 1: Whole Organisation Preliminary Financial Results for 2020/21**

	2020/21 Actual \$	2020/21 Estimated March Review \$	Variance \$
Operating income	25,304,800	25,369,000	(64,200)
Operating expense	26,197,100	29,306,400	3,109,300
<b>Operating result (deficit)</b>	<b>(892,300)</b>	<b>(3,937,400)</b>	<b>3,045,100</b>
Eliminate depreciation	6,560,300	7,107,800	547,500
Eliminate other non-cash transactions	(626,200)	0	
<b>Cash result</b>	<b>5,041,800</b>	<b>3,170,400</b>	<b>1,871,400</b>
Capital income	22,697,500	20,758,200	1,939,300
Loan capital repayment	2,700,800	2,718,500	17,700
Capital expense	13,169,500	19,463,000	6,293,500
Transfer to reserve	11,869,000	1,747,100	10,121,900
<b>Net cash movement</b>	<b>0</b>	<b>0</b>	
<b>Reserve balance</b>	<b>49,380,100</b>	<b>36,751,900</b>	<b>12,628,200</b>

Total operating income was close to forecast budget however some income sources did vary in comparison to budget. For example, less grant income was received than forecast, which mainly related to the Flood Fund. Also, income from retail water sales exceeded forecast budget.

Operating expense is less than forecast budget by approximately \$3.1 million. Most of the variance compared to budget relates to contractors, wages and electricity costs. Several projects have committed funds that require carryover due to projects not being completed in this financial year.

Actual capital income exceeded forecast primarily due to section 64 developer contributions received.

Capital expense was under budget with various projects not completed in the financial year. Later in this report, Council approval is requested to roll the unexpended capital budget forward to the 2021/22 financial year.

As a result, there is a net transfer to reserve of \$11.9 million compared to a forecast net transfer to reserve of \$1.7 million.

Overall, the outcome is reasonable, however an operating loss of \$892,300 was recorded. While this is better than forecast, Council will continue to work towards an operating surplus in coming years.

#### Flood mitigation fund

The preliminary figures in Table 2 indicate that Flood actual results will vary considerably from forecast with expense being less than anticipated.

The Flood Fund has recorded a preliminary operating loss of some \$955,000. It should be noted that depreciation includes the Lismore Levee (approx. \$380,700) and exclusion of this cost reduces the loss to approximately \$574,300

**Table 2: Flood mitigation preliminary financial results for 2020/21**

	2020/21 Actual \$	2020/21 Estimated March Review \$	Variance \$
Operating income	961,300	1,217,400	(256,100)
Operating expense	1,916,300	2,440,700	524,400
<b>Operating result</b>	<b>(955,000)</b>	<b>(1,223,300)</b>	<b>268,300</b>
Eliminate depreciation	709,600	834,600	125,000
Eliminate other non-cash transactions	6,000	0	
<b>Cash result</b>	<b>(239,400)</b>	<b>(388,700)</b>	<b>149,300</b>
Capital expense	195,700	171,600	(24,100)
Transfer from reserve	435,100	560,300	125,200
<b>Net cash movement</b>	<b>0</b>	<b>0</b>	
<b>Reserve balance</b>	<b>919,600</b>	<b>544,100</b>	<b>375,500</b>

Operating income was very close to forecast budget with the variance primarily attributable to grants.

Operating expense was under forecast budget by \$524,300, this was due to delays in several projects, such as Voluntary House Raising and Water Quality Monitoring, where contractor and other direct costs did not progress in accordance with the figures raised in the budget. However, it should be noted that some of these projects are expected to take several years to be completed.

Capital expense related partially to the renewal and replacement of floodgates and 'heavy' repairs and maintenance work on rural levees. The 'heavy' maintenance work may be relocated to operating expense as part of the end of year accounting adjustments.

The reserve balance of approximately \$919,600 is likely to be needed to finance cash deficits in future years. The long-term financial plan predicts recurrent operating losses and ongoing capital expenditure that will be financed from reserve whilst the operating result is planned to gradually improve over a number of years.

Council's financial statements will recognise a non-cash prior period error in relation to the South Lismore drain asset, which will result in a \$3.1 million reduction to flood mitigation assets. Council's Auditor, Thomas, Noble & Russell (TNR) on behalf of the Audit Office of NSW, requested clarification on the ownership of the South Lismore drain, due to the proposed Lismore Airport Floodway transfer from Lismore City Council (LCC) to Rous County Council (RCC). After consultation with LCC and TNR and using the Statement of Accounting Concepts SAC 4 criteria for the recognition of assets in Financial Statements, it has been determined that ownership of this asset belongs with LCC. This asset was brought on to Council's asset register in 2011, as a prior period error, after a revaluation identified it as forming part of the Lismore levee.

Weed Biosecurity fund

Preliminary figures indicate that Weed Biosecurity has performed better than expected with a preliminary surplus of \$378,500.

**Table 3: Weed Biosecurity preliminary financial results for 2020/21**

	2020/21 Actual \$	2020/21 Estimated March Review \$	Variance \$
Operating income	1,896,500	1,912,700	(16,200)
Operating expense	1,518,000	1,990,100	472,100
<b>Operating result</b>	<b>378,500</b>	<b>(77,400)</b>	<b>455,900</b>
Eliminate depreciation	30,600	20,700	(9,900)
Eliminate non-cash transactions	5,300	0	
<b>Cash result</b>	<b>414,400</b>	<b>(56,700)</b>	<b>471,100</b>
Capital expense	62,600	225,000	162,400
Transfer to reserve	351,800	0	351,800
Transfer from reserve	0	281,700	281,700
<b>Net cash movement</b>	<b>0</b>	<b>0</b>	
<b>Reserve balance</b>	<b>2,074,400</b>	<b>710,400</b>	<b>1,364,000</b>

Operating income is marginally below forecast by \$16,200. This is due to ongoing private works that will be recognised in 2021/22.

Operating expense was approximately \$472,100 below budget forecast. This relates to several grant funded projects (e.g. tropical soda apple and weeds action program), that have commenced and will be completed in 2021/22.

Capital expense was associated with updating the geographic information system (GIS) (data capture system).

The reserve balance of \$2.07 million includes \$730,000 of funds that Council holds on behalf of NSW Department of Primary Industries. These funds will be available to member Councils to develop new systems and tools for coordinated early intervention to prevent or eradicate new weeds and large-scale programs to tackle endemic weeds.

Retail Water fund

Retail Water has performed better than forecast and based on preliminary results will record an operating surplus of approximately \$12,600.

**Table 4: Retail Water preliminary financial results for 2020/21**

	2020/21 Actual \$	2020/21 Estimated March Review \$	Variance \$
Operating income	3,018,800	2,822,000	196,800
Operating expense	3,006,200	3,068,600	62,400
<b>Operating result</b>	<b>12,600</b>	<b>(246,600)</b>	<b>259,200</b>
Eliminate depreciation	202,100	197,400	(4,700)
Eliminate non-cash transactions	1,400	0	
<b>Cash result</b>	<b>216,100</b>	<b>(49,200)</b>	<b>265,300</b>
Capital income	47,200	8,100	39,100
Capital expense	193,500	473,900	280,400
Transfer to reserve	69,800	0	69,800
Transfer from reserve	0	515,000	515,000
<b>Net cash movement</b>	<b>0</b>	<b>0</b>	
<b>Reserve balance</b>	<b>2,771,700</b>	<b>2,034,100</b>	<b>737,600</b>

Operating income exceeded the forecast budget and is comprised of retail water sales, connection fees and water filling station sales. Revenue from retail water sales is the primary contributor to the operating surplus.

Operating expense is 2% below forecast and is due to small labour savings.

Spending on capital works is below forecast, with one project identified for carryover into the 2021/22 financial year.

The reserve is in a sound position to meet future infrastructure upgrades and refurbishments.



Richmond Water Laboratories (RWL) fund

The RWL preliminary operating result is a \$36,600 deficit.

**Table 5: Richmond Water Laboratories preliminary financial results for 2020/21**

	2020/21 Actual \$	2020/21 Estimated March Review \$	Variance \$
Operating income	789,200	749,000	40,200
Operating expense	825,800	765,900	(59,900)
<b>Operating result</b>	<b>(36,600)</b>	<b>(16,900)</b>	<b>(19,700)</b>
Eliminate depreciation	19,400	14,900	(4,500)
<b>Cash result</b>	<b>(17,200)</b>	<b>(2,000)</b>	<b>(15,200)</b>
			0
Capital expense	8,000	47,000	39,000
Transfer from reserve	25,200	49,000	(23,800)
<b>Net cash movement</b>	<b>0</b>	<b>0</b>	
<b>Reserve balance</b>	<b>433,700</b>	<b>409,900</b>	<b>23,800</b>

Income exceeds budget by \$40,200, which is positive given the tight margins with which the Fund operates.

In 2020/21, approximately 59.8% of income was derived from external customers with the remaining income coming from internal (Rous County Council) sales.

Operating expense is \$59,900 over budget, with additional expenditure on salaries, materials and contractors.

Capital expense relates to the replacement of instruments and equipment. The reserve balance of \$433,700 is better than forecast.

Commercial property fund

A loss of \$167,600 is the preliminary result. It is important to note that operating expense includes Perradenya maintenance of approximately \$56,100. This distorts the outcome in the sense that when income is received from sales, it will show as capital income and not be included in the operating result.

**Table 6: Commercial Property preliminary financial results for 2020/21**

	2020/21 Actual \$	2020/21 Estimated March Review \$	Variance \$
Operating income	244,800	254,800	(10,000)
Operating expense	412,400	367,800	(44,600)
<b>Operating result</b>	<b>(167,600)</b>	<b>(113,000)</b>	<b>(54,600)</b>
Eliminate depreciation	56,600	62,000	5,400
Eliminate other non-cash transactions	(3,200)	0	
<b>Cash result</b>	<b>(114,200)</b>	<b>(51,000)</b>	<b>(63,200)</b>
Capital income	3,954,900	3,250,100	704,800
Capital expense	1,592,400	1,952,300	359,900
Transfer to reserve	2,248,300	1,246,800	1,001,500
<b>Net cash movement</b>	<b>0</b>	<b>0</b>	
<b>Reserve balance</b>	<b>2,722,600</b>	<b>2,380,000</b>	<b>342,600</b>

Operating income was close to forecast budget and consists of rental income from leased properties.

Operating expenditure consists of leased properties and Perradenya maintenance expenses. The preliminary result has expenditure in excess of forecast budget by \$44,600. This is primary due to the recognition of two rural buildings identified for demolition.

Construction of the Perradenya land development - Stage 6 comprising of a 20-lot subdivision was completed in 2020/21. All lots were sold, with revenue from sales of \$3.9 million being received in March 2021.

The reserve balance of \$2.7 million is better than forecast.

Bulk Water fund

Overall budget forecasts were quite accurate, and the Fund achieved a preliminary operating deficit of \$163,900, which is \$2.1 million better than forecast.

**Table 7: Bulk Water preliminary financial results for 2020/21**

	2020/21 Actual \$	2020/21 Estimated March Review \$	Variance \$
Operating income	18,309,400	18,311,600	(2,200)
Operating expense	18,473,300	20,579,500	2,106,200
<b>Operating result</b>	<b>(163,900)</b>	<b>(2,267,900)</b>	<b>2,104,000</b>
Eliminate depreciation	5,154,600	5,580,900	426,300
Eliminate other non-cash transactions	(635,700)	0	
<b>Cash result</b>	<b>4,355,000</b>	<b>3,313,000</b>	<b>1,042,000</b>
Capital income	18,695,400	17,500,000	1,195,400
Loan capital expense	2,700,800	2,718,500	17,700
Capital expense	10,778,500	16,179,900	5,401,400
Transfer to reserve	9,571,100	1,914,600	7,656,500
<b>Net cash movement</b>	<b>0</b>	<b>0</b>	
<b>Reserve balance</b>	<b>39,386,500</b>	<b>29,706,500</b>	<b>9,680,000</b>

Most of the operating income is derived from constituent council contributions which amounted to \$17.9 million. Actual income was close to forecast, however continuing low interest rates have contributed to reduced levels of return on investments.

Operating expense was approximately \$2.1 million below budget forecast. This relates to operational savings in electricity and specific project delays identified for carry over.

Capital income relates to section 64 developer contributions (\$5.19 million). This is the Council's second largest income source and loan funding from NSW Treasury (TCorp) of \$13.5 million which was drawn down in June 2021.

Most of the unexpended budget in the capital works program will need to be carried forward to 2021/22. The attachment to this report details all the capital projects and their expense compared to budget. The program predominately relates to the Bulk Water Fund.

The reserve balance of \$39.38 million is better than forecast primarily due to the June draw down of loan funding.

Fleet fund

Fleet operations generated a surplus of \$39,700 with both income and expense under budget. A cash surplus of \$427,100 was achieved once depreciation is eliminated.

**Table 8: Fleet preliminary financial results for 2020/21**

	2020/21 Actual \$	2020/21 Estimated March Review \$	Variance \$
Operating income	84,800	93,400	(8,600)
Operating expense	45,100	93,800	48,700
<b>Operating result</b>	<b>39,700</b>	<b>(400)</b>	<b>40,100</b>
Eliminate depreciation	387,400	397,300	9,900
<b>Cash result</b>	<b>427,100</b>	<b>396,900</b>	<b>30,200</b>
Capital expense (net of trade-in)	338,800	413,300	74,500
Transfer to reserve	88,300	0	88,300
Transfer from reserve	0	16,400	16,400
<b>Net cash movement</b>	<b>0</b>	<b>0</b>	
<b>Reserve balance</b>	<b>1,071,600</b>	<b>966,900</b>	<b>104,700</b>

Operating income is made up of staff contributions for private lease vehicles and interest revenue earned by the fund and was under anticipated budget.

Operating expense includes all recurrent costs such as repairs/maintenance, depreciation, insurance, registration, fuel etc. less plant hire income. Plant hire income is an internal charge raised against those funds benefitting from the use of the fleet item. The 'expense' is debited to the benefitting Fund in the form of a plant hire rate and the 'income' is credited to Fleet.

Plant hire income presents as a negative expense in Fleet Fund, which explains why total plant expense is only \$45,100. In 2020/21 plant hire income was \$907,000, hence actual operating expense on Fleet was \$952,100 once the internal hire 'income' is excluded.

Operating expenses are under budget by \$48,700 as general operating expenses, including depreciation, were all slightly less than forecast.

Fleet sales and purchases resulted in capital revenue of \$157,900 and capital expense of \$496,700.

The reserve balance of \$1.07 million is better than forecast.

## Works carried forward

This section of the report identifies those unexpended budgets that require being rolled forward to the 2021/22 financial year. The projects to which the budget relate are either not complete or in some cases not commenced. The works have been split between operational projects and capital works.

**Table 9: Operating Budgets to be carried forward**

Project Name	Total (\$)	Comments
Procurement & contract processes review (P-PCPR)	50,000	Engagement of a labour hire arrangement to undertake a number of procurement exercises related to Council's internal audit program "Procure to Pay" is underway. This work will commence in the 2021/22 financial year.
Mains swabbing (P-Pigging)	185,000	A suitably qualified contractor has been engaged and staff are currently working with the contractor to identify appropriate works dates that will have a minimal impact of the surrounding community.
Contract template suite (S-Admin)	26,000	The engaged consultant has undertaken a large amount of work on an updated contract template suite, this will be finalised in August. This work is related to Council's internal audit program "Procure to Pay".
Project officer (GC-WAP09)	80,000	Due to COVID restrictions and staff focus on externally funded projects, Weeds Action Program (WAP) 4.2.1 communicate biosecurity obligations and best practice weed management to landholders and the general community was placed on hold. The carry over funds will be used to employ a project officer for a 12-month period to complete specific targets in this area.
Rileys Hill reshaping (P-Rileys Hill)	5,000	The contractor left the site for a week with the intent of finishing the works before the end of financial year, but heavy rain at the end of June meant that the final rectification works could not take place safely and effectively. The contractor has committed to complete the works as a priority as soon as the ground water levels have dropped enough to provide a safe, dry work site.
Dam Safety Management System (P-DSMS)	80,000	The commencement of the development of Rous's Dam Safety Management System (DSMS) project was delayed while DSMS guidelines from Dam Safety NSW were being finalised. The contract was awarded in early June 2021, all funds are required for completion of the project.
Nightcap Water Treatment Plant Master Plan (P-NCWTP Master)	99,900	Work is substantially underway with the contract awarded in Jan 2021 and is progressing largely on schedule. All remaining funds a required to allow completion of the contract.
CMP 20-25 - Action A5: Water quality monitoring program (P-CMP 20-25 A5)	8,000	This was originally intended to be completed in-house. Unfortunately, with key resources occupied with a focus on our engagement on the RAP, development of a cultural awareness training package and the proposed Lismore Visitor Information Centre lease, this was not able to be completed in 2020/21. The carry-over budget will be rolled up into a small contract to commence in early 2021/22.
CMP 20-25 - Action RC11: Post-bushfire review (P-CMP 20-25 RC11)	5,000	
Coastal Zone Management Plan (P-CZMP)	42,300	A site action plan has been developed for the riparian area north and south of Coraki village. Funds are required to be carried forward to allow the project to proceed.

Project Name	Total (\$)	Comments
CMP 20-25 - Action EC19: ECD River reach plan audit (P-CMP 20-25 EC19)	48,800	River Reach Plans in Emigrant Creek Dam catchment have been largely successful with good landholder up-take and on-ground implementation for priority reaches. On-ground works included weed control, cattle exclusion fencing, vegetation planting and erosion control works. A consultant has been engaged to: (a) review work completed as part of the Emigrant Creek Source River Reach Plan over the past 5-year period; and (b) develop a new River Reach Plan for the upper Emigrant Creek catchment. Preparation of the new River Reach Plan is scheduled for completion by December 2021.
CMP 20-25 - Action WR15: WRS River reach plan audit (P-CMP 20-25 WR15)	49,400	A consultant has been engaged to: (a) review work completed as part of the Wilsons River Source River Reach Plan over the past 10-year period; and (b) develop a new River Reach Plan for the extent of Wilsons River between the Boatharbour Nature Reserve and Eltham. Preparation of the new River Reach Plan is scheduled for completion by December 2021. This will allow December 2021 – July 2022 to prepare Property Site Action Plans for the identified priority locations.
S64 Compliance \ DA Audit (P-S64 Compliance)	17,900	Engagement of a contractor occurred in April 2021, with some work carried out initially. Work was then deferred while the State Government portal for DAs was rolled out. The requested funds will be used to access the impacts of the portal rollover on S64 compliance.
DM - Drought Management (P-DM Drought)	19,200	A new Drought Management Plan is being prepared in 21/22, in conjunction with a new Demand Management Plan. The carry-over funding will provide a contingency to the tight budget for the 2 plans and potentially allow more actions under the existing drought plan to be carried out.
Grant - Coastal Management Plan Scoping Study (GC-CMP Study)	71,100	RCC is coordinating the conduct of a Scoping Study as the first stage in the preparation of the Richmond River Coastal Management Program (CMP). The new CMP must be prepared in accordance with the requirements of the Coastal Management Act 2016 (CM Act), the State Environmental Planning Policy (Coastal Management) 2017 (CM SEPP) and the NSW Coastal Management Manual Parts A and B (the manual). A contractor has been engaged to complete the Scoping Study, with the final plan scheduled to be submitted to Council in February 2022. All funds are required to be carried forward to allow this project to proceed.
Grant - Richmond River Water Quality Monitoring (GC-WQM)	44,300	RCC is renewing the water quality data logger network within the Richmond River Estuary. SCU has been engaged to design, build and operate water quality data loggers which automatically record water quality parameters and transmit results to a dedicated website. Funds are required to be carried forward to allow this project to proceed.
McGettigan lane reticulation extension (S-Water Service)	15,500	A suitable contractor has been selected and contract awarded. However, works will not be completed and invoiced until first quarter of 21/22 financial year.
Wilsons River Source – Private landholders and school sites (S-WRS)	88,300	The original budget allocation was to allow RCC to meet all commitments to private landholders and school sites so that these can be maintained to a standard by contractors that will allow all existing sites to be handed back by end of June 2021. To meet this overall objective, RCC is undertaking follow up bush regeneration and tree planting works on a series of sites within the Wilsons River Tidal Pool sub-catchment that have had previous works undertaken but require additional work to bring them to a standard for handover to the landholders.

Project Name	Total (\$)	Comments
ICT Strategy (P-IT Strategy)	60,000	The original allocation of this budget was to develop and deliver an overall ICT Strategy 21-25. Whilst a number of internal ICT Strategy processes have been completed, finalising the strategy document and additional work around the need, or not, to implement a full ERP system in Council has been scheduled for 2021/21. The budget carry over is requested to be able to fund this piece of work.
<b>Total operating carried forward</b>	<b>995,700</b>	

**Table 10: Capital Budgets to be carried forward**

Capital Project Name	Total (\$)	Comments
Rural property upgrades (CE-Rural Prop)	29,800	Preliminary work is continuing for the demolition of the two rural property buildings identified as uninhabitable and uneconomical to restore. Regulatory approval and qualified contractor quotations for demolition and disposal are progressing. Once demolition of the properties is complete staff will review agistment options for the land.
Valve renewal (CE-Valve)	51,000	Investigations works were carried out in 2020/21 to identify critical valve for replacement / renewal. A valve on the Lismore 600 was selected. Site inspections to confirm the works were delayed allowing staff across the blue/green teams set up during COVID to inspect the site together to confirm the works required. A preferred contractor has been selected with works proceeding once all the required fittings have been received, and shutdowns can be arranged of the water supply.
Weed Biosecurity - Swan Bay Floodgate/Pipe (CE-WB SB FG)	25,000	Consultants are yet to be engaged to conduct options study. Request for quotes have gone out recently to qualified Consultants to undertake the studies but no formal quotes received yet. Funding to complete works will need to be carried over to 21/22 financial year.
St Helena 600 upgrade - Stage 1 (CE-St Helena 600 S1)	1,019,500	The St Helena 600 is a multiyear capital works program. All funds are required, budgets have been approved by council. It is anticipated that the Stage 1 project will be complete in November 2021.
Bulk Water Filling Station (CE-Filling Station)	26,200	The bulk water fill stations construction has been delayed due to site complexities and the need for additional planning work surrounding road permits. All remaining funds are required to allow engagement of a suitable contractor for the construction.
Catchment Management Plan – High Priority Actions Emigrant Creek River Reach Program (CE-CMP)	5,000	All 2020/21 projects had an end date of 30 June 2021, however delays experienced in 2020/21 (including COVID-19) has meant that some projects are yet to be closed out. Funds are required to be carried forward to allow these contracts to be completed. An additional allocation of \$500/property (totalling \$3,000) has been identified to allow preparation of a handover site maintenance plan for landholders and a final walk-through with landholders as part of capacity development (this was not included in these original contracts but is now a routine inclusion and a worthwhile investment).
Nightcap Water Treatment Plant – Chemical Storage (CE-Chem Farm)	57,800	Investigation of options to upgrade the NCWTP Bulk Chemical Storage facility at a high level are continuing through the NCWTP Strategic Review \ Master Plan project. Funds are required to be carried forward to progress investigations towards concept design and scoping the upgrade project once the outcomes of the Master Plan project are known.

Capital Project Name	Total (\$)	Comments
Disability Inclusion Action Plan (CE-DIAP)	28,500	Contractors have been selected, however works will not be completed and invoiced until 21/22 Financial year. Additional works also identified, and request funds be carried over to cover cost of these works. Expected first quarter of 21/22.
Nightcap Raw Water Jetty Corrosion Repairs (CE-NCWTP Jetty Cor)	300,000	Delays in the completion of the Nightcap Raw Water Pump replacement project flowed onto the jetty corrosion works. A specification and REF have been prepared and tendering will commence during the 4th quarter of the calendar year. The work is essential to complete to extend the life of the raw water jetty.
Nightcap Raw Water Pump Replacement (CE-Raw Pump)	64,200	Works and Contract are practically complete. The outstanding amount to be carried over is the retention amount held under the contract which is due to be paid to the Contractor in October 2021. Funds are requested to process invoices for two valves that are still on backorder and are expected sometime between November and December 2021.
Rocky Creek Dam Destratification System Replacement (CE-RCD Destrat)	90,000	Following preliminary design and investigation work in 2019/20, more detailed investigations into constructability and availability of plant and equipment was carried out during the FY. However, as a result of the two projects that came about due to flood damage in April 2021, work on this project was deferred as the flood projects were more urgent. When additional resourcing is brought on board or the flood projects are completed, this project will recommence. The carry-over of the budget is to complete detailed design, documentation and tendering during 21/22. It is proposed to include the award of the construction work tender in the 22/23 budget process, with commencement in July 2022.
Lismore 600/525 Pipeline Corrosion repairs (CE-ST Helena 600/525)	400,000	This project continues the program of repairs to the above ground trunk main assets. Significant preparation and site investigations have occurred during 2020/21 and the tender was issued 19 July 2021. The carry-over of the budget is essential to allow repairs to the pipeline asset during 21/22.
Nightcap Fibre Pits (CE-NCWTP ICS)	23,000	Funds are required to complete two outstanding items that could not be completed before the end of 2020/21. 1. Installation of a small switchboard and PLC for the Diesel Generator fuel filling system at Nightcap WTP, 2. Replacement of damaged electrical pit lid surrounds and lids around the Nightcap WTP. Concrete pits are on backorder and project has been delayed until later in 2021.
Emigrant Creek Dam Spillway Security Improvements	10,100	A contractor has been engaged but has advised that he will endeavour to complete the work before the end of July 2021. Additional budget required to allow other work outstanding including the installation of security signage to be completed.
Council Business Papers	50,000	This project aims to provide a technology solution to optimise the production of Council business papers and will replace the current manual process. A software solution has been selected and the initial implantation stage is nearing completion. Funds will be used to progress to the next stage and finalise the project.
<b>Total capital carried forward</b>	<b>2,180,100</b>	

## 1. Attachment: Rous County Council 2020/21 Capital Works



## Rous County Council 2020/21 Capital Works

Area	Description	Actual 2021	Budget 2021	% Consumed
CE-BROADWATER 150	Broadwater 150 upgrade	18,521	30,000	62%
CE-BUSINESS PAPER	Electronic Business Papers	61,061	80,000	76%
CE-CHEM FARM	Chemical Farm	22,151	162,600	14%
CE-CMP	Catchment Management Plan - High Priority Actions	7,327	29,600	25%
CE-DEPOT	Depot Upgrade	36,528	132,000	28%
CE-DIAP	Disability Inclusion Action Plan - Priority Actions	8,934	50,000	18%
CE-FWP DUNOOM DAM	FWP - Dunoon Dam	11,562	100,000	12%
CE-FWP MAROM	FWP - Marom Creek WTP/Aville groundwater	45,195	480,000	9%
CE-NCWTP ICS	NCWTP - ICS	198,824	221,800	90%
CE-NCWTP JETTY COR	Nightcap Water Treatment Plant - Jetty Corrosion	0	300,000	0%
CE-PROJECT MGMT	Project Management Software	0	105,000	0%
CE-RAW PUMP	Rocky Creek Dam - Raw Water Pumps	175,818	354,800	50%
CE-RCD DESTRAT	Rocky Creek Dam Destratification	27,826	200,000	14%
CE-ST HELENA600/525	St Helena 600/525 Elevated Main Corrosion Repair	24,147	763,000	3%
CE-ST HELENA600 S1	St Helena 600 Upgrade - Stage 1	5,272,721	6,292,300	84%
CE-ST HELENA600 S2	St Helena 600 Upgrade - Stage 2	3,330,953	4,708,000	71%
CE-TDM	Technical Drawing Management	3,019	26,000	12%
CE-TUNNEL	Tunnel adit	93,988	168,800	56%
CE-VALVE	Valve	0	51,000	0%
CE-DEPOT TR	Depot Upgrade - Trustrums	0	1,000	0%
CE-PERRA REL7	Perradenya - Release 7	8,733	11,300	77%
CE-PERRA WOS	Perradenya - Whole of Subdivision	53,276	119,300	45%
CE-RURAL PROP	Rural Properties upgrades	0	56,000	0%
CE-FILLING STATION	Filling Station	28,966	55,200	52%
CE-RETIC	Reticulation Mains - Grace Rd	0	300,000	0%
CE-S-METERS	Meter Reading Software	0	30,000	0%
CE-RENEWALS	Richmond Water Laboratory - Renewals	3,058	47,000	7%
CE-WB GIS	GIS Data Capture New System	54,243	75,000	72%
CE-WB SB FG	Swan Bay Floodgated Pipe	8,348	150,000	6%
	<b>Works in progress</b>	<b>9,495,199</b>	<b>15,099,700</b>	<b>63%</b>

## Rous County Council 2020/21 Capital Works (Ctd)

Area	Description	Actual 2021	Budget 2021	% Consumed
CE-BRUNSWICK S6	St Helena to Brunswick Stage 6	29,781	29,800	100%
CE-BULK	Bulk Meter Renewals	97,184	97,000	100%
CE-CHAMBERS	Rous Administration Building	58,024	58,000	100%
CE-CORROSION	Elevated Main Corrosion Repairs	166,220	169,900	98%
CE-DATABASE	Water Management Database	10,658	10,700	100%
CE-EASEMENT	Easement Creation	1,645	19,800	8%
CE-ECD	Emigrant Creek Dam - Buffer zone fencing	4,556	4,600	99%
CE-ECD ACCESS	Emigrant Creek Dam - Access path to spillway	27,265	27,400	100%
CE-ECWTP OZONE	ECWTP - Ozone System Renewal	21,577	21,600	100%
CE-ECDWTP MISC	ECD Water Treatment Plant Miscell.	12,811	12,800	100%
CE-GREENHOUSE	Greenhouse Gas Abatement	98,525	98,200	100%
CE-INSTRUMENTS DIS	Instruments Distribution	4,240	4,300	99%
CE-INSTRUMENTS EC	Instruments Emigrant Creek Water Treatment Plant	15,802	15,900	99%
CE-INSTRUMENTS NC	Instruments Nightcap Water Treatment Plant	17,041	17,000	100%
CE-IT COMMS	IT Communications	77,819	115,000	68%
CE-IT COMPUTERS	IT Computer Fleet	40,570	51,400	79%
CE-IT FUTURE	IT Future Improvements	4,092	10,200	40%
CE-IT MICROWAVE	IT Microwave Bridge	16,456	50,000	33%
CE-IT SERVERS	IT Servers	129,763	214,200	61%
CE-IT SOFTWARE	IT Software	0	17,100	0%
CE-NCWTP PLC SB	Nightcap Water Treatment Plant - PLC SBs	36,181	36,200	100%
CE-NCWTP WASTE	Nightcap Water Treatment Plant - Waste	92,119	92,200	100%
CE-OZONE DOSE	Nightcap Water Treatment Plant – Ozone	2,906	3,000	97%
CE-RCD SPILLWAY	Rocky Creek Dam Spillway	55,768	55,700	100%
CE-RECORDS CRM	Records / CRM	252,319	259,700	97%
CE-RESERVOIR	Reservoir - Pineapple Rd	30,875	31,000	100%
CE-TINTENBAR 150	Tintenbar 150 water main relocation	9,048	9,000	101%
CE-TRUNK	Trunk Mains - Coraki 225 investigation	33,514	33,500	100%
F-FLEET	Fleet Purchases	338,846	413,300	82%
CE-FMI DUCK	Flood Mitigation Infrastructure - Duck Creek	76,728	64,500	119%
CE-FMI FG MR	Flood Mitigation - Floodgate Large - Medium Risk	38,874	38,800	100%
CE-FMI LG	Flood Mitigation Infrastructure - Lifting Gear	16,451	11,700	141%
CE-FMI LI HM	Flood Mitigation - Levee Inspect and Heavy Maint.	9,580	9,500	101%
CE-FMI UNPLAN	Flood Mitigation - Unplanned replacements/repairs	14,981	12,100	124%
CE-FMI WP	Flood Mitigation Infrastructure - Walking Platform	413	400	103%
CE-PERRA REL6	Perradenya - Release 6	1,530,377	1,765,700	87%
CE-RETIC	Reticulation Mains - Gulgan	12,460	12,500	100%
CE-RETIC	Reticulation Mains - Old Tintenbar	98,176	105,600	93%
CE-RETIC	Reticulation Mains - Woodford	5,548	5,600	99%
CE-RETIC RH	Reticulation Main - Richmond Hill	47,285	47,300	100%
<b>Works completed</b>		<b>3,536,478</b>	<b>4,052,200</b>	<b>87%</b>

Note: The internal salaries for capitalisation budget allocation have been removed from the above totals. All actual expenditure has been journalled to the appropriate capital projects.

## Retail water customer account assistance

*Responsible Officer: Group Manager Corporate & Commercial (Guy Bezrouchko)*

### Recommendation

That Council in accordance with section 356 (1) of the *Local Government Act 1993* and its 'Retail Water Customer Account Assistance' policy, approve financial assistance as listed in Table 1 of this report.

### Background

An application for financial assistance in accordance with section 356 (1) under Council's 'Retail Water Customer Account Assistance' policy has been received. Details of the application are set out below.

**Table 1**

Account	Property owner/s	Date application received	Nature of leak	Original water charges due	S356 financial assistance to be approved	Adjusted water charges due after approval
11299-10000-5	L & G Pye	13-Aug-21	Split in pipe underground approx. 500m from water meter	\$3,109.37	\$1,383.28	\$1,726.09
<b>Total</b>				<b>\$3,109.37</b>	<b>\$1,383.28</b>	<b>\$1,726.09</b>

### Governance

- Finance**

The 2021/22 financial year budget allocation for applications made in accordance with the 'Retail Water Customer Account Assistance' policy is \$25,000.

2021/22 financial year budget	\$25,000.00	<u>No. of applications</u>
S356 assistance approved financial year to date	\$0.00	
S582 assistance approved financial year to date	\$0.00	
S582 assistance approved since last Council meeting	\$0.00	
Proposed S356 assistance approval this Council meeting	\$1,383.28	1
Proposed S582 assistance approval this Council meeting	\$0.00	
<b>Budget remaining 2021/22 financial year</b>	<b>\$23,616.72</b>	

- Legal**

Section 377(q) of the *Local Government Act 1993* provides that a decision under section 356 to contribute money or otherwise grant financial assistance may not be delegated and that the decision must be made by resolution of Council.

### Conclusion

The total value of section 356 financial assistance equates to \$1,383.28 by application of Council's 'Retail Water Customer Account Assistance' policy. It is proposed that Council grant the recommended financial assistance.

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## Award of contract for the construction of an urban water supply bore into the Clarence-Moreton Basin Aquifer

*Responsible Officer: Group Manager Planning & Delivery (Andrew Logan)*

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### Recommendation

That Council:

1. Accept the tender submitted by 'The Impax Group Pty Ltd' in the amount of \$419,243 (incl GST) for the Construction of an Urban Water Supply Bore into the Clarence-Moreton Basin Aquifer at Wollongbar.
2. Approve an additional amount of \$42,000 (incl GST) as a contingency amount.

### Background

Following the adoption of the Future Water Project 2060 (FWP2060), Rous County Council (RCC) is progressing with implementation of priority actions identified in Stage 1 including the development of the Alstonville groundwater scheme. The recommendation in this report relates to the proposed award of a contract to construct an urban water supply bore at Wollongbar as part of FWP2060 Stage 1.

This proposed bore (deep) will replace an existing bore (shallow) which accesses groundwater from the Alstonville fractured basalt aquifer. This existing bore (shallow) is a poor performing bore and when it is in operation, impacts other water users within approximately 2 kilometres of the site. The new bore (deep) has been designed to draw groundwater from the deeper Clarence-Moreton Basin aquifer. Drilling works undertaken as a part of the groundwater investigations for the Future Water Strategy found that this aquifer had potentially acceptable yield and water quality suitable for town water supply.

The pre-tender estimate for the proposed contract inclusive of a 25% contingency was \$341,875 (incl GST). It is noted that the 2021/22 budget for the FWP2060 groundwater investigation program was determined prior to this advice being received by Council.

### 1. Tender Process

#### 1.1 Tenders received

Tenders were called on 7 August 2021 and closed at 3:00pm on Tuesday, 7 September 2021. Two tenders were received from the following Tenderers:

1. Slade Pty Ltd
2. The Impax Group Pty Ltd

#### 1.2 Evaluation of tenders

##### Evaluation plan and panel

A Tender Evaluation Plan was prepared, consistent with the *Local Government (General) Regulation 2021* (the Regulation) and the Conditions of Tendering in the Request for Tender (RFT) documents. The evaluation method included weighted price and non-price criteria, with a ratio of 60:40 (price: non-price).

The Tender Evaluation Panel (TEP) consisted of RCC staff and an independent groundwater expert:

Name	Position, Organisation
Michael McKenzie (chair)	Future Water Planning Manager, Rous County Council
Emma Hunter	Future Water Program Manager, Rous County Council
Trevor Ingram	Principal Hydrogeologist - Groundwater, Jacobs (Australia)

#### Evaluation of non-price criteria

The information submitted by the Tenderers was evaluated against the specified non-price evaluation criteria in the RFT documents. The non-price criteria were used to ensure Tenderers demonstrated an understanding of the project scope and risks, and to assure the TEP that the Tenderers reflected this understanding, including their capacity to manage project risks. The table below lists the high-level description of the non-price criteria used.

Non-Price Criterion	Weighting
Proposed Drilling Methodology and Program	10%
Recent Experience in Undertaking Similar Projects and References	10%
Proposed Drilling Equipment and Current Certification	10%
Proposed Drilling Personnel	5%
Current Drilling Licences	5%

The non-price scores were weighted, totalled and normalised and are shown in the table below.

Tenderer	Total weighted non-price score	Rank
Slade Pty Ltd	26.5	2
The Impax Group Pty Ltd	29.4	1

#### Evaluation of price criteria

The amount of each Tenderer's Offer and Schedule of Rates were compared with the pre-tender estimate. All Tenders were above the Pre-Tender Estimate (PTE) of \$341,875 (incl GST and contingencies).

Tenderer	Tender Amount (incl GST)	Assessed Tender Amount <sup>1</sup>	Weighted Price Score	Recommended Tender Amount (incl GST) <sup>2</sup>
Slade Pty Ltd	\$ 597,343	\$ 587,129	42.7	
The Impax Group Pty Ltd	\$ 419,243	\$ 418,111	60	\$419,243

Notes:

1. The 'Assessed Tender Amount' is the Tendered Amount plus (or minus) the Assessed Values of qualifications and departures in the tender plus an adjustment for Local Content Discount.
2. The 'Recommended Tender Amount' is the Tendered Amount, addition corrected plus (or minus) adjustments offered by the tenderer to withdraw qualifications and departures.

An assessment of the Schedule of Rates determined that two supply items, being the temporary and permanent steel casings, were higher than the pre-tender estimate. RCC sought price information from steel suppliers which confirmed that the market price of steel has risen sharply since the pre-tender price was estimated. The steel supply prices supplied in the tenders reflects current market rates.

Selection of preferred tenderer

Total scores were obtained for each tender by adding the normalised non-price score and the weighted price score. The total overall scores and ranking are summarised in the table below:

Tenderer	Total weighted non-price score	Weighted Price Score	Highest Total Score	Preferred Submission
Slade Pty Ltd	26.5	42.7	69.2	
The Impax Group Pty Ltd	29.4	60	89.4	<input checked="" type="checkbox"/>

The Tender Evaluation Panel agreed that the Tender with the highest total score and representing best value for money and an appropriate market value for the works, was The Impax Group Pty Ltd and is determined to be the most advantageous.

The Recommended Tender Amount is \$419,243 (incl GST). An additional contingency of 10% or \$42,000 (incl GST) is recommended, bringing the total project amount to \$461,243 (incl GST).

**Governance**

- **Integrated Planning and Reporting**

The 2021/22 Delivery program and Operational plan, under section 2.1.6.1, contains an action to upgrade the Rous-owned Converys Lane bore (shallow). The letting of this contract will enable Council to further advance the Alstonville Groundwater scheme as part of its preferred short-term regional water supply option.

- **Finance**

The Future Water Project implementation budget for the Alstonville groundwater scheme for 2021/22 is \$520,000. The current allocated budget is sufficient for the awarding of this contract.

- **Legal**

RCC called open tenders for the construction of an urban water supply bore at Wollongbar, through a request for tender process. This process complied with the *Local Government (General) Regulation 2021*.

- **Environmental**

A Review of Environmental Factors (REF) was completed for this work in 2018. Tenderers are required to comply with the REF requirements.

- **Work Health and Safety**

In addition to a WHS Plan, a draft COVID-19 safety plan has been provided by the preferred contractor. The draft plan provided adequately addresses NSW Health requirements and includes suitable protocols to minimise potential risks of COVID transmission. This plan will be reviewed and updated prior to commencement of works.

**Consultation**

The design and construction methodology of the proposed bore has been reviewed by the Groundwater Management and Science group within the Department of Planning, Industry and Environment. Their comments have been taken into consideration for the formal groundwater works approval application to the Natural Resources Access Regulator (NRAR).

Council has recently received works approval from the NRAR for the bore construction. Further consultation with NRAR will be required once the bore construction is complete and further hydrogeological testing is undertaken.

Council has advised nearby residences of the proposed works and the plan to drill the new bore (deep). No negative feedback has been received concerning these works.

**Conclusion**

Open tenders for the proposed contract for the 'construction of an urban water supply bore at Wollongbar' were called by RCC through a Request for Tender process. At the conclusion of the tender evaluation process, the preferred tenderer is The Impax Group Pty Ltd, in the amount of \$419,243 (incl GST).

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## Award of Contract - St Helena 600/525 - elevated main corrosion repairs

*Responsible Officer: Group Manager Planning & Delivery (Andrew Logan)*

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### Recommendation

That Council:

1. Accept the tender submitted by Advanced Concrete Engineering Pty Ltd in the amount of \$620,011 (incl GST) for the St Helena 600/525 - Elevated Main Corrosion Repairs.
2. Approve an additional amount of \$144,100 (incl GST) as a contingency amount.

### Background

The purpose of this report is to seek approval for the award of the Contract for the St Helena 600/525 Elevated Main - Corrosion Repairs project. The works involve repair of corroded pipework at a number of concrete headwalls where buried water mains emerge from the ground to cross creeks as elevated sections, and at the concrete support piers for the elevated sections of pipework. The work also involves painting the elevated sections of the main.

During 2016-2018, Rous County Council undertook corrosion repairs to the elevated sections of a separate section of 525mm steel bulk water main to address corrosion at the interface of the steel pipe and the concrete headwalls. Left untreated, the corrosion would lead to failure of the asset and loss of supply to constituent council bulk supply points and rural customers.

Subsequent inspection of similar assets identified similar corrosion issues on both a 900mm steel main at the head of the water supply network and a section of 600mm steel main supplying to St Helena and Knockrow reservoirs.

The works on the 900mm steel main (known as the Lismore 900mm) were prioritised to be completed 2019-2021 over the 600mm steel main, as the Lismore 900mm is a more critical pipe in the network and to avoid potential clashes with the St Helena 600 pipeline construction.

The Lismore 900 works were completed in 2020 as planned and it is proposed to now commence work on elevated sections of the 600mm steel main which supplies water to the St Helena and Knockrow reservoirs as planned. Subject to Council's approval of the Quarterly Budget Review Statement, there is a budget amount of \$738,685 allocated in the 2021/22 budget for this project.

This contract will complete the identified and necessary corrosion repairs and painting works on Council's network of elevated bulk water mains. The paint system applied is expected to be effective for 30 years before needing large scale renewal. Monitoring of identified corrosion at a number of other locations in the network will continue and will be included in future budget projections as their condition necessitates intervention.



**Tender process**

Open Tenders were called on 13 July 2021 for the repair to the elevated sections of the St Helena 600/525 steel pipeline (RFT No P20/26). The scope of works in the tender is for repairs to the steel pipeline at every concrete support pier and headwall and repainting of all elevated sections of exposed steel pipework. A plan of the works locations is included in Attachment 2.

The pre-tender estimate prepared by staff for the contract was \$745,800 (incl GST). The estimate was based on the previous similar works undertaken on the 525mm steel main and the Lismore 900mm main.

Tenders closed on 17 August 2021, with tenders received from the following Tenderers:

1. Advanced Concrete Engineering Pty Ltd
2. Ledonne Constructions Pty Ltd
3. Blast Away Pty Ltd

Evaluation plan and panel

A Tender Evaluation Plan was prepared, consistent with the *Local Government (General) Regulation 2005* (the Regulation) and the Conditions of Tendering in the Request for Tender documents. An evaluation of the tenders received was based on the following criteria:

- Price 60% (including a local content weighting of 3% capped at \$20K)
- Non-Price 40%:
  - Proposed project methodology and understanding of the issues
  - Proposed Program
  - Recent Experience in undertaking similar projects and that the project was successfully delivered
  - Demonstrated organisational capability experience of proposed personnel
- Satisfactory past performance including satisfactory WHS Management
- Satisfactory financial capacity (check only recommended tenderer)

A Tender Evaluation Panel (TEP) was formed consisting of Rous staff as follows:

Name	Position
Anthony Patterson	Delivery Officer, Chair
Lisle Butler	Project Manager
Samuel Curran	Planning & Development Engineer

Evaluation of non-price criteria

The information submitted by the Tenderers was evaluated against the specified non-price evaluation criteria in the RFT documents. The non-price criteria were used to ensure Tenderers demonstrated an understanding of the project scope and risks, and to assure the TEP that the Tenderers reflected this understanding, including their capacity to manage project risks.

Evaluation of price criteria

A summary of the tender evaluation scoring is included as Attachment 2. The tendered amounts (incl GST) and price criteria score are as follows:

Tenderer	ABN	Tender Amount	Schedule of Rates Item	Assessed Tender Amount <sup>1</sup>	Total Score <sup>2</sup>	Recommended Tender Amount <sup>3</sup>
Advanced Concrete Engineering Pty Ltd	49 146 713 671	\$500,209.00	\$119,802.00	\$620,011.00	100.0	\$620,011.00
Ledonne Constructions Pty Ltd	68 003 117 717	\$1,207,836.00	\$91,707.00	\$1,299,543.00	62.3	
Blast Away Pty Ltd	74 083 233 630	\$945,260.00	\$180,999.50	\$1,126,260.00	62.8	

## Notes:

1. The 'Assessed Tender Amount' is the Tender Amount plus the Schedule of rates item (repaint complete elevated pipeline sections) plus or minus anomalies in the tender and any loadings that apply.
2. The 'Total Score' includes the scores for price and non-price criteria.
3. The 'Recommended Tender Amount' is the Tender Amount plus (or minus) adjustments offered by the Preferred Tenderer to withdraw qualifications and departures.

Selection of preferred tenderer

Total scores were obtained for each tender by adding the normalised non-price score and the weighted price score. The total scores and ranking are summarised in the table below:

Tenderer	Total weighted non-price score	Weighted Price Score	Total Score	Preferred Submission
Advanced Concrete Engineering Pty Ltd	29	60	100	<input checked="" type="checkbox"/>
Ledonne Constructions Pty Ltd	10	31.1	44.9	
Blast Away Pty Ltd	2	38.5	41.2	

The Tender of Advanced Concrete Engineering Pty Ltd (ACE) in the amount of \$563,646.37 (excl GST) is considered the best value tender. The TEP considered the significant difference between the ACE tender amount and those of the other 2 tenderers. ACE have significant previous experience on very similar projects for Rous and have the advantage of owning specialised equipment which allows them to complete the job more efficiently. The TEP was satisfied that ACE were able to successfully complete the scope of works to an acceptable standard.

**Governance**

- **Finance**

St Helena 600/525 – Elevated Main Corrosion Repairs	Amount (incl. GST)
<b>Available project budget (21/22)</b> (Noting that this budget is part of the QBRs Report for the October 2021 meeting)	<b>\$812,553.50</b>
<b>Tender Amount</b>	<b>\$620,011.00</b>
<b>Contract Allowances</b>	
Allowance for maintenance and repair of privately owned access roads	<b>\$49,500</b>
15% for contract contingency and internal project management costs	<b>\$94,600</b>
<b>Total Project Estimate to Complete</b>	<b>\$764,111.00</b>
<b>Forecast Budget Unspent</b>	<b>\$48,442.50</b>

- **Environment**

Australian Wetland Consulting Pty Ltd have undertaken a Review of Environmental Factors (REF) for the corrosion repair works. The REF was assessed commensurate to the level of environmental risk of the proposed works and ensures that Rous County Council's obligations under the *NSW Environmental Planning and Assessment Act 1979* have been met.

- **Legal**

The tender process was managed by Rous County Council and was conducted in accordance with the requirements of the *Local Government Act 1993* and *Local Government (General) Regulation 2021*.

**Consultation**

The ranked responses represent the collective and agreed outcomes of the Evaluation Panel.

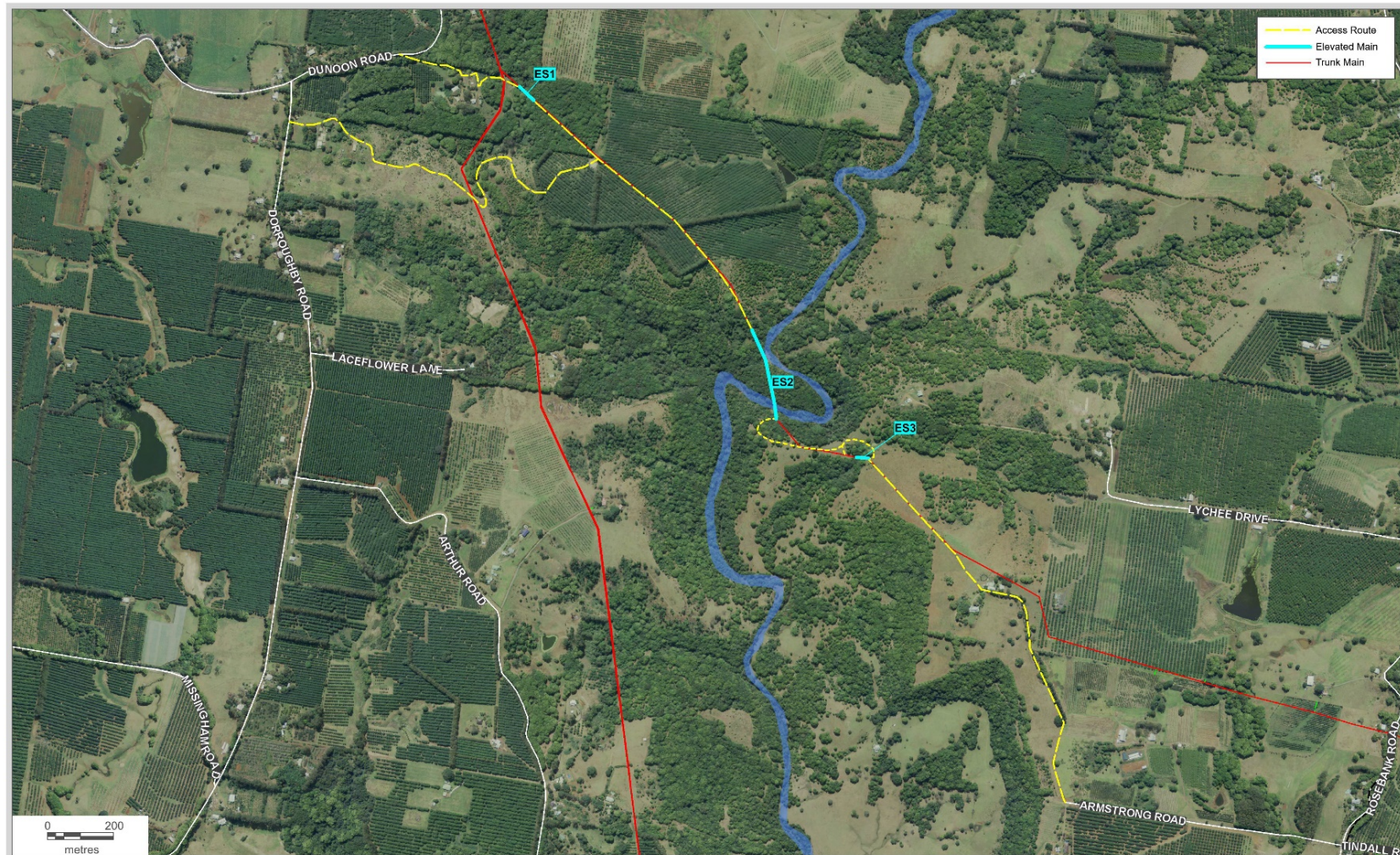
Discussions with landholders regarding access arrangements and the timing of the works of the Contractor have been underway and will continue during project delivery.

**Conclusion**

An open tender process has been undertaken and concluded that Advanced Concrete Engineering Pty Ltd are the preferred Contractor for the completion of repairs to corroded pipework and painting of elevated sections of the pipework, in the amount of \$620,011 (incl GST). With contingency and other project costs, the total project value is estimated to be \$764,111, which is within the project budget of \$812,553.50.

Attachments

1. St Helena 600/525 Elevated Main Corrosion Repairs – works locations
2. Tender Evaluation scoring summary



**Access Route to Elevated Sections**

**THE INFORMATION ON THIS MAP MAY NOT BE ACCURATE.**  
 Disclaimer: The material contained on this map is made available on the understanding that Rous County Council is not tenderly engaged in rendering professional services. While all reasonable care has been taken to ensure the information contained on this map is up to date and accurate, no warranty is given that the information contained on this map is free from error or omission. Any reliance placed on such information shall be at the sole risk of the user. Please verify accuracy of the information prior to using it.

Printed Date: 29/10/2020  
 Prepared By: Nathan Simpson  
 Projection: MGA Zone 56

**ROUS COUNTY COUNCIL**  
 ADMINISTRATION CENTRE  
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Non Price Scoring			Tenderers Names					
Criterion	Maximum Score	Weighting	Tender 1 - Advanced Concrete Engineering P/L		Tender 2 - Ledonne Constructions P/L		Tender 3 - Blast Away P/L	
			Score	Weighted score	Score	Weighted score	Score	Weighted score
Project methodology and understanding of issues	100	10	90	9	0	0	0	0
Program	100	5	0	0	0	0	0	0
Recent experience with similar projects - successfully delivered	100	20	80	16	40	8	0	0
Organisational structure and experience of personnel	100	5	80	4	40	2	40	2
Total non price weighting		40						
Weighted total non price score				29		10		2
Normalised total non price score				40.0		13.8		2.8
Price Scoring								
Tender amount				\$ 620,011.00		\$ 1,299,543.00		\$ 1,126,269.00
Assessments for qualifications and departures if applicable			Y/N		Y/N		Y/N	
Local content discount			N		N		N	
Other			N		N		N	
Pc = Assessed tender amount for tender evaluation only				\$ 620,011.00		\$ 1,299,543.00		\$ 1,126,269.00
Pav = Average of assessed tender amounts		\$ 1,015,274.33						
Ps = Price score				138.93		72.00		89.07
Pn = Normalised price score				100.0		51.8		64.1
Price weighting		60						
Pw = Weighted price score				60.0		31.1		38.5
Non price and price total								
Total of normalised total non price score and weighted price score				100.0		44.9		41.2
<b>Note: Tender amounts are inclusive of GST</b>								

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## Review of developer servicing charges for secondary dwellings

*Responsible Officer: Group Manager Planning & Delivery (Andrew Logan)*

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### Recommendation

That:

1. Council notes the update on the assessment and review of secondary dwelling water consumption and the financial impact to Council.
2. The Development Servicing Plan for Bulk Water Supply 2016 methodology apply for all development applications lodged with constituent councils on or after 1 November 2021 for secondary dwelling bulk water developer contributions including granny flats.
3. Council notes that its decision of 19 August 2015 ([72/15]) will continue to have effect for relevant development applications lodged with constituent councils but not yet determined as at 31 October 2021 inclusive.

### Background

In 2009, State Environmental Planning Policy (Affordable Rental Housing) was introduced to provide for the development of secondary dwellings (commonly known as granny flats) to increase affordable housing stock. In 2014 and 2015, the constituent councils all separately implemented different policies and approaches to reduce developer charges payable for secondary dwellings. The purpose was to promote additional housing development in areas with existing infrastructure and to provide alternative low-cost housing opportunities, as well as opportunities for additional income, alternative retirement options and inter-generational care.

In August 2015, following requests from some of the constituent councils, Rous County Council (RCC) resolved [72/15] to adopt the methodology utilised by Lismore City and Ballina Shire Councils (reproduced below) for determining developer charges for granny flats.

*No charges payable where the secondary dwelling is less than 60m<sup>2</sup> or 25% of the floor area of the principal dwelling and the total development on the respective lot does not exceed five bedrooms, three water closets and two laundries.*

A copy of that Council report is included as information in [Attachment A](#).

The methodology was adopted for RCC bulk water developer charges across all the constituent councils and was developed to reflect what is considered one standard equivalent tenement (ET) for the purposes of development assessment. One standard ET is the typical developer charge payable for a single dwelling and equates to 230kL/annum (630L/day) of water consumption (as defined by the NSW Water Directorate Equivalent Tenement (WDET) Guidelines). Where the total development was within the criteria, the expected water use of the combined primary and secondary dwelling was considered to be within that of one standard ET and thus provides justification for the non-payment or waiving of developer charges.

It is noted that, Byron Shire Council and Richmond Valley Council do not consider the number of laundries or toilets in their methodologies.

Council also resolved in August 2015 that when data is available from the constituent councils, the impact of the adopted methodology for determining developer charges for secondary dwellings be assessed and reported back to Council. A review was undertaken and reported to the Regional Water Supply Liaison Committee in 2018, however due to an oversight, it was not reported to Council at the time. This Council report includes details of the review.

### Purpose of this report

- *Update Council on the assessment and review of secondary dwelling water consumption and the financial impact to Council.*
- *Recommend an alternative interim position pending completion of the review of the Development Servicing Plan for Bulk Water Supply 2016.*

Since resolution [72/15], the constituent councils have undertaken individual reviews and made changes to their respective policies regarding determination of developer charges for secondary dwellings. Table 1 presents a summary of the key criteria currently being utilised by each constituent council and RCC.

**Table 1: Summary of constituent council and RCC positions on secondary dwellings developer charges**

Council	Current (May 2021) criteria for determining developer charges for secondary dwellings
Ballina Shire Council	No charges payable where the secondary dwelling is: <ul style="list-style-type: none"> <li>• less than 60m<sup>2</sup>, and</li> <li>• a maximum of 2 bedrooms are contained within the secondary dwelling, and</li> <li>• the total development on the respective lot does not exceed five bedrooms, three water closets and two laundries.</li> </ul> 50% reduction for detached secondary dwellings and 100% reduction for attached secondary dwellings
Byron Shire Council	Council resolved to remove the reduction on the payment of contributions on secondary dwellings at its Ordinary Council Meeting of 17 October 2019 (previous policy was similar to Richmond Valley Council)
Lismore City Council	Have ceased their policy to discount developer contributions for secondary dwellings from 1 <sup>st</sup> July 2020.
Richmond Valley Council	No charges payable where the secondary dwelling is: <ul style="list-style-type: none"> <li>• less than 60m<sup>2</sup> or 25% of the floor area of the principal dwelling, and</li> <li>• the total development on the respective lot does not exceed five bedrooms.</li> </ul>
Rous County Council	No charges payable where the secondary dwelling is: <ul style="list-style-type: none"> <li>• less than 60m<sup>2</sup> or 25% of the floor area of the principal dwelling, and</li> <li>• the total development on the respective lot does not exceed five bedrooms, three water closets and two laundries.</li> </ul>

### Application of methodology

For customers supplied directly from the RCC water supply network, RCC staff assess whether the secondary dwelling meets RCC criteria and whether developer charges are payable. Secondary dwellings that do not meet the criteria for the waiving of developer charges are typically levied between 0.4 and 0.6 ET, which equates to between \$3,548 and \$5,323 based on RCC's 2020/21 charge per ET of \$8,872. Where charges are payable, these are paid direct to RCC. A Certificate of Compliance issued under Section 307 of the *Water Management Act 2000* is provided to the developer to confirm all bulk water developer charges have been paid.

Under the current Service Level Agreement, the constituent councils assess, collect and remit bulk water developer charges on RCC's behalf for customers supplied from the constituent council retail water supply systems where RCC is the bulk water supplier. The clause is reproduced below.

*A1.4.3.4 Calculation of Equivalent Tenements (ETs) for Developments*

*You (constituent council) agree to determine the number of ETs by Your adopted methodology and that this will be utilised for the calculation of Our (Rous County Council) bulk water supply charge. The parties agree that the adopted methodology should be consistent with the NSW Water Directorate's Section 64 Determination of Equivalent Tenements Guidelines for known categories of developments.*

However, the above clause does not apply to waivers or deferrals of developer charges, which is covered under the clause reproduced below.

*A1.4.3.3 Deferral of developer charges*

*We (Rous County Council) may defer charges payable by a developer in accordance with Rous County Council Development Servicing Plan for Bulk Water Supply. You (constituent council), in assessing developments, agree to assess the merit of the request to defer Developer Charges. All requests for deferring Our bulk water developer servicing charges must be referred to Us for determination after You have made Your assessment of such a request.*

RCC wrote to the constituent councils in October 2015 advising of RCC's adopted methodology for determining developer charges for secondary dwellings and requested that any application to waive developer charges be referred to RCC.

**Current issues**

While some secondary dwelling developments in the constituent council retail water supply areas have been referred to RCC as requested, this does not appear to be undertaken consistently. An ad-hoc review of secondary dwelling development applications on the constituent councils' online DA trackers found the constituent councils have been applying the RCC adopted methodology for reducing bulk water developer charges on RCC's behalf without referral to RCC. This was a result of unclear terms in the Service Level Agreement (SLA) arrangements of the time and has been corrected in the updated SLA documents.

As previously noted, not all the constituent councils have the same adopted methodology as RCC for their own developer charges on secondary dwelling developments. This, at times, results in charges being reduced by the constituent council, and RCC bulk water charges still being payable or vice versa. This is confusing to the applicant and does not support RCC's intention in waiving the charges or supporting the constituent councils in their objectives to encourage infill development and alternative low-cost housing.

RCC has been referred developments for assessment of developer charges where the number of bedrooms is five or less, however the number of toilets is greater than three due to the occupant of the house needing ready access to toilet facilities for medical reasons. In one example, Council resolved [91/17] to refund the Rous County Council developer contributions levied on a secondary dwelling development where there were more than three toilets. Under RCC's current position, this development would not qualify for a waiving of developer contributions due to the number of toilets. However, demand for water is driven by the occupants of the house and the maximum number of occupants in the house is limited by the number of bedrooms. There is no known evidence to suggest a direct link between the number of toilets and laundries in a residential development and an increase the water demand.



There have been anecdotal reports that some of the secondary dwellings receiving waivers of developer charges are being used for short term accommodation purposes, particularly in the coastal areas. This is not consistent with the objective of the waiving developer charges for secondary dwellings. The constituent councils have addressed this through either a merit assessment against the criteria of the Affordable Rental Housing State Environmental Planning policy or requiring the applicant to declare the secondary dwelling will not be used for short term accommodation.

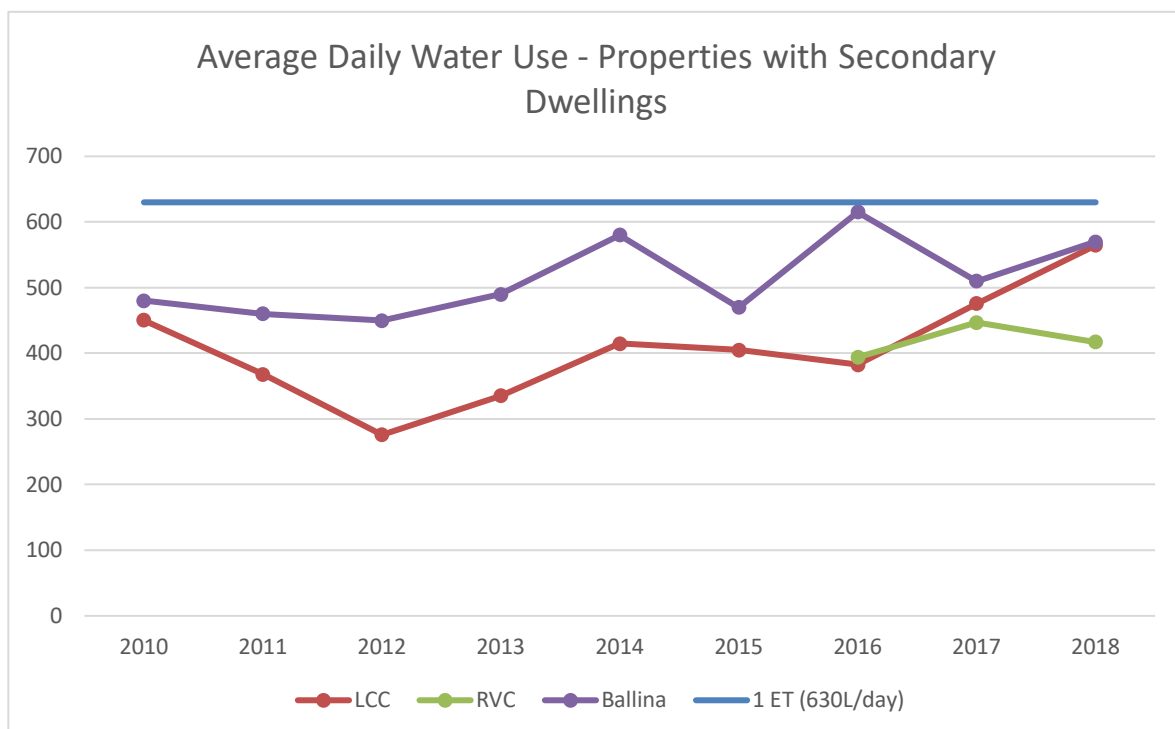
**Review of water consumption**

Developer charges are levied on every development that places additional demand on community infrastructure to fund the future renewal and upgrade of the assets involved in providing community services. The charges are based on an assessment of the water demand generated by the development and calculated based on each Council’s Developer Servicing Plan. Any reduction of developer charges reduces the available funds to renew and upgrade infrastructure.

In 2018, RCC staff undertook a review of the consumption of water from residential properties with approved secondary dwellings to determine if waiving of developer charges was justifiable. The review analysed water consumption data from residential properties with secondary dwellings to determine the additional demand created by a secondary dwelling and if the water demand of the combined primary and secondary dwelling was above one ET (630L/day).

The reasoning behind this is that a single residential dwelling development will typically be levied developer charges equivalent to one ET giving them a theoretical entitlement to 630L/day. If the combined average daily water usage of the primary and secondary dwelling is below this figure, this suggests that a waiving of developer charges is appropriate. However, it should be noted that this approach does not examine the water consumption of the ultimate development (i.e. all bedrooms occupied) but rather the water consumption of the current occupants.

RCC obtained available water consumption data from residential properties with approved secondary dwellings from most constituent councils. Richmond Valley Council provided data for 22 properties, Lismore for 11 properties and Ballina for 26 properties. Data was not provided by Byron Shire Council for this review.



While it is acknowledged that development of a secondary dwelling will increase potential occupancy of the property and the associated increase in water demand, the chart shows the average daily water use for properties with secondary dwellings is consistently below the WDET Guidelines of 630L/day/ET.

### Future options for determining developer charges on secondary dwellings

Given that constituent councils have made changes to their policies since 2015 and there are now some significant differences in positions between RCC and those policies, several options for future policy in this area have been identified and are presented in Table 2.

**Table 2: Options for future position on secondary dwellings developer charges**

Option for future policy	Commentary
1. Maintain current waiving position	<p>Current RCC position is contrary to the four constituent councils, with only two having a policy in place.</p> <p>Having a different policy to the constituent councils does not achieve the intended objective to support the constituent councils in their objectives of encouraging infill development and alternative low-cost housing.</p> <p>Further, toilets and laundries are not directly linked to increased water usage and including these in the assessment criteria is not required and could lead to discriminatory application of the policy.</p> <p>However, based on the review of water consumption between 2010 and 2018, properties with secondary dwellings appear to have water consumption below what is considered 1 ET, so it could be argued the impact of secondary dwellings on water demand is covered within the existing single dwelling allowances.</p>
2. Removal of waiving policy	<p>Byron Shire Council removed their reduction policy in October 2019 stating that the potential impacts on housing affordability are outweighed by the cost to Council from lost contributions revenue for the provision of infrastructure and the policy did not achieve its primary objective to lower median rents.</p> <p>Lismore City Council removed their policy in July 2020.</p> <p>Removal of the RCC waiving position would require all secondary dwelling developments to pay RCC bulk water developer charges, of which some developments may also be eligible to have their constituent council developer contributions waived. Under current constituent council policy, this would place RCC out of step with Richmond Valley and Ballina Shire Councils. As shown in Table 3 below, between 2015 and August 2020, this would affect approximately 179 developments, or around 22% of all eligible developments across the region for the period.</p> <p>RCC receives no benefit in providing a waiving of developer charges for secondary dwellings other than to support the objectives of the constituent councils, and rather is forgoing revenue to fund future infrastructure growth and renewal.</p> <p>Removal of the RCC waiver position would reduce confusion for developers and provide a more equitable collection of developer contributions.</p>
3. Modify position to remove criteria limits on toilets and laundries	<p>Toilets and laundries are not directly linked to increased water usage and including these in the assessment criteria is not required and could lead to discriminatory application of the position.</p> <p>Revising the waiving position to remove the toilet and laundry criteria would simplify its application.</p>

Option for future policy	Commentary
4. 'Mirror' position of the constituent council in which a subject development is occurring	<p>The RCC waiving position would match or mirror that of the constituent council in which the development is occurring.</p> <p>There would be no waiver position for customers supplied direct from the RCC water supply system, regardless of their constituent council position.</p> <p>The advantage of this approach is that it would result in the RCC waiver position being consistent with the policy of the constituent councils. This will simplify its application for developments and remove any inconsistency in positions between RCC and the constituent councils which better aligns with the RCC objective of supporting the constituent councils in their objectives.</p> <p>Further, this is consistent with the determination of developer charges for customers of the constituent councils as per the current Service Level Agreement.</p> <p>The disadvantage of this approach is that it could be interpreted as supporting Richmond Valley and Ballina Shire Councils for these type of developments.</p>

## Governance

- Finance

### Review of financial impact

Table 3 below presents the number of secondary dwellings approved in the region between August 2015 (when the waiver position was implemented by RCC) and August 2020.

**Table 3: Number of secondary dwellings approved across constituent councils between August 2015 and August 2020**

Council	Number of approved secondary dwellings
Rous	33
Ballina	160 (approx.)
Byron	600 (approx.)
Lismore	No data provided
Richmond Valley	19
<b>TOTAL</b>	<b>800 (approx.)</b>

Based on discussions with Byron Shire Council planning staff and assessment of approved secondary dwellings on the RCC network, it is estimated that approximately half of the approved secondary dwellings met the criteria to be eligible for a waiving of developer charges. The WDET Guidelines recommend secondary dwellings be levied between 0.4 and 0.6 ET developer contributions.

Across the RCC supply area and excluding Lismore City Council, this equates to lost RCC bulk water developer contributions over the last 5 years in the order of \$1.6M from the approved secondary dwellings. RCC has responded to this in 2021/22 and is undertaking regular checks of advertised DAs on constituent councils' websites against notifications and payments to RCC. The NSW Government's adoption of a state-wide Planning Portal for all DAs has also assisted in improving RCC's visibility over DAs that constituent councils are considering for their impacts to RCC. While this improvement is beneficial, it is a time-consuming task to review each constituent councils' list of DAs for their impacts to RCC, so RCC staff are focusing on working with constituent council development assessment staff to ensure that we are considered up front as a referral agency.

RCC's Development Servicing Plan for Bulk Water Supply (DSP) is scheduled to be reviewed and updated in 2021/22. Whilst there is a link between the DSP and this issue of waiving of developer charges for secondary dwellings, it is considered appropriate to implement the proposed change for secondary dwellings now, given the ongoing confusion for applicants, the inconsistency in positions across the region and the ongoing loss of revenue.

### Consultation

Discussions have occurred with relevant development and planning staff within each of the constituent councils regarding the proposed change of RCC's position on developer contributions for secondary dwellings. The feedback is presented below.

<b>Ballina</b>	If Rous were to discontinue the waiver it would be challenging to administer, but not impossible. We would have to adjust our contributions calculator to make sure the Rous contribution still came up, and make sure staff were aware that only the Ballina contributions were waived.
<b>Byron</b>	No objection to RCC discontinuing our waiver policy
<b>Lismore</b>	Council has chosen not to extend its policy of providing discounts on developer contributions payable by secondary dwellings and would not object to Rous County Council discontinuing to provide similar discounts on its own developer contributions.
<b>RVC</b>	No objections

### Conclusion

The current RCC position for waiving of developer charges for secondary dwellings is inconsistent with the policies of most constituent councils. The position no longer meets RCC's primary objective of supporting the constituent councils in their objectives of encouraging infill development and alternative low-cost housing.

It is recommended that Rous County Council discontinue the waiver position adopted in August 2015 as it provides little benefit to RCC, is no longer consistent with most constituent councils' policies for secondary dwelling development applications and has resulted in the loss of an estimated \$1.6M in revenue since 2015. If approved, this change would come into effect for all DAs lodged with constituent councils from 1 November 2021, with all current DAs submitted in the intervening period to be considered under RCC's current policy.

A full review of the DSP will be undertaken in 2021/22 and will include the investigation of options for secondary dwellings.

#### Attachment

1. Copy of Council report dated 19 August 2015 – Developer Servicing Charges for granny flats

## Developer servicing charges for granny flats

(151/12)

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<b>Business activity priority</b>		Supply the region with potable water
<b>Strategic objective</b>	1	Provide reliability in asset performance

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### Purpose

Recommend to Council that it adopt a method for assessing developer charges for granny flats consistent with the practice of Lismore City and Ballina Shire Councils and advise the constituent Councils of its decision.

### Background

A number of issues have arisen in the assessment of developer charges for granny flats by both Rous Water and the constituent Councils acting on behalf of Rous Water. It is appropriate for Council to determine a position on the application of developer charges to granny flats and to advise the constituent Councils of Rous Water's requirements when acting as Rous Water's agent in the assessment and collection of developer charges on behalf of Rous Water.

Granny flat is a colloquial term and is applied to what is correctly termed secondary dwellings.

The issues for consideration of Council are:

1. Rous Water has an agency agreement with each of the constituent Councils for the administration of development consent conditions on behalf of Rous Water. Following the adoption of the current Rous Water Development Servicing Plan in 2009, staff wrote to each of the constituent Councils setting out Rous Water's requirements for the execution of the agent's role by the respective Council. A copy of that letter is appended to this report. Of particular interest in consideration of the assessment of granny flats is the following excerpt from the letter.

#### ***'Calculation of Equivalent Tenements (ETs)***

*During discussions with the constituent councils it was found that when assessing the load the proposed development would have on the water supply, the number of ETs the respective Council determined for the local reticulation varied from the number determined for the Bulk Water Supply (Rous Water) utilising Rous Water's adopted methodology.*

*To overcome this it is requested that the constituent Council determine the number of ETs by their adopted methodology and this then be utilised for the calculation of the Bulk Water Supply Charge.'*

The constituent Councils have been complying with this request but there are differences between how the constituent Councils and Rous Water determine the ET applicable to granny flats. Rous Water staff have applied developer charges to a granny flat development connected to Rous Water's retail supply.

Rous Water wrote to each of the constituent Councils in early July 2015 and requested advice on how each Council is assessing developer charges for granny flats.

The position of each of the constituent Councils and Rous Water with regard to the application of developer charges to granny flats are:

Lismore City Council

Lismore has replied by letter dated 15 July 2015, a copy of which is appended to this report. The letter includes a copy of that Council's policy on the matter. Lismore City Council have concluded that secondary dwellings (granny flats) and attached or detached dual occupancy dwellings do not increase the load on the water supply and therefore no development charges are payable. The letter also says that it is understood Ballina and Byron Shire Councils are consistent with this practice. Based on this conclusion and the agency agreement there are no developer charges to be collected on behalf of Rous Water.

Byron Shire Council

At the time this report was prepared Byron Shire had advised by letter dated 31 July 2015 that they were unable to reply until 18 August 2015 due to the need to research the matter.

Ballina Shire Council

Ballina Shire Council staff responsible for the determination of Development Charges for that Council met with the Corporate Services Director and Technical Services Director on 31 July 2015 to discuss a number of development charges matters including the treatment of granny flats. It was confirmed that Ballina Council's approach to determining development charges for granny flats is consistent with Lismore City Council. It was further confirmed that Ballina Council staff will review the impact of this policy in 2016.

Richmond Valley

Richmond Valley Council has written to Rous Water requesting Rous Water to 'reduce' the 'Section 64 Charges' for granny flats which Richmond Valley Council collects on behalf of Rous Water. A copy of Richmond Valley Council's letter is appended to this report. Whilst the request in the letter is for the charges to be reduced, the letter quotes Richmond Valley Council's resolution in which that Council has resolved to seek the deletion of the charges.

Based on this letter, it is concluded that Richmond Valley believes developer charges are applicable and is asking Rous Water to waive them.

2. Recently, a developer of a granny flat in Byron Shire, serviced by Rous Water's retail water reticulation, requested that Rous Water waive the developer charge for a granny flat.

A reply was sent to the developer advising that under Rous Water's Development Servicing Plan, Rous Water may waive developer contributions where the proponent demonstrates that it is not for profit and charitable organisation. This particular secondary dwelling development does not meet this criteria.

The developer was further advised that the request would be reported for consideration by Council at its August 2015 meeting.

The reply concluded by advising the developer that the decision of Council would not be retrospective and that if the developer required a Certificate of Compliance from Rous Water before the Council meeting, the charge must be paid.

In light of the above, it is recommended that Council determine which methodology for the determination of developer charges for granny flats it wishes to adopt and advise the constituent Councils of its decision.

In determining developer charges for granny flats, it is appropriate for Council to consider different methodologies for determining the developer charges applicable to granny flats.

The following section of this report addresses that issue.

In assessing the developer contributions payable to Rous Water by developers of a granny flat, Rous Water staff have referenced the Water Directorate publication 'Section 64 Determinations of Equivalent Tenements Guidelines'. Referencing this document is consistent with the methodology stated in the Rous Water Development Servicing Plan – Bulk Supply Service and Rous Water Development Servicing Plan – Retail Water Supply Services which states:

### ***'2.1.2 Tenement and Demand Projections***

*Most types of development will increase the demand on a water supply system. The increase in demand is assessed in terms of equivalent tenements (ET). The calculation of equivalent tenements for each development will be made in accordance with the methods described in the NSW Water Directorate publication Section 64 Determinations of Equivalent Tenements Guidelines (2005).'*

The Water Directorate document does not specifically list granny flats in the tables of standard ET figures. Therefore, the assessment for Multi-Residential Lots, Units of 0.4 ET for a one bedroom unit and 0.6 ET for a two bedroom unit have been utilised by Rous Water staff.

These criteria have been used for the assessment of the granny flat discussed above in this report. The subject granny flat is a two bedroom development, so the amount payable is 0.6 x the development charge per equivalent tenement.

In light of the question of whether a developer charge should be applied to granny flats at all or could the charge be reduced, the Water Directorate Guidelines were further referenced.

The first conclusion is that there is no evidence in the guidelines that would justify the conclusion that a granny flat will have zero demand on the water supply system and therefore could be assessed as zero equivalent tenements.

There is some evidence that a granny flat could be assessed differently to this Councils current methodology and have a lower equivalent tenement determination.

As stated above, Rous Water staff have used the standard ET figures for Multi-Residential Lots (Medium Density) units for assessment of the equivalent tenements for granny flats.

It can be argued that the standard ET figures for units overestimate the impact of a granny flat because they include an allowance for outdoor water usage in the unit complex. Whereas, a granny flat is added to a single residential lot which has already accounted for outdoor water usage in its developer charge of one ET.

The Water Directorate Guidelines were reviewed to ascertain if it had standard ET figures for a type of development more representative of granny flats.

For Multi-Residential Lots (High Density – Multi Storey) the Water Directorate Guideline says:

**‘5.1.3 Multi-Residential Lots (High Density – Multi-storey)**

*For units / flats / apartments, consideration may be given to further reducing water ET figures for multi-storey developments (compared to standard multi-residential) due to the absence of outdoor watering.’*

In recognition of the lower water demand of these type of developments, the standard ET figures for Multi-Residential Lots (High Density) are:

1. Multi Storey Apartments..... (one bedroom).....0.33ET
2. Multi Storey Apartments..... (two bedrooms) .....0.50ET
3. Multi Storey Apartments..... (three bedrooms).....0.67ET

These allowances give an indication of the possible demand for water that is generated by a granny flat. The demand for water that is generated by a granny flat may further be reduced by factors such as the maximum area of the site that may be developed as a granny flat (thereby limiting the overall size of the development and the fact that the development does not include allowance for garaging a car).

The Water Directorate Guidelines make mention of the need to factor in local circumstances in the assessment of the applicable ETs for a development.

It is clear from both the work of the constituent Councils and Rous Water staff that there is a degree of uncertainty in the appropriate assessment of ETs for granny flats.

At this point of time, there is insufficient local data available to determine if granny flats increase the demand for water and therefore should incur a development charge. Over time, water meter data will become available for properties with granny flats and it will be possible to analyse their demand for water in comparison to single residential developments.

In the meantime, Council could determine that it wishes to continue to collect developer charges in accordance with the methodology proposed by staff, waive the developer charges for granny flats or adopt the methodology of Lismore City Council and Ballina Shire Council until the analysis is available.



The NSW DPI Water, 'Developer Charges Guidelines for Water Supply, Sewerage and Stormwater' which sets out the methodology Councils must follow in the preparation of Development Servicing Plans, makes provision for Councils to discount and therefore cross subsidise developer charges. It sets specific reporting requirements for cross subsidies. A copy of the relevant section from the soon to be released updated guidelines is reproduced below.

***'Disclosure of Cross-Subsidies***

*The calculated developer charges are the maximum value that may be levied by a utility. In adopting a DSP for water supply, sewerage or stormwater, the utility may elect to levy less than the calculated amounts. If a utility elects to levy less than the calculated developer charges, then the resulting cross-subsidy from the existing customers in the typical residential bill must be calculated and disclosed in the relevant DSP, in the utility's Annual Report, annual Operational Plan and in communication materials for consultation with stakeholders. The impact of cross-subsidies for new development on the typical residential bill must also be prominently disclosed and explained on the utility's website.*

*In addition, Special Schedules No 3 and 5 of the LWU's annual financial statements will need to continue to disclose the total cross-subsidy provided in developer charges each financial year. The disclosures are required in order to make any cross-subsidies transparent and to comply with the 1994 Council of Australian Governments' (COAG) Strategic Framework for Water Reform and the 1996 IPART Pricing Principles for Local Water Authorities.*

*For DSPs registered in or after 2012/13, only pre 2012/13 assets can be cross subsidised with annual bills. Post 2012/13 assets i.e. assets planned for commissioning in or after 2012/13 should be fully recovered from future development in order to provide efficient pricing signals for the required new capital investment.*

The intent of the clause is to allow the overall reduction of developer levies rather than reduction or waiving of charges for specific developments. The Guidelines are silent on the waiving of development charges.

The letter received and appended to this report from Lismore City Council includes a copy of that Council's Contribution Discount Policy which has as its Objective 'To promote additional residential and business growth by providing discounts from the adopted Section 64 and 94 plans ...'

The policy provides for the discounting of developer contributions for sound financial and social reasons. It is understood that the discount would also be applied to Rous Water's developer contributions collected on behalf of this Council's behalf by Lismore City Council. Should that be the case, the discount would be contrary to the agency agreement between Rous Water and Lismore City Council. It is recommended that staff discuss the matter with Lismore City Council staff to ensure that developer contributions collected on behalf of Rous Water are not discounted.

The financial impact on Rous Water of discounting the developer contributions will not be known until sufficient data is collected. Lismore City Council intend to review their policy after two years. Verbal advice from staff is that Ballina Council also intends to review its practice after two years.

It is recommended to Council that it endorse the policies and practices of the constituent Councils with respect to the assessment of developer contributions for granny flats for a period of up to two years. It is further recommended that the financial impact be assessed and be reported to Council following the respective Councils review.

### **Governance**

#### **Finance**

As Rous Water has not been provided with any analysis or data from constituent Councils, which would enable an estimate or forecast on the value of the proposed granny flat Section 64 fee methodology, it is not possible to assess the impact on Councils immediate or long term financial plans.

Anecdotally, constituent councils advise that they are not being overwhelmed by granny flat applications and our own Rous Water experience is infrequent. The financial impact is unlikely to have a material effect on existing bulk water revenue or planned capital expenditure.

The recommendation and future review is supported.

### **Environment**

#### **Legal**

The recommended approach will provide Rous Water with an opportunity to collect and analyse data to inform the development of a methodology commensurate with the nature and impact of the type of dwelling concerned and capable of being consistently applied across the region. A necessary part of this process will be to engage with relevant stakeholders and review existing documentation governing the administration of the function performed on behalf of Rous Water by constituent councils.

### **Consultation**

Consultation has consisted of written and verbal dialogue with each of the constituent Councils and the Rous Water retail customer referenced in this report.

Rous Water staff involved in the determination of development servicing charges have also been consulted.

### **Conclusion**

Although it is likely to have a small financial impact on Rous Water, it is appropriate to ensure consistency in the collection of Development Charges for granny flats on behalf of Rous Water.

Lismore and Ballina Councils have advised that their assessment of the developer charge for granny flats results in no charges payable where the total development on the respective lot does not exceed five bedrooms, three water closets and two laundries. Rous Water's staff assessment has been inconsistent with this approach, whilst Richmond Valley Council has asked Rous Water to consider deleting charges for granny flats.

The appropriate charge for granny flats is variable depending on the particular circumstances of the development.

It is recommended that Rous Water adopt the methodology employed by Ballina and Byron Shire Councils and advise the constituent Councils of that decision. Once Ballina and Lismore City Council have undertaken a review of the impact of their policy the outcome can be reported to Rous Water for consideration.

During the review of the Lismore City Council policy on this matter, it was apparent that the Council may be waiving some development charges without agreement from Rous Water. It is recommended that the agency agreement with the constituent Councils be reviewed during the development of the new Rous Water Development Servicing Plan to ensure that each Council is collecting Development Charges on behalf of Rous Water in a consistent manner.

**RECOMMENDATION** that:

1. Rous Water adopt the methodology for determining developer charges for granny flats utilised by Lismore City Council and Ballina Shire Council.
2. When data is available from the constituent Councils, the impact of this policy be assessed and reported to Council.
3. Staff discuss the collection of developer charges with Lismore City Council staff to ensure that charges payable to Rous Water are not discounted without agreement of this Council.
4. As part of the development of the revised Rous Water Development Servicing Plans, the agency agreement between Rous Water and the constituent Councils for the collection of developer charges on behalf of Rous Water be reviewed to ensure that it clearly sets out the methodology for the discounting of Rous Water development contributions by the constituent Councils.



Technical Services Director

Attachments:

1. Letter to constituent Councils (38111).
2. Letter from Richmond Valley Council (99949).
3. Letter from Lismore City Council (100589).

Our Ref: WF/NS: 151 (38111)

18 December 2009.

General Manager  
Lismore City Council  
D7761  
LISMORE

Dear Paul

**Administration of Development Consent Conditions on behalf of Rous Water**

Over the past year Rous Water has developed a new Development Servicing Plan setting out the charges payable by developers in respect to the load imposed by their development on the regional water supply. A copy of the Plan is enclosed for your Council's information.

During the development of the Plan, Rous Water's Finance Manager and Technical Services Director met with Development Control Engineers, Planners and Finance staff to discuss the implementation of the Plan. In those discussions it was clear that each of the Constituent Councils administered their agency role for Rous Water in a different manner. As a result Rous Water has addressed each of the issues raised during those meetings and has determined a set of standard conditions which Rous Water requests that your Council, as an agent for Rous Water, apply. Those conditions are set out below.

Rous Water has resolved that its Development Servicing Plan for Bulk Water Supply Services commence 1 January 2010 with the charge being progressively introduced as follows:

1 January 2010 \$6,222/et

1 January 2011 \$7,491 + CPI (July 2009 to June 2010)/et

**Condition of Consent**

For each development that is assessed as creating a demand on the Rous Water Bulk Water Supply, Rous Water is legally empowered to require the developer to carry out certain works and/or pay a contribution to Rous Water. Under the applicable legislation, the Water Management Act 2000, Rous Water would then issue a Certificate of Compliance to the developer to signify compliance with Rous Water's requirements.

In practice, Rous Water has rarely required works to be constructed and has mostly collected developer contributions. It is expected that this situation will occur in the vast majority of Development Consents in the future but it will be necessary to provide a condition of consent to cover the case when only charges are to be collected and one for when charges and works are required. It is requested that all future Development Consents issued by the Constituent Councils contain a standard Condition of Consent selected from either of the following draft conditions:

**Consent condition when only charges are to be paid**

*xx. Obtain a Certificate of Compliance from Rous Water confirming that all money payable to Rous Water in respect to the load the development imposes on the Regional Bulk Water Supply has been paid (see note yy).*

*Note yy ..... Council acts as Rous Water's agent in this matter and will issue a Certificate of Compliance on behalf of Rous Water upon payment of the Rous Water Development Servicing Charge to this Council. The charge is calculated as the Rous Water Development Servicing Charge per Equivalent Tenement current at the time of payment multiplied by the assessed number of ET's for the development for water supply purposes.*

OR

**Consent condition when charges and works are to be carried out**

*ww. Obtain a Certificate of Compliance from Rous Water confirming that all water supply works to be constructed for Rous Water and all Developer Charges payable to Rous Water have been provided to Rous Water (see note zz).*

*Note zz. Rous Water is the Water Supply provider for the location of the subject development. The applicant must organise the provision of a water service to the development with Rous Water and provide a Certificate of Compliance from Rous Water to this Council.*

Rous Water has resolved that from 1 January 2010, the Development Charge payable by developers will be the charge that is current at the time of payment NOT the charge current at the time of consent adjusted by CPI to the time of payment.

Your Council is requested to ensure that this information is conveyed to potential developers.

Rous Water's Developer Charges are not a Fee or Charge of the Constituent Council and accordingly each Council is requested not to publish the charge in the respective Council's list of fees and charges for adoption by the Constituent Council.

### **Discount of Developer Charges**

From time-to-time Rous Water has been requested to discount the charges payable by a developer. Most requests involve 'not for profit' organisations. Rous Water has previously resolved that where a developer requests a discount Rous Water will rely on the Constituent Council to assess the merit of the request and will extend the same discount in terms of number of ET's as the Constituent Council allows in respect of the Constituent Council's Developer Charges for Water Supply.

This has been done on the basis that the Constituent Council is best placed to assess the merit of the request and a consistent approach by the Constituent Council and Rous Water is appropriate.

Rous Water will continue with this approach with respect to 'not for profit' organisations. Other requests for discounts are to be referred to Rous Water for determination.

### **Calculation of Equivalent Tenements (ET's)**

During discussion with the Constituent Councils it was found that when assessing the load the proposed development would have on the water supply, the number of ET's the respective Council determined for the local reticulation varied from the number determined for the Bulk Water Supply (Rous Water) utilising Rous Water's adopted methodology.

To overcome this it is requested that the Constituent Council determine the number of ET's by their adopted methodology and this then be utilised for the calculation of the Bulk Water Supply Charge.

### **Developer Charges payable for consents issued prior to 1 January 2010**

It is recognised that Constituent Councils have a number of legacy consents outstanding with differing fee calculations contained within them. It is our intention that these conditions, as written, will remain in force until the expiration of the consent as determined by Constituent Councils.

This includes approvals granted by other consent authorities such as the Land and Environment Court and the Department of Planning.

### **Remittance of Developer Charges by Constituent Councils**

Rous Water requests Constituent Councils to remit all Section 64 developer charges collected on its behalf on a monthly basis accompanied with a reconciliation of the number of ET's per DA.

### **Service fee payable to the Constituent Councils**

Rous Water agrees to pay Constituent Councils a service fee in recognition of the agency service provided. It is proposed that the service fee applicable from 1 January 2010 be \$60.00 + GST per DA. Complying tax invoices are required.

As this fee is, in practice, the Constituent Council's fee to Rous Water, the normal regulations for setting fees and charges apply.

Thank you for the support your organisation provides Rous Water in the administration of Rous Water's Development Servicing Plan. Should you wish to discuss any of the matters covered in my letter it is requested that you contact Council's Finance Manager, Guy Bezrouchko or Technical Services Director, Wayne Franklin.

Yours faithfully



Kyme Lavelle  
General Manager

Enclosure: Development Servicing Plan

Same letter to Ballina, Byron, Richmond Valley Councils.

Council's Reference  
AJ/KB

Telephone Enquiries to  
Angela Jones

19 June 2015

Mr Kyme Lavelle  
General Manager  
Rous Water  
PO Box 230  
LISMORE NSW 2480

RECEIVED 22 JUN 2015

RRCC	Result	Letter	77749
FRC	File	216/82	15/12
FRCW	Action	CSD, GM	
	Received	22 JUN 2015	
RWL	Scanned		

Dear Kyme

**Submission to have Section 64 charges for "Granny Flats" deleted**

Council at its Ordinary Meeting held on 19 May 2015 received the following question in regards to Rous Water headworks charges when developing a "low cost housing/granny flat" project:

*"After your response to the question asked at the April meeting regarding the Rous Water Charges, with Council's consent out of this meeting, can you produce a formal submission to Rous Water asking for the deletion of the Section 64 charges for "Granny Flat" development in Richmond Valley Council, for our Rous Water delegates to have included on a Rous Water meeting agenda in the near future. Could you also gain and include comments from other Councils who have had to pay this fee?"*

As you are aware, Council has significantly reduced the Section 64 charges applied developments with the aim of encouraging development and facilitating low cost housing opportunities within the Richmond Valley LGA.

Council is seeking your cooperation in reconsidering, with a view to reduce, the Section 64 charges for "Granny Flat" developments which Council currently collects on behalf of Rous Water.

This matter is of importance to the Richmond Valley community and an early response would be greatly appreciated. Should you wish to discuss the matter further please contact me by telephoning 6660 0262 or email [angela.jones@richmondvalley.nsw.gov.au](mailto:angela.jones@richmondvalley.nsw.gov.au)

Yours sincerely



Angela Jones  
Director Infrastructure and Environment





RECEIVED 24 JUL 2015

ROUS	Resub	Letter	100589
RHCC	File	151/12	
FNCW	Action	150	
	Received	24 JUL 2015	
RWL	Scanned	<input type="checkbox"/>	

Our Ref: EF09/1665:CO15/6133

Contact: Paula Newman

15 July 2015

Mr Wayne Franklin  
 Technical Services Director  
 Rous Water  
 PO Box 230  
**LISMORE NSW 2480**

Dear Sir

**Rous Water bulk developer charge - secondary dwellings**

Thank you for your letter dated 9 July 2015 regarding the above. Lismore City Council adopted a Contributions Discount Policy No. 5.2.32 at its Ordinary meeting on 12 August, 2014 to promote additional housing in areas with existing infrastructure. The 'discount' is available where no additional ETs will be generated by the secondary dwelling. The Policy provides as follows (in part):

1. All 'Secondary Dwellings' as defined in the Lismore Local Environmental Plan will be exempt from Section 64 and Section 94 charges where the secondary dwelling does not increase the number of overall bedrooms in the site to greater than five, the number of water closets to greater than three and the laundries to greater than two.
2. One or two bedroom Attached or Detached Dual Occupancy dwellings with a floor area of 115m<sup>2</sup> or less will be exempt from Section 64 and Section 94 charges, provided the total number of bedrooms on the site does not exceed five, the total number of laundries does not exceed two and the total number of water closets does not exceed three.
3. Two or more bedroom Attached or Detached Dual Occupancy dwellings with a floor area of greater than 115m<sup>2</sup> and which do not create a total number of bedrooms in excess of five, a total number of laundries in excess of two and a total number of toilets in excess of three on the site are to be levied 0.3 ETs for their Section 64 and Section 94 charges.
4. Applications under this Policy can only be considered in areas where a Council operated sewer is available.

Council has not been levying the Rous Water bulk developer charge to secondary dwellings on the basis that no additional ETs are generated where the criteria above apply. I understand this is consistent with the practice used by Ballina and Byron Shire Councils.

Please contact me on telephone number (02) 6625 0525 if you would like further information or clarification on this matter.

Yours faithfully

  
 Paula Newman  
**Strategic Planning Coordinator**

Enclosure: Lismore City Council Contributions Discount Policy



## POLICY MANUAL

<b>POLICY NO:</b>	<b>Contributions Discount Policy</b>
<b>OBJECTIVE:</b>	To promote additional residential and business growth by providing discounts from the adopted Section 64 and 94 plans where: <ul style="list-style-type: none"> <li>• residential development seeks to provide additional housing choices which capitalise on existing built infrastructure and</li> <li>• opportunities are available to encourage reuse of the existing CBD fabric to provide increased flexibility and opportunities for business.</li> </ul>
<b>LINK TO STRATEGIC PLAN:</b>	The Housing Strategy Action Plan
<b>PROGRAM:</b>	Development and Compliance
<b>AUTHORISED:</b>	This Policy is to be reviewed two years after its adoption.

### SECTION A - RESIDENTIAL

#### Preamble

While there is a clear understanding that increased residential activity creates an increased demand for services there is a similar recognition that an increase in residential density, in areas with existing developed services, provides significant opportunities and advantages. To take advantage of these opportunities this policy sets out criteria by which Lismore City Council will provide a discount from its adopted Contributions Plans for eligible development proposals.

#### Relevant Goals

This Policy anticipates that a proposed dwelling;

1. provides Environmental Efficiencies by utilising existing infrastructure, provides efficient travel times and increases density in existing residential areas as opposed to developing new 'green field' site or,
2. strengthens existing community connectivity or,
3. provides opportunities for Ageing in Place or,
4. provides increased affordability or,
5. provides housing options for people requiring smaller dwelling opportunities like, elderly residents, single people, and health and university workers.

Operable Clauses

1. All 'Secondary Dwellings' as defined in the Lismore Local Environmental Plan will be exempt from Section 64 and Section 94 charges where the secondary dwelling does not increase the number of overall bedrooms in the site to greater than five, the number of water closets to greater than three and the laundries to greater than two.
2. One or two bedroom Attached or Detached Dual Occupancy dwellings with a floor area of 115m<sup>2</sup> or less will be exempt from Section 64 and Section 94 charges, provided the total number of bedrooms on the site does not exceed five, the total number of laundries does not exceed two and the total number of water closets does not exceed three.
3. Two or more bedroom Attached or Detached Dual Occupancy dwellings with a floor area of greater than 115m<sup>2</sup> and which do not create a total number of bedrooms in excess of five, a total number of laundries in excess of two and a total number of toilets in excess of three on the site are to be levied 0.3 ETs for their Section 64 and Section 94 charges.
4. Applications under this Policy can only be considered in areas where a Council operated sewer is available.
5. New dwellings in an area bounded by Orion Street in the north, Dawson Street in the east, Ballina Road on the south and the Wilsons River on the west which are either infill conversions or new housing shall be exempt from Section 64 and Section 94 charges provided the total number of bedrooms does not exceed five, the total number of laundries does not exceed two and the total number of toilets does not exceed three for each apartment created.

**SECTION B - COMMERCIAL**

Preamble

The changing commercial environment ensures there are changes in business, the manner in which they conduct their activities and the function of the buildings in which their activities are undertaken. For Lismore's CBD to respond to these constant changes there needs to be recognition of the value of the CBD and the facilities that it provides. To support business in changing times, to take advantage of the existing CBD infrastructure and to provide flexibility for business in the CBD this Policy sets out criteria by which Lismore City Council will provide discounts to its Adopted Contribution Plan, in particular circumstances.

Relevant Goals

It is anticipated that to take advantage of this Policy new business or relocating business must;

1. take advantage of and be able to utilise the existing Council operated CBD infrastructure without the need to increase the capacity of this infrastructure and
2. add to the vitality of the CBD and
3. support the existing business in the CBD.

Operable Clauses

- Business establishing in the area of the Central Business District (CBD) as defined in the map accompanying this policy will be exempt from payment of Section 64 and Section 94 charges provided that the business;
  1. Utilises the fabric of an existing building and does not increase, by more than 10%, the operational and/or public areas of that building.
  2. Does not require additional Council owned and operated infrastructure for either its reticulated water service or its waste water service.

**SECTION C – INDUSTRIAL AND COMMERCIAL**

Preamble

There is a clear understanding that with the continuing demand for the development of buildings with a large floor space and a disproportionately smaller water usage the Water Directorate Guidelines do not accurately reflect the volume of water required by the development or the waste that is generated and therefore do not provide an accurate calculation of the S64 charges. Lismore City Council will negotiate with developments of this nature to ensure an equitable calculation of S64 charges is achieved.

Operable Clause

- New business being established in the Lismore Local Government Area that have a demonstrably higher floor space to waste water usage can negotiate with Council to determine an equitable value for their S64 contributions. Such negotiation will be based on actual and/or projected site usage. Council may choose to adopt an interim charge for the first year and then review the actual site usage before determining the final S64 charge for the business.

**SECTION D – AFFORDABLE HOUSING**

Preamble

Council has a Housing Strategy Action Plan that supports 'key worker' or 'affordable' housing. This strategy seeks to support the construction of more affordable housing options and this policy affords Council with an opportunity to provide a financial incentive to undertake this style of residential development.

Operable Clause

- New housing that is constructed in sewered areas and which is reliant upon the State Government Affordable Housing SEPP shall have its Section 64 and Section 94 charges levied at 75% of the charge that would have been levied had the development not relied upon the Affordable Housing SEPP.

**COMPLIANCE**

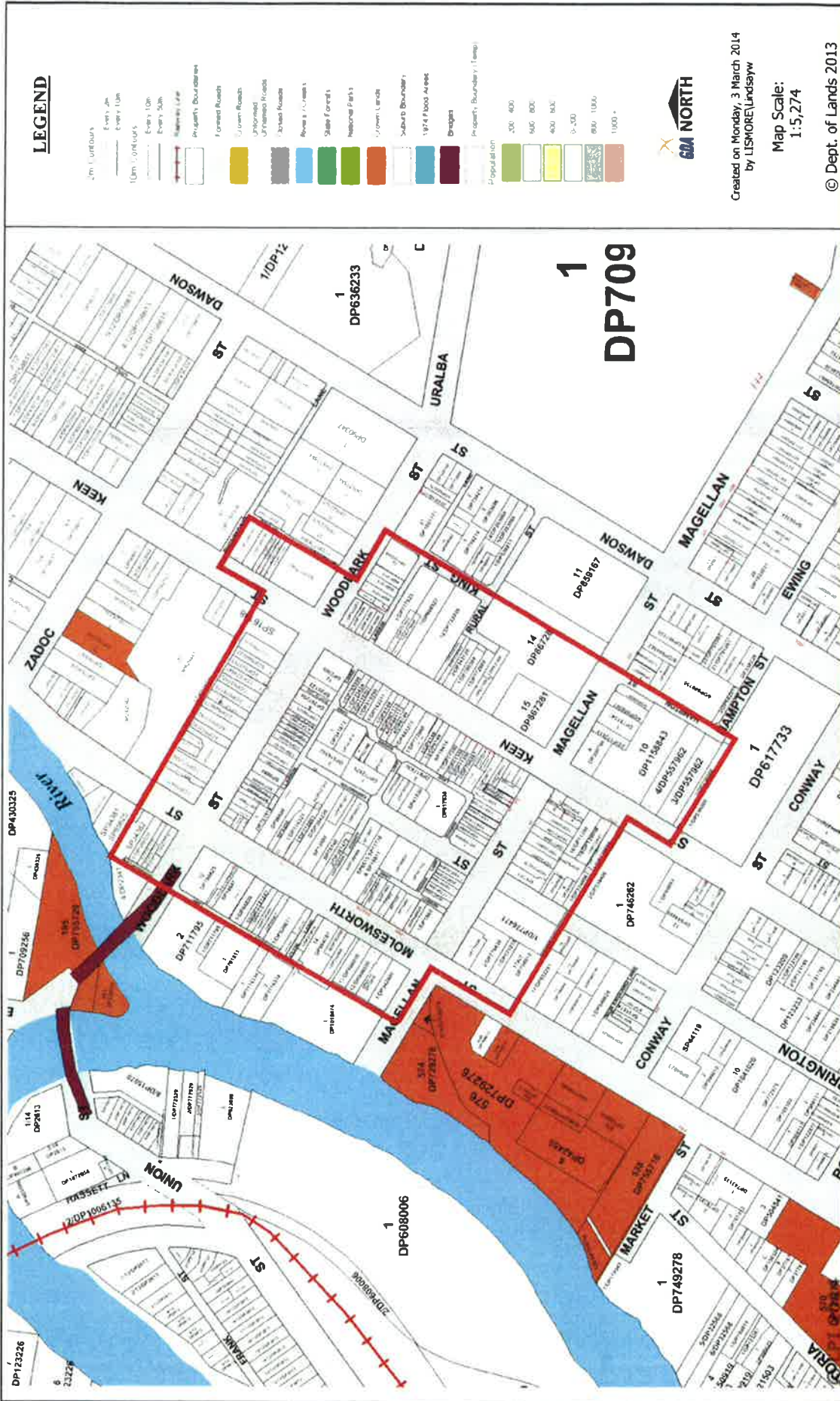
Nothing in this Policy detracts from or removes an applicant's responsibilities to comply with all relevant Acts, Regulations, policies or the like that may apply to any proposed activity or development, and obtaining any necessary approvals. Any concessions may not be available if there is a benefit associated with the undertaking of unlawful works or land uses at any point in time, to be determined at the sole discretion of Council.

**IMPLEMENTATION**

This Policy will be available for:

1. New Development Applications made after the Policy is adopted by Council.
2. Development Applications for which consent was issued before the Policy was adopted by Council, but for which final Lismore City Council S64 and S94 contributions have not been paid as a result of a documented agreement, appropriate security for payment or the like and the person acting upon the consent has otherwise fulfilled their lawful obligations to the satisfaction of the General Manager.

The Policy will not be available to applicants who are seeking consent for existing works. Contributions that have previously been paid to Council will not be refunded.



Disclaimer

This map is a representation of the information currently held. While every effort has been made to ensure the accuracy of the product, we accept no responsibility for any errors or omissions.

About this Document

This map has been created for the purpose of showing basic locality information. Property boundary line network data is supplied by State Government. Any error should be reported to Lismore City Council (council@lismore.nsw.gov.au).

Expenditure Enquiry

lismore  
caring about Lismore's people, economy and environment

## Expansion of water fill stations (update)

Responsible Officer: Group Manager Planning & Delivery (Andrew Logan)

### Recommendation

That Council:

1. Receive and note the update report.
2. Approve the two public access fill stations as a permanent water supply for the community.

### Background

In December 2019, in response to prolonged drought conditions in the region, Council approved the installation of two public access water fill stations at South Lismore and Bangalow and the installation of an additional two bulk water fill stations.

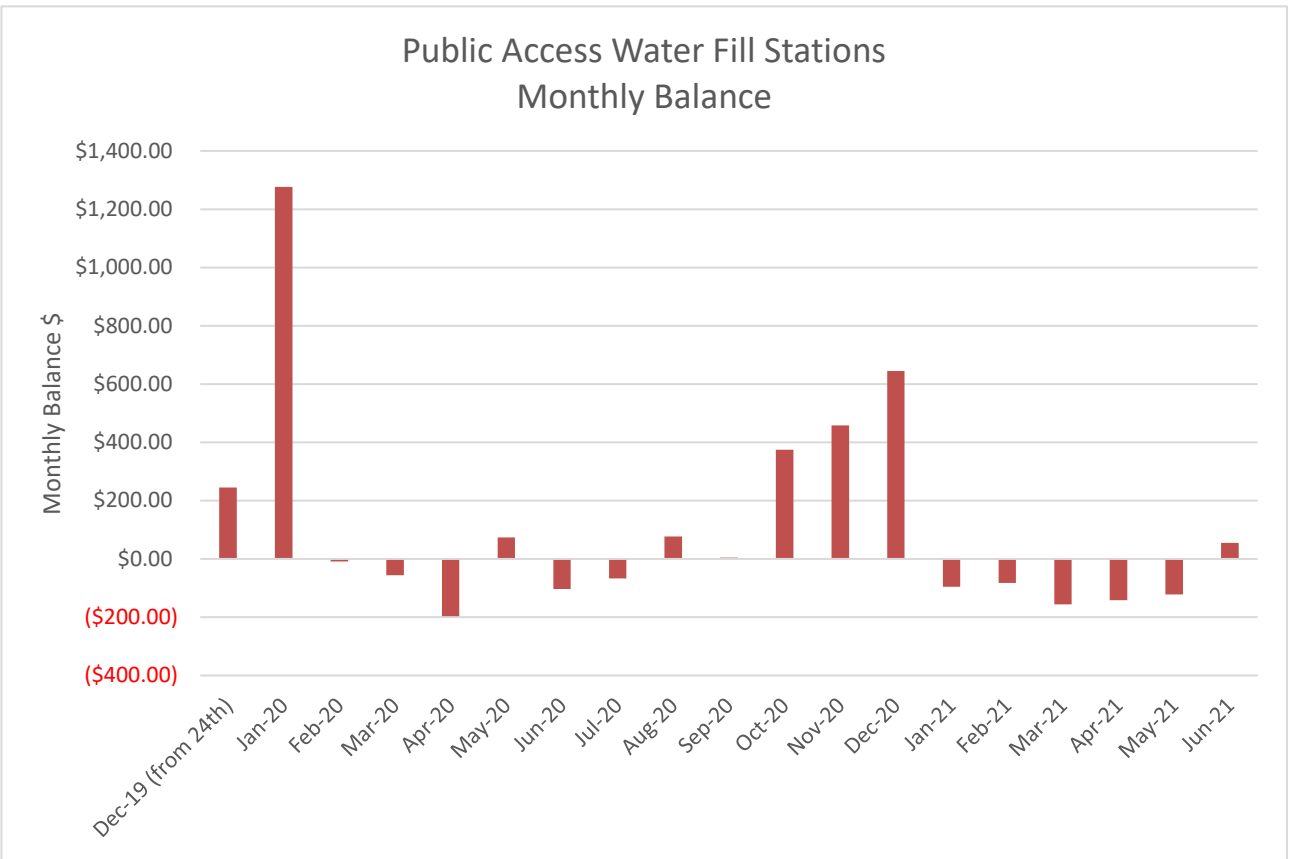
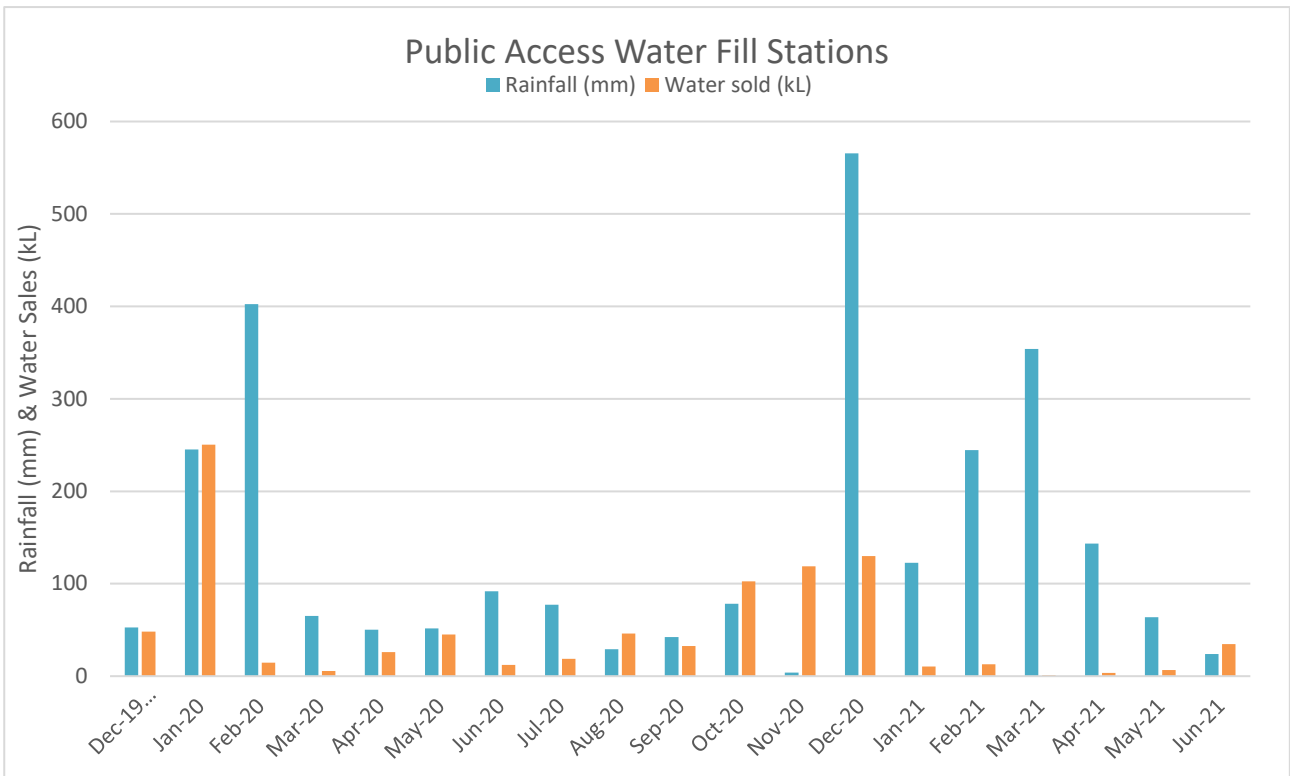
#### • Public access water fill stations

The public access water fill stations were installed in December 2019 (South Lismore) and January 2020 (Bangalow) and have been available for use by the public since that time. Increased water sales through the stations coincide with low rainfall periods however there is minor usage observed each month which Rous staff understand to be rural customers obtaining drinking water.

The water is charged at the same rate as the bulk water fill stations currently \$6.02/kL (2021/22). These stations have operated reliably, with only one outage on the Bangalow station for a period of two weeks when a modem failed and required the manufacturer to replace. No feedback has been received from the public on their operation.

The table below provides a summary of the usage, sales and fees through the public access water fill stations since installation. The data is presented in charts on the following page.

Month	Water sold (kL)	Amount Received from Customer	Transaction Fees	Maintenance Fees	Monthly Balance	Rainfall (mm)
Dec-19 (from 24th)	48.1	\$276.81	-\$31.86	\$0.00	\$244.95	53
Jan-20	250.6	\$1,440.83	-\$164.78	\$0.00	\$1,276.05	245
Feb-20	14.6	\$84.00	-\$9.74	-\$82.84	-\$8.58	403
Mar-20	5.7	\$32.59	-\$4.65	-\$83.82	-\$55.88	65
Apr-20	25.9	\$148.97	-\$15.10	-\$330.66	-\$196.79	50
May-20	45.0	\$258.61	-\$19.82	-\$165.00	\$73.79	52
Jun-20	12.8	\$70.00	-\$7.78	-\$165.00	-\$102.78	92
Jul-20	18.6	\$107.00	-\$8.93	-\$165.00	-\$66.93	77
Aug-20	46.2	\$265.75	-\$23.28	-\$165.00	\$77.47	29
Sep-20	32.6	\$187.45	-\$17.59	-\$165.00	\$4.86	42
Oct-20	102.6	\$589.64	-\$50.24	-\$165.00	\$374.40	78
Nov-20	118.8	\$682.92	-\$59.43	-\$165.00	\$458.49	4
Dec-20	130.0	\$747.59	\$62.22	-\$165.00	\$644.81	566
Jan-21	10.6	\$61.00	\$8.90	-\$165.00	-\$95.10	123
Feb-21	12.8	\$73.42	\$9.50	-\$165.00	-\$82.08	244
Mar-21	1.2	\$7.00	\$2.45	-\$165.00	-\$155.55	354
Apr-21	3.5	\$20.06	\$3.07	-\$165.00	-\$141.87	143
May-21	6.6	\$38.00	\$5.10	-\$165.00	-\$121.90	64
Jun-21	34.8	\$200.00	\$20.50	-\$165.00	\$55.50	24
<b>TOTALS</b>	<b>920.29</b>	<b>\$5,291.64</b>	<b>-\$301.46</b>	<b>-\$2,807.32</b>	<b>\$2,182.86</b>	



In the December 2019 Council report, it was flagged that the stations may be converted for bulk water use or temporarily decommissioned and stored for drought periods. Given the low ongoing costs and continual, albeit at times low usage and the estimated cost of approximately \$2000 in labour and materials to decommission, store and reinstate the stations, it is recommended the public access water fill stations remain as a permanent water supply option for the community.



- **Additional bulk water fill stations**

The significant rainfall received in January and February 2020 alleviated pressure on the existing water fill station network and the urgency of the installation of additional water fill stations. Nonetheless Council staff have been progressing the required investigations, design and approvals to install two additional bulk water fill stations on the network.

Across the Lismore and Byron areas, where the highest demand was observed during the 2019 drought, 13 potential sites were investigated. The sites were assessed on the basis of avoiding pressure and flow impacts within the Rous County Council (RCC) water network and for nearby retail customers, suitable access for trucks and proximity to residences.

The preferred sites for further investigation were identified as Lagoon Grass Road, Lagoon Grass (north of Lismore) and Foxs Lane, Tyagarah. Investigation and design costs for the two sites have been higher than anticipated and the remaining available budget will not be sufficient to construct the water fill stations at these sites.

- **Lagoon Grass Road, Lagoon Grass**

Preliminary design plans and a Review of Environmental Factors (REF) have been developed for this site. A conditional Section 138 (s138) approval under the NSW Roads Act 1993 has been obtained from Lismore City Council. The site will require significant pavement works and bitumen sealing to meet the s138 approval and make it suitable for truck movements. Quotes for this work are currently being obtained, and when expected costs are known, a decision will be made on whether to proceed with construction at this site.

An alternative site is the Lions Park on Bangalow Road which has established areas for vehicle entry and exit onto Bangalow Road. The potential of this site to accommodate a bulk water fill station is subject to more detailed investigations regarding available water flow and pressure and site owner and road authority approvals.

- **Foxs Lane, Tyagarah**

Council staff have undertaken significant consultation with nearby residents at this site and through their feedback, we have undertaken additional investigations and made design changes to minimise impacts. A Traffic Safety Assessment and Review of Environmental Factors has been undertaken and conclude that the site is suitable for the bulk water fill station. All equipment and fittings have been procured and installation quotes are being obtained from suitable contractors. This station is proposed to be installed before the end of 2021.

### **Governance**

- **Finance**

The remaining funding from 2020/21 for this project has been requested to be carried forward to continue this project in 2021/22. Additional funding will be required to complete the project and once the required amount is determined through quotes, funding will be sought through the Quarterly Budget Review Statement process.

### **Environment**

The REF documents prepared by Rous County Council staff for the additional bulk water fill stations identified the primary environmental impacts to be traffic, noise and general construction related impacts. The stations are to be located within road reserve nearby to high volume roadways largely negating impacts on traffic generation and noise. The REFs conclude that the benefits derived from the installation of the bulk water fill stations for the community are greater than the minor and largely mitigated environmental impacts.

## Consultation

Rous County Council staff have consulted with stakeholders as follows regarding the additional bulk water fill stations.

Stakeholder	Consultation summary
Lismore City Council (LCC)	LCC development staff have been consulted in relation to the proposal to install Lagoons Grass bulk water fill station. LCC staff have provided their in-principal support for the development and require a s138 application to be lodged for works in a public roadway.
Byron Shire Council (BSC)	BSC development staff have been consulted in relation to the proposal to install Foxs Lane bulk water fill station. BSC is supportive of the proposal. No further approvals are required.
Foxs Lane Local Residents	Residents in Foxs Lane were initially contacted about the proposed fill station by letter dated 17 November 2020, followed by an onsite meeting with Rous County Council staff on 19 November 2020. One resident raised concerns regarding potential for increased traffic movements and noise. The site is within 60m of the north bound lane of the Pacific Highway and approximately 190m from the closest residence and as such it was determined that the increase in local noise would be negligible, and a noise assessment was not required. A Traffic Safety Assessment was undertaken which concluded the site is suitable for the bulk water fill station.

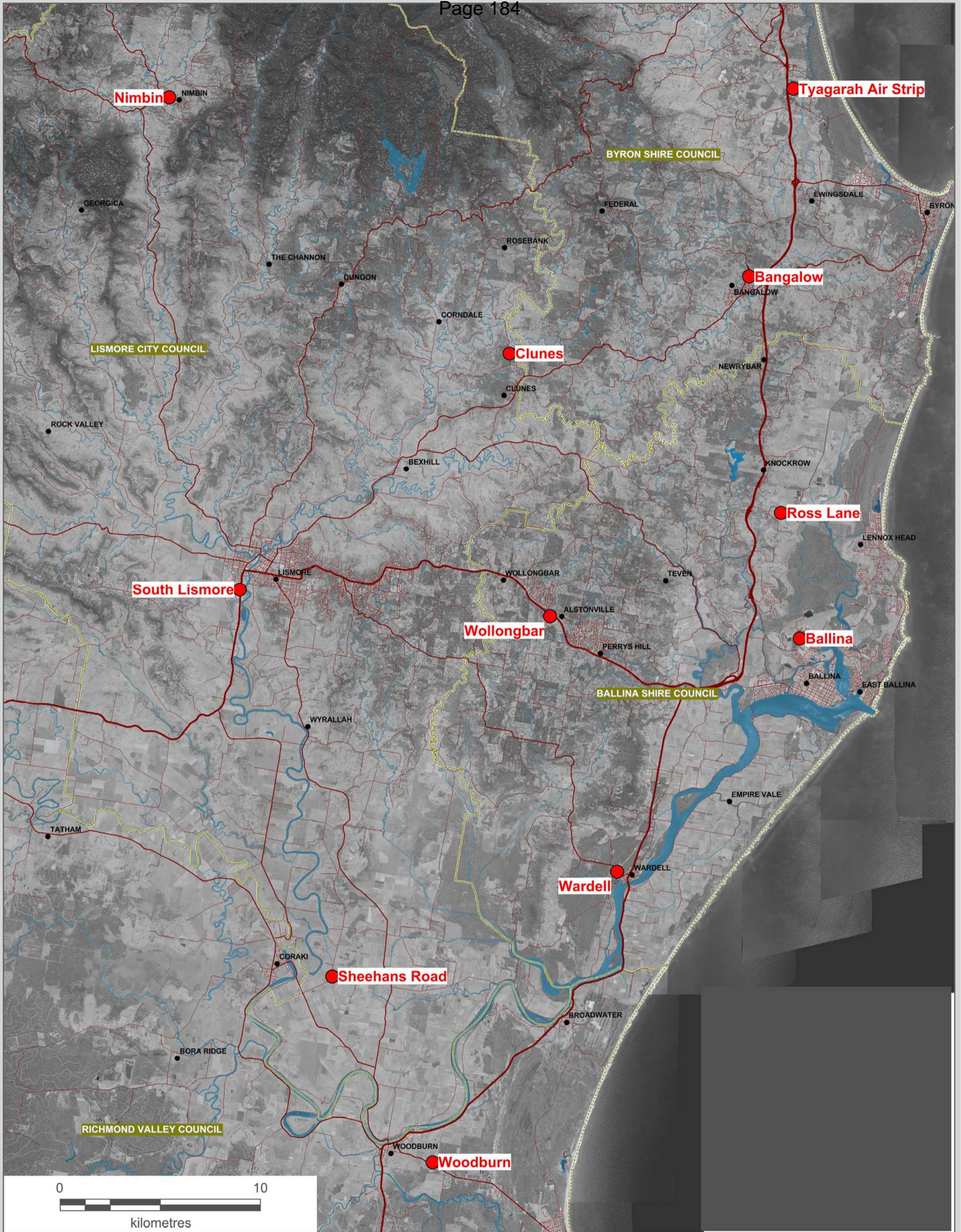
## Conclusion

The public access water fill stations have been operational for approximately 18 months and based on the usage data, they have been well received and utilised by the community during dry weather periods. Council staff have considered options for the stations during low usage periods including temporary decommissioning, however the preferred option is to leave the two fill stations in place as a permanent water supply option for the community.

Investigations and project activities continue for the additional bulk water fill stations. Additional funding will be required to complete this project. The final amount is being determined and will be sought through the Quarterly Budget Review Statement process.

### Attachment

1. Map showing location of proposed water fill stations



### Rous County Council Water Fill Stations

**THE INFORMATION ON THIS MAP MAY NOT BE ACCURATE.**

Disclaimer: The material contained on this map is made available on the understanding that Rous County Council is not hereby engaged in rendering professional advice. While all reasonable care has been taken to ensure the information contained on this map is up to date and accurate, no warranty is given that the information contained on this map is free from error or omission. Any reliance placed on such information shall be at the sole risk of the user. Please verify the accuracy of the information prior to using it.

Printed Date: 04/12/2017  
Prepared By: Kim Edwards  
Projection: MGA Zone 56

**ROUS COUNTY COUNCIL  
ADMINISTRATION CENTRE**  
Level 4, 218/232 Molesworth Street  
LISMORE NSW 2480  
Ph: (02) 6623 3800 Fax: (02) 6622 1181  
Email: council@rous.nsw.gov.au  
Web: www.rous.nsw.gov.au



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## Deferral of developer contributions: The S.H.I.F.T Project

*Responsible Officer: Group Manager Planning & Delivery (Andrew Logan)*

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### Recommendation

That Council, under clause 2.5 of Council's Development Servicing Plan for Bulk Water Supply 2016, approve the deferral of the Rous County Council developer contributions, payable by *The S.H.I.F.T Project Byron Incorporated* in relation to DA10.2021.399.1.

### Background

The purpose of the report is to recommend to Council that it approve the deferral of the bulk water developer contributions payable in relation to Development Application No: 10.2021.399.1.

The proposed development is for *Change of Use to Light Industry (Laundry)* with a total of 5 washing machines at 2/83 Centennial Circuit, Byron Bay.

In 2020, Council approved a deferral of developer contributions for the same organisation at another location. The organisation has since been required to relocate to new premises in the Byron Shire.

In August 2021, *The S.H.I.F.T Project Byron Incorporated*, wrote to Rous County Council (RCC) requesting a deferral of bulk water developer contributions in relation to Development Application number 10.2021.399.1 ([Attachment 1](#)). Byron Shire Council subsequently confirmed they will be deferring developer contributions payable to them.

The RCC Development Servicing Plan for Bulk Water Supply 2016 makes provision for Council to defer developer contributions in certain circumstances. The applicable clause in the Plan is reproduced below:

**“2.5 Exemption**

*Rous Water may defer developer contributions where the proponent demonstrates to Rous Water's satisfaction that it is a non-profit and charitable organisation, which by virtue of carrying out such development, is considered by Rous Water to be making a significant and positive contribution to the community and is unable to recover the charge from the end user”.*

*The S.H.I.F.T Project Byron Incorporated* is a non-profit, community-based organisation registered with the Australian Charities and Not-for-profits Commission. The organisation's Australian Business Number is 41673547663. The publicly available information on the organisation, from the Australian Charities and Not-for-profits Commission website, is included as [Attachment 2](#).

### Governance

- **Finance**

Council's Development Servicing Plan for Bulk Water Supply 2016 provides for the deferral of developer contributions for a non-profit and charitable organisation (clause 2.5).

Based on advice received from Byron Shire Council staff advising the deferral of Byron Shire Council developer contributions and publicly available information confirming the organisation's non-profit status, granting the request for deferral would be appropriate.

Historically, the number of requests received, and subsequent financial impact of deferrals granted has been low and is considered insignificant in terms of impact on Council's overall financial position.

- **Legal**

Refer to comments in the body of the report.

**Consultation**

Consultation has been between Rous County Council staff, *The S.H.I.F.T Project Byron Incorporated*, and Byron Shire Council staff.

**Conclusion**

It is recommended that the developer contributions, otherwise payable to Rous County Council, be deferred in accordance with clause 2.5 of the Development Servicing Plan, in relation to Development Application No: 10.2021.399.1 for *The S.H.I.F.T Project Byron Incorporated*.

Attachments

1. Letter from The S.H.I.F.T Project Byron Incorporated
2. Australian Charities and Not-for-profits Commission Information Form - The S.H.I.F.T Project Byron Incorporated



To: Rous Country Council  
Attention: Sam Curran

From: The SHIFT Project, Byron Ind.

Re: Water exemption

Date: 23rd August, 2021

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The SHIFT Project is a registered charity with the ACNC. We support women through the challenges they face moving from homelessness to independence. We strive to create along term sustainable shift towards stability and reconnection with the community.

As part of the SHIFT Project, we have established a social enterprise, Linen SHIFT, laundry with a conscience, providing employment opportunities for women who are experiencing homelessness or at risk.

We established Linen SHIFT in Acacia Street in the Byron industrial estate in March 2020 and have employed over 20 women to date. Rous water were gracious enough to provide an exemption for this property. Unfortunately, we were given notice to vacate and had to move our premises in June this year.

We have an approved DA to run the laundry at 2/83 Centennial Circuit.

Byron Shire Council are supporting our activities by deferring s64 contributions via Clause 2.7 Exemption in their current Development Servicing Plan. Please refer to Dean Baulch Principal Engineer Byron Shire to confirm.

We write to Rous County Council to request a similar exemption as outlined in the Rous Water Development Servicing Plan Clause 2.5 Exemption.

With thanks



Julie Wells  
Co-Founder



# THE S.H.I.F.T PROJECT BYRON INCORPORATED

- ✔ Charity is registered
- ✔ Charity reporting is up to date

## Charity details

**Also known as:**

Linen SHIFT

**ABN:**

41673547663

**Address:**

38 Corkwood Cres  
Suffolk Park NSW 2481  
Australia

**Email:**

info@shiftproject.org.au

**Address For Service email:**

info@shiftproject.org.au

**Website:**

www.shiftproject.org.au

**Phone:**

02 6685 8477

**Charity Size:**

Medium

**Who the charity helps:**

Victims of crime (including family violence)  
Unemployed persons  
People in rural/regional/remote communities  
People from a culturally and linguistically diverse background  
People at risk of homelessness/ people experiencing homelessness  
Gay, lesbian, bisexual, transgender or intersex persons  
Financially disadvantaged people  
Females  
Adults - aged 25 to under 65  
Aboriginal and Torres Strait Islander people

**Date established:**

2014

**Last reported:**

11 January 2021

**Next report due:**

31 December 2021

**Financial Year End:**

30/06

## Summary of activities

We provide residential educational programs to support women who are homeless or at risk. We support women in employment pathways, support and we provide advocacy. We require them to engage in a variety of local community activities which embeds their practical skills and assists in learning independence and sustainable living.

## Charity programs

PROGRAM NAME	CLASSIFICATION	
The SHIFT Project Residential	Mental healthcare	<a href="#">More information</a>
Linen SHIFT	Employment	<a href="#">More information</a>

## Where the charity operates

**States:**

NSW

### Using the information on the Register

Information on the Charity Register has been provided to the ACNC by charities. If information is not shown, this may be because it has not yet been provided. The ACNC may also approve information be withheld from the Charity Register in certain circumstances. [Read more about information on the Charity Register.](#)

## Annual reporting

TITLE	DUE DATE	DATE RECEIVED	DOWNLOAD
Financial Report 2022	31 December 2022	Pending	—
Annual Information Statement 2022	31 December 2022	Not yet submitted	—
Financial Report 2021	31 December 2021	Pending	—
Annual Information Statement 2021	31 December 2021	Not yet submitted	—
Financial Report 2020	31 January 2021	11 January 2021	<a href="#">Download</a>
Annual Information Statement 2020	31 January 2021	11 January 2021	<a href="#">View AIS</a>
Financial Report 2019	31 January 2020	16 November 2019	<a href="#">Download</a>



TITLE	DUE DATE	DATE RECEIVED	DOWNLOAD
Annual Information Statement 2019	31 January 2020	16 November 2019	<a href="#">View AIS</a>
Financial Report 2018	31 March 2019	11 January 2019	<a href="#">Download</a>
Annual Information Statement 2018	31 March 2019	11 January 2019	<a href="#">View AIS</a>
Annual Information Statement 2017	31 January 2018	21 December 2017	<a href="#">View AIS</a>
Financial Report 2017	No due date	21 December 2017	<a href="#">Download</a>
Annual Information Statement 2016	31 January 2017	11 November 2016	<a href="#">View AIS</a>
Financial Report 2016	No due date	11 November 2016	<a href="#">Download</a>
Annual Information Statement 2015	31 December 2015	13 March 2016	<a href="#">View AIS</a>
Financial Report 2015	No due date	13 March 2016	<a href="#">Download</a>
Financial Report 2014	No due date	Not required	—
Annual Information Statement 2014	No due date	Not required	—
Financial Report 2013	No due date	Not required	—
Annual Information Statement 2013	No due date	Not required	—

## Documents

TITLE	DATE	REPORTING YEAR	DOWNLOAD
Annual Report	11 January 2021	2020	<a href="#">Download</a>
Governing Document	16 November 2019		<a href="#">Download</a>
Annual Report	16 November 2019	2019	<a href="#">Download</a>
Annual Report	11 January 2019	2018	<a href="#">Download</a>
Annual Report	21 December 2017	2017	<a href="#">Download</a>

## Responsible People

The role of a 'Responsible Person' is an important one for registered charities. Generally, a charity's Responsible People are its board or committee members, or trustees.

**Anne Goslett**

Director

[View profile →](#)

**Caitlin Fine**

Board Member

[View profile →](#)

**Catherine Watson**

Board Member

[View profile →](#)

**Jamie-Lea Johnson**

Treasurer

[View profile →](#)

**Jane Oliver**

Chairperson

[View profile →](#)

**Julie Wells**

Public Officer

[View profile →](#)

**Moyra Smith**

Deputy Chairperson

[View profile →](#)

## The charity's subtype history

PURPOSE	START DATE	END DATE
Advancing social or public welfare	1 January 2015	—
Public Benevolent Institution (PBI)	1 January 2015	—

## Registration status history

EFFECTIVE DATE	STATUS
1 January 2015	Registered

## Enforcement action history

There have been no enforcements for this charity.

Enforcement action refers to the exercise of [powers under the ACNC Act](#).

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## Gallans Road - land classification

*Responsible Officer: Group Manager People & Performance (Helen McNeil)*

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### Recommendation

That Council note the advertisement for a period of 28-days ('Notice Period') regarding the proposed classification of the land known as and located at 57 Gallans Road, Ballina being Lot 57 in DP 1045745 (the 'land') as Operational Land, and:

- a) if no material submissions are received during the Notice Period, the land is classified as Operational Land for the purposes of section 31(2) of the *Local Government Act 1993* without a further report being made to the governing body; or
- b) if material submissions are received during the Notice Period, Council will consider those submissions at its February 2022 meeting.

### Background

Council resolved at its meeting on 16 June 2021 to acquire a parcel of land [37/21]. That land is known as and located at 57 Gallans Road, Ballina being Lot 57 in DP 1045745 ('Gallans Road Site'). The purpose of this report is to seek Council's endorsement for the Gallans Road Site to be classified as Operational Land for the purposes of the *Local Government Act 1993* ("the Act"). The land is not intended to be used for community purposes. Council will use the site to conduct its operational activities including housing its corporate and administration centre.

### Governance

- **Finance**

The classification of the Gallans Road Site as Operational Land means that Council will be able to deal with the land without the need for a Plan of Management or consent from the Minister for Local Government or the need to meet the requirements set out at sections 35-47F of the Act (including Plans of Management). This represents a cost and time saving in the use and administration of the Gallans Road Site.

- **Legal**

Sections 25 and 26 of the Act require all public land to be classified as either "community" or "operational".

Aligning with the policy position adopted by Council in the [Land Management Policy](#), all Council land holdings are classified as Operational Land.

As Rous is a county council, it is not operationally necessary to provide open space or public amenities. Noting the specialised service functions of Council, it is important for Council to have the ability to prevent public access to operational work sites.

The classification of Operational Land does not prevent Council from allowing the use of a site by the public (for example, Rocky Creek Recreation Area is Operational Land), it simply allows the site to be used for operational purposes as a main priority.

Ballina Shire Council is the local government authority obliged to provide and maintain public amenities and open space for the local government area in which the Gallans Road Site is located. Within this vicinity there are several open space and recreation areas available to the community, including:

- Ballina Heights Sports Fields,
- Cummings Park at Ballina Heights,
- Bicentennial Gardens, and
- River Oaks/Ferngrove open space and children's park area.

The classification of the Gallans Road Site as Operational Land is not expected to be detrimental to the community and will allow Council staff the flexibility to open and close various parts of the site in accordance with operational needs.

Sections 31(2) and 34 of the Act stipulate that the Council resolution classifying the Gallans Road Site needs to occur, following a 28-day public notice period, within three months of the land acquisition date.

If a classification is not resolved by the Council within this timeframe, then the Gallans Road Site will revert to Community Land and will require Plans of Management and compliance with sections 35-47F of the Act.

In consideration of the various factors related to the current COVID-19 pandemic impacting Council's ability to hold meetings and to assist in complying with the statutory timeframe for classifying land, public notice of the intention to classify the Gallans Road Site as Operational Land was advertised on 30 September 2021 and will remain in place for a period of 28 days. Any submissions received during this period will be provided to the governing body with staff comment via the General Manager.

Provided no material submissions are received during the public notice period, the Gallans Road Site will be considered to have been resolved as Operational Land without a further report being provided to the governing body.

In the event that one or more material submissions are received in relation to the classification of the Gallans Road Site as Operational Land, the submission(s) and a report will be provided to the next Council meeting for consideration. The next Council meeting is currently expected to be held in February 2022.

### **Consultation**

Rous Councillors were consulted prior to the governing body's resolution to acquire the site. All Council land holdings have been acquired for operational purposes and are currently classified as Operational Land. The classification of the Gallans Road site as Operational Land would be consistent with that approach and Council's Land Management Policy.

### **Conclusion**

Given the intended use of the land is predominantly for operational purposes, it is recommended that Council resolve to classify the Gallans Road Site as Operational Land without a further report being made to the governing body, provided no material submissions are received during the public notice period.

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## Backflow Prevention Policy (revised)

*Responsible Officer: Group Manager Operations (Adam Nesbitt)*

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### Recommendation

That Council:

1. Revoke the current Backflow Prevention and Cross Connection Control policy dated 20 March 2013 and any policy revived as a result of that revocation.
2. Adopt the Backflow Prevention policy as attached to this report.
3. Approve a budget of \$1,250,000 funded by a loan from the 'Bulk Fund' to the 'Retail Fund', for the implementation of the Backflow Program.

### Objective

Backflow prevention and management is important to protect the integrity of the water supply and the health and safety of consumers.

The purpose of this report is to:

- (i) provide background information about current and proposed backflow prevention policies and the related organisational risks.
- (ii) recommend the revocation of the current Backflow Prevention policy
- (iii) recommend adoption of a new Backflow Prevention policy, and establishment of new associated charges.

The key differences between the current and proposed policy are as follows:

- Responsibility for ownership, installation and testing of the 'Testable Backflow Prevention Devices' (TBPD) will transfer from the customer to Council. That is, Council will own, install, operate, maintain, renew and test all TBPD on services up to and including 32mm.
- Criteria based on the connected properties land zoning will be used to identify the hazard rating and requirement for a TBPD.

The primary objective of the revised policy is to reduce the risk of pathogen and/or chemical contamination to all customers from backflow, back siphonage and cross connections. The revised policy will ensure that all properties connected to Council's bulk water supply distribution system are compliant with the Australian Drinking Water Guidelines, the Plumbing Code of Australia and the relevant Australian Standards.

### Background

Administration and compliance matters relating to Backflow Prevention Policies in Local Water Utilities (LWUs) are challenging and resource intensive due to their complexity and risk-based application. Enforcing compliance to manage these hazards creates a frequent source of conflict between LWUs and customers. Customers typically understate the risks/hazards on their properties and are often reluctant to proactively manage their backflow devices resulting in ongoing noncompliance and an administration burden on council.

Backflow into a reticulation system can be caused by either siphonage, applied pressure or a combination of both. Siphonage into a pipe system occurs when there is a decrease in supplied pressure to the pipeline. The backflow created by negative pressure or siphoning is potentially very dangerous because it can suck contaminated water back into the pipe distribution system.

A sudden reduction in pressure can occur when a break occurs in Council's bulk water system or during maintenance activities. Applied pressures can be caused by cross connections between a customer's internal supply and Council's bulk water system, such as a rainwater tank, irrigation system or pump connected to Council's network.

This can lead to water contaminated with chemicals and/or pathogens entering the distribution system. Sources can include, water stored in animal troughs, chemical/spray containers, irrigation systems, on-site sewage management systems and industry.

As Council is a bulk water supplier to four (4) constituent councils serving a population of more than 100,000, backflow prevention and ensuring the ongoing provision of safe drinking water is critically important. Council has a relatively small number of directly connected customers to its bulk distribution network (2118), however based on land use type and zoning, it is estimated that a very high percentage (approximately 80%) of these customers are classified as medium and high hazard requiring TBPD.

### **Council's current backflow prevention program**

Council customers with a high or medium hazard water connection are required to install a TBPD and have it registered with Council under Council's existing Backflow Prevention and Cross Connection Control policy. The Plumbing Code and Council also requires property owners to have these devices tested every 12 months by a licenced plumber trained in Backflow Prevention with results forwarded to Council. This is also consistent with Rous' constituent council's approach.

Under the current model, Council has had ongoing problems associated with TBPD hazard assessments, installation, and annual test compliance requirements with approximately 50 percent of the 350 annual certificates requiring follow ups by Council staff. Individual customer follow-ups are required for generally minor but nonetheless time-consuming matters, including:

- missing test certificates
- incorrectly filled out test certificates
- customers unable to arrange plumber to test before due date
- complaints
- requests for reassessment of hazard ratings

Requests are also received by customers to waive the non-compliance re-registration fees that are automatically raised when Council did not receive the test certificate before the annual testing due date. These requests require investigation into the individual circumstances of each case including liaison with the landowner, plumbers and other councils to resolve.

### **Proposed backflow prevention program**

Council has approximately 350 TBPD registered on medium and high hazard water customer connections. Based on current land use, zoning and associated hazards, the number of installed TBPDs should be closer to 1755.

To ensure ongoing safety and compliance with the relevant backflow prevention codes and standards, the proposed policy provides that all properties zoned 'Rural (RU1 – RU6)', 'Commercial (B1 – B8)' or 'Industrial (IN1 – IN4 & SP1 – SP3)' are to be classified as medium to high hazard for backflow and cross contamination. These zones have been classified as medium to high risk due to the potential of hazardous chemicals, onsite sewage management systems and livestock permitted on these properties due to the land zoning.

All other land zones will be assessed using site specific information. In the absence of any site-specific information, Council will assign a hazard rating to a property based on Council's assessment of the primary activities being undertaken on site. Council may ask customers to certify their hazard rating periodically. If the customer has more site-specific information and requests a review of the hazard rating, then Council will review the hazard and may determine that a different hazard rating is more appropriate and amend its records accordingly.

A transition to the proposed policy position will be implemented over an 18–24-month period and be managed as part of the Smart Metering program. Significant savings will be made by undertaking the programs simultaneously as both devices (Smart Meter and TBPD) can be installed in bulk, and at the same time (refer to Finance comment). Under the proposed new policy, customers will not receive any additional backflow related charges from Council for at least 18 months after adoption to allow for installation and provision of information.

As part of the new program, Council will also implement the 'Backflow ID' system to assist with the time-consuming paperwork and annual testing regime. This online proprietary software system allows staff and contractors to maintain the backflow register and keep records of all property backflow hazard ratings, registration of backflow devices and annual test results.

The proposed backflow program will generally operate as follows:

- Existing registered backflow devices will be voluntarily 'transferred' to Council with a credit applied to the customer's bill based on the depreciated value of the backflow device.
- All medium and high hazard customers will have a TBPD installed on Council's side of the meter, which will be undertaken in parallel with the Smart Metering program to reduce program costs.
- Council will undertake annual maintenance and testing of all TBPD including the existing 350 (transferred) registered devices.
- Annual servicing and replacement of all TBPD up to and including 32mm will be undertaken by Council or its agents.
- Customer to be charged a quarterly Charge to cover the cost of the supply and installation of the device, its ongoing maintenance and future replacement.

Implementation of the proposed policy will ensure Council is better able to manage backflow related hazards in accordance with its legislative obligations. It will also provide the lowest cost to the customer as council can undertake the works in bulk and with reduced administrative overheads.

### **Governance**

- **Finance**

Under the proposed policy, Council will own and be responsible for the installation, operation, annual testing, maintenance and renewal of all testable backflow devices up to and including 32mm in size, with costs to be recovered from customers assessed as requiring the TBPD. That is, customers who are not assessed as requiring TBPD will not be cross-subsidising this fee.

The recovery of the capital cost of the TBPD will be spread over the useful life of the backflow device (estimated at ten years). It is proposed to calculate an annual TBPD fee which will appear as a charge on the customer's quarterly water account.



Cost recovery for the TBPD includes labour charges for installation, operation, repair and maintenance, annual testing, renewal and administration costs as applicable. CPI and/or other price fluctuations relating to the backflow charge are to be managed through adjustments to Council's fees and charges on an annual basis. The intention is to accumulate these funds in the Retail reserve over the 10-year timeframe in order to fund the future cyclical replacement of the devices.

An initial budget of \$1,250,000 is required to fund the implementation of the program which will cover the following:

- TBPD supply and installation costs of approximately \$975,000 (based on installation of 1755 backflow devices at \$555 each).
- Administration costs of \$100,000 (program management, in collaboration with the Smart Meter Program Manager), software solutions and backflow ID.
- Transfer costs of \$175,000 (transfer costs of existing TBPD to council – refer below)

Transfer costs: During the transition to Council-owned backflow devices, customers with an existing, operable and testable backflow device (approximately 350 customers), will have the option to 'transfer' their TBPD to Council. It is proposed to recognise a transfer cost, based on the depreciated value of the meter (based on a \$1,000 installation cost and 10-year service life), in good faith, to those customers currently compliant with Rous' existing policy. For budgeting purposes, it has been assumed that the average remaining useful life is 50% or \$500.

Funding source: As at 30 June 2021, the Retail Reserve has a balance of \$2.771M. Allocating \$1.250M to the backflow device program will impact the funds ability to maintain reserve scorecard objectives and will impact delivery of scheduled capital expenditure.

The recommended and preferred funding option is to 'borrow' the capital funds from the Bulk Water Fund. This would be repaid over the 10-year period at the existing interest rate (2.75%) as part of the backflow device fee.

Under this preferred option, the cashflow program is shown in the table below:

Cashflow Statement - Loan funded	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
Loan Funds Borrowed	825,000	425,000	0	0	0	0	0	0	0	0	1,250,000
Initial Cost of Backflow Devices	(825,000)	(425,000)	0	0	0	0	0	0	0	0	(1,250,000)
Operational Costs - Annual Testing	0	(115,830)	(175,500)	(175,500)	(175,500)	(175,500)	(175,500)	(175,500)	(175,500)	(175,500)	(1,519,830)
Operational Costs - Software Costs	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(200,000)
Loan Repayment Cost	(143,826)	(143,826)	(143,826)	(143,826)	(143,826)	(143,826)	(143,826)	(143,826)	(143,826)	(143,826)	(1,438,263)
Annual Charge to Customers	85,796	171,592	343,184	343,184	343,184	343,184	343,184	343,184	343,184	343,184	3,002,857
											0
	(78,030)	(108,065)	3,857	3,857	3,857	3,857	3,857	3,857	3,857	3,857	(155,237)

*Note: At year 10 there is a small deficit due to the impact of staged billing.*

Impact on water accounts: Assuming the funding source is loan funded from the Bulk Water Fund, initial modelling indicates a 10-year cycle cost of \$3.432M (adjusted for CPI) which equates to a total fee of \$1,955 per customer assessed as needing the backflow device over the 10-year period.

This calculates to an (average) annual fee amount of approximately \$196 (or \$49 per quarter). This equates to an increase of 110% on the existing annual facility charge of \$178.85 for a 20mm connection based on 2021/22 fees and charges.

Subject to Council's approval of this policy, the Long-Term Financial Plan (LTFP) will be updated to reflect these changes and to ensure the long-term financial sustainability of the Retail fund.

- **Legal**

The *Local Government Act 1993 (NSW)* (LG Act) establishes Council's powers in relation to its water supply function and its supporting regulation – the *Local Government (General) Regulation 2021* (LG Regulation) – sets out the requirements for the provision of water services and water supply works including compliance with the *Plumbing and Drainage Act 2011 (NSW)* and the Plumbing Code of Australia.

Compliance with the Plumbing Code of Australia is satisfied if work is undertaken in accordance with the Australian Standard/New Zealand Standard (AS/NZS) 3500. Relevantly, these provide that all properties with a connection to a water supply and a medium or high hazard rating must have installed appropriate, testable backflow prevention devices for containment purposes.

### **Consultation**

Public consultation was not undertaken on the proposed policy as legislative requirements prescribe the need for backflow prevention devices. That is, all properties with a connection to a public water supply that have a medium or high hazard rating must have installed appropriate, testable backflow prevention devices for containment purposes. Refer to Legal below.

As part of the implementation process, council staff will be writing to all impacted customers to advise them of this requirement prior to the installation of the backflow device.

Prior to the implementation of the new backflow charge, the charge will be included in the relevant years Fees and Charges Council report in April for public display prior to adoption in June.

### **Conclusion**

Council has a legislative responsibility and is accountable for the implementation and management of control measures that are appropriate and adequate for the protection of the public water supply. The adoption of the proposed Backflow Prevention Policy, coupled with an installation program based on land zoning for TBPD, will provide the framework to meet those objectives of providing safe drinking water to the community.

The installation and ongoing maintenance of TBPD by Council ensures 100% compliance with the legislation, reduced administrative burden and protection of the water supply from backflow hazards. Under the proposed policy, this is achieved at a significantly lower cost to the customer (compared to the current policy).

### Attachment

1. Proposed Backflow Prevention policy (for endorsement)
2. Current Backflow Prevention and Cross Connection Control policy (to be revoked)

# Policy

## Backflow prevention

Approved by Council: xx/xx/xxxx

To outline Council's commitment to appropriate levels of backflow prevention, cross-connection control in the protection of the Rous County Council water supply.

**Safety**

**Teamwork**

**Accountability**

**Respect**

### Background

Backflow presents a public health risk to potable water supplies by allowing pathogens, chemical contaminants or organic matter to enter the water supply network. This risk is exacerbated within Council's bulk water supply network due to several factors, such as:

- (a) Reliance on gravity to move water through Council's water supply network increases the likelihood of backflow occurring due to occasional differences in water pressure within a water main as compared to that within the Customer's private water pipeline; and
- (b) The prevalence of retail water service connections directly to Council's water main in areas used for rural, commercial or industrial purposes.

Council recognises strong preventative measures are required to lower the risk posed by backflow to acceptable levels and to preserve community confidence in the quality and safety of the water Council supplies for drinking.

### Purpose

This policy applies to all retail water service connections to Council's bulk water supply network without exception and will:

- A). Ensure compliance with the legislative and regulatory requirements of providing clean, safe, drinking water that protects public health for all customers.
- B). Ensure the methods for the prevention of contamination of the drinking water within the water network are known, implemented, and appropriate levels of backflow and cross connection prevention are applied for the protection of the water supply.
- C). Provide clear guidelines to assist Council staff in making determinations relating to protecting the potable water supply via backflow prevention.
- D). Provide clear information to members of the public, plumbers, and other stakeholders about the selection and installation of backflow prevention devices and Council's role in backflow prevention.

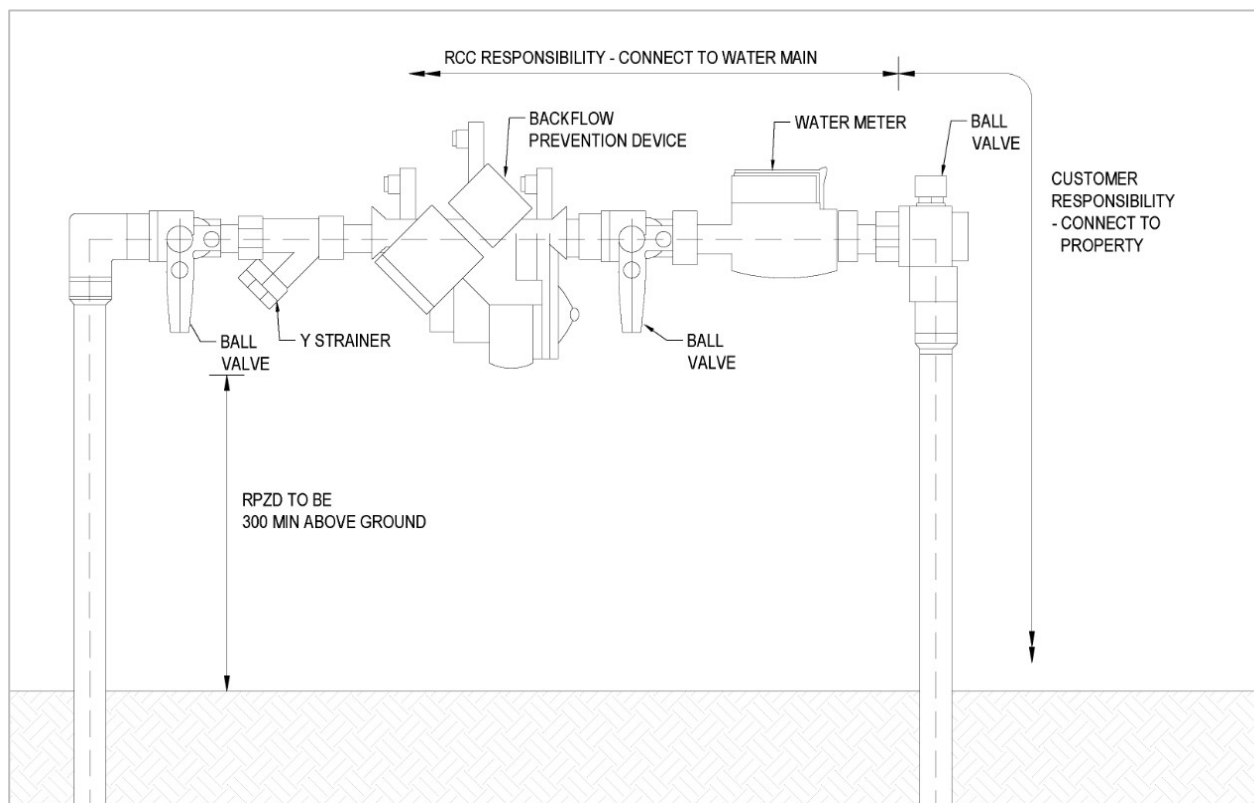
### Policy statement

Council adopts the multiple barrier approach as set out within the Australian Drinking Water Guidelines as best practice in the management of drinking water supplies.

The installation of a Backflow Prevention Device on all retail water service connections to Council's water supply network is a critical risk control and element of the multiple barrier approach.

## 1.0 Installation

- 1.1 Council will install and maintain a Backflow Prevention Device on all retail water service connections to its bulk water supply network. This will occur in accordance with the requirements of the applicable Plumbing Code of Australia, Australian Standards and such other legislation as may be relevant in the circumstances.
- 1.2 Backflow Prevention Devices will be owned by Council and installed as part of the meter assembly (low hazard installation) or before the water meter as depicted in *Figure 1* below for medium and high hazard installations:



**Figure 1 – Typical backflow installation**

## 2.0 Testable Backflow Prevention Device

- 2.1 Properties classified with a medium to high hazard rating must have a Testable Backflow Prevention Device installed at the retail water service connection point for containment purposes or alternative solution approved by Council, in accordance with Australian Standard 3500 Part 1: Plumbing and drainage Section 4. Testable Backflow Prevention Devices

## 3.0 Non-testable Backflow Prevention Device

- 3.1 Properties classified with a low hazard rating must have a non-testable Backflow Prevention Device (as a minimum). A non-testable Backflow Prevention Device is built into Council supplied water meters for 20mm and 25mm water meters.

## 4.0 Determining hazard rating

- 4.1 Land Zoned 'Rural (RU1 – RU6)', 'Commercial (B1 – B8)' or 'Industrial (IN1 – IN4 & SP1 – SP3)' are, for the purpose of this policy, classified as medium to high hazard properties for backflow and cross contamination. These zones have been classified as medium to high risk of cross contamination due to the potential of hazardous chemicals, onsite sewage management systems and livestock allowed on properties due to the land zoning and must have a Testable Backflow Prevention Device installed.

- 4.2 All other Land Zones will be assessed using site specific information. In the absence of any site-specific information, Council will assign a hazard rating to a property based on Council's assessment of the primary activities being undertaken on site. Council may ask customers to certify their hazard rating periodically. If the customer has more site-specific information and requests a review of the hazard rating, then Council will review the hazard and may determine that a different hazard rating is more appropriate and amend its records accordingly.

### **5.0 Annual testing**

- 5.1 Testable Backflow Prevention Devices will be tested annually by a Qualified Person engaged by Council.

### **6.0 Cost**

- 6.1 All costs of implementing the requirements of this policy are to be borne by customers requiring a Testable Backflow Prevention Device. This includes the cost of the Device, labour charges for installation, replacement, repairs, annual testing, ongoing maintenance and administration costs as applicable.
- 6.2 The recovery of the Testable Backflow Prevention Device costs will be spread over the lifetime of the device (typically ten years) and will appear as a charge (backflow charge) on the customer's quarterly water account. The backflow charge is calculated by summing all Testable Backflow Prevention Device costs over a 10-year period and evenly allocating those costs to the customer's quarterly water account. CPI and/or other price fluctuations relating to the backflow charge are to be managed through adjustments to Council's Fees and Charges policy on an annual basis.
- 6.3 During the transition to implementation of the revised Backflow Prevention policy and Council-owned backflow devices, customers with an existing, operable and testable backflow device, will have the option to 'transfer' their backflow device to Council. Devices that are 10 years or older will not be considered for 'transfer', as they have reached their serviceable life. If this option is taken, Council will apply a credit to the customer's water bill based on the depreciated value (assuming a 10-year life) of the backflow device installed. Following application of the credit, the backflow device will become the property of Council.

### **7.0 Council responsibilities**

- 7.1 Council will install, maintain, service, test, repair and renew Testable Backflow Prevention Device as required up to and including 32mm in size. Larger devices will be managed under a separate agreement between Council and the customer.
- 7.2 Council staff will maintain a backflow register and keep records of all property backflow hazard ratings, registration of backflow devices and annual test results.
- 7.3 Council staff will provide information to customers regarding backflow, cross connections and backflow prevention from time-to-time and upon request.

## Definitions

**Australian Standards** means:

**AS/NZS 3500:1**, namely the current version of the Australian Standard/New Zealand Standard for Plumbing and Drainage. AS/NZS 3500:1 refers to Part 1 (Water Services) of this standard.

**AS/NZS 2845:1**, namely the current version of the Australian Standard/New Zealand Standard for Water Supply. AS/NZS 2845:1 refers to Part 1 (Backflow Prevention Devices) of this standard.

**Backflow** means the unintended reversal of flow in a water pipeline whereby water that has already passed beyond the meter assembly into the customer's pipeline system returns to the Council's water supply.

**Backflow Prevention Device** means a mechanical device that will prevent the reverse flow of water from a potentially polluted source into a potable water supply system.

**Council** means Rous County Council, being the organisation responsible for the supply of bulk drinking water to the Ballina, Byron, Lismore and Richmond Valley local government areas.

**Customer** means the owner of the property that has a direct retail water service connection with Council.

**Cross-connection** means any connection or arrangement between the potable water supply system connected to water main or any fixture, which may under certain conditions enable water unsuitable for drinking or other substances to enter the potable water supply.

**Hazard Ratings** (as defined in AS/NZS 3500:1) means:

- High Hazard – any condition, device or practice which in connection with the water supply system has the potential to cause death.
- Medium Hazard – any condition, device or practice which in connection with the water supply system could endanger death.
- Low Hazard – any condition, device or practice that in connection with the drinking water supply system constitutes a nuisance but does not endanger health or cause injury.

**Land Zone** means the land zone classification as determined by Ballina, Byron, Lismore and Richmond Valley councils and their relevant Local Environmental Plans, as determined by the NSW State Government.

**Testable Backflow Prevention Device (TBPD)** means any backflow device that is provided with test taps for the purpose of testing its operation, and a registered break tank; or a registered air gap.

**Plumbing Code of Australia** means the technical provisions for the design, construction, installation, replacement, repair, alteration and maintenance of water services, sanitary, plumbing and drainage systems.

**Potable water** means drinking quality water.

**Retail water service connection(s)** means all water connections to Council's bulk water supply network other than connections to another local council.

**Qualified Person** means a licensed plumber who has undertaken accredited backflow training from a registered training organisation in accordance with the *Plumbing and Drainage Act 2011 (NSW)*.

**Contact officer**

Group Manager Operations

**Related documents****Policies**

Risk Management

Land Management

**Procedures***Backflow prevention and cross connection control procedure.***Legislation***Local Government Act 1993 (NSW)**Public Health Act 2010 (NSW)**Water Management Act 2000 (NSW)**Plumbing and Drainage Act 2011 (NSW)***Other***Things You Need to Know - terms and conditions for connection**Rous County Council's Drinking Water Quality Management System**Australia Drinking Water Guidelines**Plumbing Code of Australia (Volume 3 of the National Construction Code)**AS/NZS 3500:1 Plumbing and Drainage Part 1: Water Services**AS/NZS 2845:1 Water Supply – Backflow Prevention Devices.*

<i>Office use only</i>	File no.: XXX	Next review date: [2 years]	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0	Policy: Backflow prevention and cross connection control	20 March 2013	24/13
2.0	Policy: Backflow prevention		

<b>Rous Water</b>			
<b>POLICY</b>	Backflow Prevention and Cross Connection Control		
<b>OVERVIEW</b>	To outline Council's commitment to appropriate levels of backflow prevention, cross-connection control in the protection of Rous Water's Water Supply.		
<b>AUTHORISED COUNCIL</b>	ROUS	RRCC	FNCW
	20/03/2013	N/A	N/A
<b>REVIEW DATE</b>	2 years		
<b>FILE</b>	172		

**Purpose**

This policy deals with the prevention of backflow of water from customers properties back into Rous Water's potable water distribution and reticulation systems.

**Definitions****Backflow**

Backflow is the unintended reversal of flow in a water pipeline whereby water that has already passed beyond the meter assembly into the customer's pipeline system returns to the Council's water supply.

**Cross-Connection**

Cross-Connection is a direct or indirect physical connection of a potable water supply to a line that is non-potable e.g., town water supply to a non-potable bore.

**Hazard Ratings**High Hazard

Any condition, device or practice within the water supply system and its operation, which has the potential to cause death.

Medium Hazard

Any condition, device or practice within the water supply system and its operation, which could endanger health.

Low Hazard

Any condition, device or practice within the water supply system and its operation, which would constitute a nuisance but not endanger health.

**Testable Device**

Any backflow Prevention Device that is provided with test taps for the purpose of testing its operation, and a registered break tank; or a registered air gap.

**Qualified Person**

A licensed plumber who has undertaken accredited backflow training from a registered training organisation.



## **Objective**

The objective of this Policy is to:

1. Provide clear guidelines to assist Council staff in making determinations relating to protecting the potable water supply via backflow prevention.
2. Provide information to members of the public, plumbers and other stakeholders about the selection and installation of backflow prevention devices and the Council's role in backflow prevention.
3. Ensure that non-complying properties are brought into line with the requirements of this Council Policy, Plumbing Code of Australia and the Australian Standard AS 3500 Part 1.
4. Maintain backflow records/register.
5. Ensure containment devices are provided and that these devices are equal to or greater than the downstream hazard.
6. Ensure annual testing is carried out by a qualified person and is added to the Council backflow register.
7. Investigate non-compliance and ensure enforcement of this policy.

## **POLICY**

Rous Water as the supplier of potable water to the public must ensure that it meets its obligations under the Australia Drinking Water Guidelines and Rous Water's Drinking Water Management Plan to provide safe drinking water to the constituent Councils and Rous Water's retail customers. Rous Water ensures this by protecting the systems from contamination or pollution. With this in mind Rous Water is undertaking to make all new and existing water connections compliant with the Local Government Act 1993, Plumbing Code of Australia and Australian Standards.

Rous Water ensures the implementation of this policy by installing non-testable rated backflow prevention devices on all low hazard water services and requiring the customer to install, test and maintain an appropriate backflow device on all medium and high hazard water services.

### Council Responsibilities

Council will operate a system of compliance to ensure that customers comply with this Policy.

In the absence of any site specific information, Council will assign a hazard rating to a property based on Council's assessment of the primary activities being undertaken on site. Council may update the rating from time to time. If the customer has more site specific information and requests a review of the hazard rating then Council will review the hazard and may determine that a different hazard rating is more appropriate, and amend its records accordingly.

Council will keep records of all properties backflow hazard rating. Council may ask customers to certify their hazard rating periodically. Council may require that this certification be carried out from time to time by Qualified Personnel.

Council will keep records and ensure that minimum requirements for Testable Devices are carried out. These are:

1. All testable backflow devices must be registered with Council and tested on installation.
2. All testable devices must be tested on an annual basis and testing is to be carried out by a Qualified Person.
3. Council will advise customers of the date when the device must be tested by with test results forwarded to Council within 10 working days of testing the backflow prevention device.

### Customer Responsibilities

The customer is responsible for installation of the appropriate backflow prevention devices including containment protection, on their property that has a high or medium hazard rating. The customer must engage a Qualified Person to install the backflow device. In the case of existing water services the customer must provide certification of the backflow device by a Qualified Person to Council in a timeframe agreed by Council. In the case of a new water service the customer must provide certification of the backflow device by a Qualified Person prior to Council making water available at the service.

The customer is responsible for the ongoing maintenance and certification of the backflow device. Upon advice from Council of the need to do so, the customer must submit certification of the satisfactory operation of the backflow device to Council within 30 days of the issue of the advice. Where the customer fails to provide the certification by the due date, Council may do one or more of the following:

1. test and certify the device and charge a fee to the customer.
2. issue reminder notice(s) to the customer and charge a fee to the customer.
3. disconnect the water service if Council believes that the hazard presented by the activities on the property presents an unacceptable risk to the water supply and charge a fee for the disconnection/reconnection.

### **PROCEDURES**

Backflow and Cross Connection Prevention Procedure.

### **LEGISLATION**

*Local Government Act 1993 (NSW).*

*Plumbing and Drainage Act 2011 (NSW).*

### **RELATED DOCUMENTS**

This policy should be read in conjunction with the Council's terms and conditions for connection.

### **CONTACT OFFICER**

Distribution System Assets Manager.

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## Work Health and Safety policy (revised)

*Responsible Officer: Group Manager People & Performance (Helen McNeil)*

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### Recommendation

That Council:

1. Revoke the Work Health and Safety policy dated 20 February 2019 and any policies revoked as a result of that revocation; and
2. Adopt the revised Work Health and Safety policy attached to this report.

### Background

The Work Health and Safety ('WHS') Policy forms part of Council's WHS Management System ('WHSMS') and sets out the basic responsibilities and steps required to maintain a safe workplace under the current *Work Health and Safety Act 2011 (NSW)* and the *Work Health and Safety Regulation 2017 (NSW)* ('WHS Legislation').

#### • Revised policy

In 2019 the Australian Standard AS/NZS 4801 for Occupational Health and Safety Management Systems was superseded by the ISO 45001 standard (new standard). A transition period to 12 September 2021 for the implementation of the new standard was nominated by the Joint Accreditation System of Australia and New Zealand (JAS-ANZ).

The introduction of this new standard necessitated a review of Council's WHSMS. That review was undertaken in June 2021 and included the review of the WHS Policy.

The core of the revised WHS policy remains the same with a greater emphasis on the following commitments in order to align with the new standard:

- providing a framework for setting objectives,
- providing a safe and healthy workplace for the prevention of physical and mental work-related injury and / or ill health,
- eliminating hazards and reducing risks,
- continual improvement,
- consultation, and
- healthy workplaces.

The WHSMS currently utilised by Council complements the revised WHS Policy by providing further detail on the steps to maintaining a safe workplace and detail of the responsibilities of Council staff.

### ISO 45001

A summary of the main changes between AS/NZS 4801 and ISO 45001 are outlined below:

#### • Changes in responsibilities

Responsibilities previously ascribed to management are now the responsibility of senior managers i.e. promoting continual improvement and developing, leading and promoting a culture in the organisation that supports the intended outcome of the management system.

- **Additional policy commitments**

Health and Safety policies are to include commitments such as, but not limited to, the following:

- a commitment to providing safe and healthy working conditions for the prevention of work-related injury and ill health,
- a commitment to eliminating hazards and reducing work, health and safety risks, and
- a commitment to consultation and participation of workers.

- **Approach to risk**

The new standard has a more risk-based focus, for example:

- Requirement to look at
  - The risks that change can bring and assess how such risks are controlled, and
  - The risk of the system not performing effectively in achieving the organisation's health and safety objectives.
- The methodology for controlling hazards ('Hierarchy of Controls') is now a requirement rather than mere guidance.
- Psychosocial hazards
  - Requirements for the identification of hazards and associated considerations has been expanded. Of note, the requirement to take into account "how work is organised, social factors (including workload, work hours, victimisation, harassment and bullying), leadership and the culture of the organisation" when identifying hazards.
- Ensure that there are documented procedures for topics such as hazard management and training.

### **Governance**

In 2020 Council's Internal Audit Partner (Grant Thornton) recommended that Council ensure the requirements of ISO 45001 be integrated into business processes given the alignment of the new standard with the existing WHS Legislation. The review of Council's WHSMS and WHS policy are expected to contribute to the completion of this internal audit recommendation.

- **Finance**

Each year, WHS is allocated a recurring budget, that is utilised for existing proactive strategies. Any potential new or arising issues requiring funding, will be identified through the annual budgeting process.

- **Environment**

This revision has occurred prior to the completion of the Council restructure. At the next policy review, an environmental component will be incorporated into the policy in line with the new health safety and environment stream currently being adopted by Council.

### **Comment**

The adoption of the revised Work Health and Safety policy will result in greater alignment of Council's policy position with the Standards.

The WHS policy is important because it establishes the arrangements for protecting the health and safety of workers. The WHS policy demonstrates to management, supervisors and workers that there is a commitment to ensuring high standards of health and safety. On approval, the policy will be replaced at all displays within Council and staff educated in the changes accordingly at their various team meetings.

**Consultation**

The revised WHS Policy was developed in consultation with the Health and Safety Committee and its representative's respective teams.

**Conclusion**

It is recommended that Council adopt the revised Work Health and Safety policy as attached to this report.

Attachments

1. Work Health and Safety policy (for adoption)
2. Work Health and Safety policy (for revocation)



# Policy

## Work Health and Safety

Approved by Council:

To establish Council's expectations and commitment to worker and workplace health and safety.

Safety

Teamwork

Accountability

Respect

### Background

The primary duty of Council under WHS Legislation is the protection of the health and safety of its workers and to avoid putting the health and safety of other people at risk through Council's actions or omissions.

Council staff, Councillors and visitors to Council's workplaces similarly have duties under the WHS Legislation to protect their own and others health and safety.

### Policy statement

Council is committed to the prevention of both mental and physical work-related injuries through the provision of safe and healthy work environments, facilities, equipment and systems aligned with relevant Australian and international standards and legislative requirements.

Council will achieve this by implementing proactive strategies aimed at:

- A. **Culture** - promoting and maintaining a safety-first workplace culture where we take care of each other and provide a work environment where safety is prioritised.
- B. **Resources and processes** - ensuring appropriate resources are allocated and processes are followed, including the hierarchy of control methodology, to eliminate or minimise risks to safety, especially for higher risk activities.
- C. **Targets** - establishing measurable health and safety objectives and targets and regularly reviewing and reporting on our performance.
- D. **Standards** - fulfilling all legal requirements and meeting the AS/NZS ISO 45001 standard for safety.
- E. **Continuous Improvement** - continuously improving our WHS Management System, including a formal review of the management system and this policy every two years.
- F. **Information and activities** - providing information, wellbeing programs and regular training for our workers and consulting with them and other stakeholders regarding health, safety, and wellbeing activities at work.
- G. **Early intervention** - encouraging effective early intervention practices (hazard reporting, PERforM (manual handling program), and employee assistance programs, for example) to better identify risk and minimise the impact on the physical and mental health of our workers.
- H. **Remedial action** - ensuring there are effective processes in place to record, investigate and carry out remedial actions to prevent a recurrence should an incident occur.
- I. **Induction** - ensuring workers understand their general responsibilities for work health and safety and the specific responsibilities for safety relating to their job descriptions.
- J. **Return to Work programs** - actively promoting return to work programs for injured workers

## Responsibilities

- *Leadership Team*
  - Promote a safety culture that is inclusive, supportive, and free from harassment, discrimination and bullying.
- *Workers and Councillors*
  - Take reasonable care of their own safety and others.
  - Contribute to building and maintaining a physically and mentally healthy work environment by caring for one another and always putting safety first.
  - Engage in meaningful, respectful, and open consultation about health and safety matters to achieve Council's strategic outcomes.
  - Consult on and cooperate with health and safety investigations, activities and objectives.

## Definitions

- **Council** means Rous County Council.
- **WHS Legislation** means the *Work Health Safety Act 2011 (NSW)* and the *Work Health Safety Regulation 2017 (NSW)* as amended from time to time.
- **WHS Management System** means the set of plans, policies, procedures and programs utilised by Council to systematically manage health and safety.
- **Worker(s)** has the meaning prescribed under the WHS Legislation and includes Council staff, contractors, volunteers and trainees.

## Contact officer

General Manager.

## Related documents

### Policies

N/A

### Procedures

Work Health and Safety procedures  
Health and Wellbeing procedure

### Legislation

*Local Government Act 1993 (NSW)*  
*Work Health and Safety Act 2011 (NSW)*  
*Work Health and Safety Regulation 2017 (NSW)*  
*Work Health and Safety Act 2011 (Cth)*  
*Work Health and Safety Regulation 2011 (Cth)*

### Other

WHS Management System  
Safe Work Method Statements  
*AS/NZS ISO 45001 - Occupational health and safety management systems*

<i>Office use only</i>	File no.:	Next review date: [2 years]	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0	To establish Council's expectations and commitment to worker and workplace health and safety.	20/02/2019	7/19
2.0	DRAFT	DRAFT	DRAFT

# Policy

## Work health and safety

Approved by Council: 20/02/2019

To establish Council's expectations and commitment to worker and workplace health and safety.

**Safety**

**Teamwork**

**Accountability**

**Respect**

### Background

The Councillors and General Manager recognise and take seriously the need to ensure that the workplace is a healthy and safe environment for all workers and other persons. Workers have the right to expect that Council will keep them safe at work so that they can return home safe each day.

### Policy statement

Council, as a Person Conducting a Business or Undertaking<sup>1</sup> commits to its workers and other persons that all decisions made will place the highest priority on achieving worker and workplace health and safety.

Council will do this by ensuring:

1. Compliance with relevant legislation, including the *Work Health and Safety Act 2011* and supporting regulations.
2. The implementation of the Work Health and Safety Management System (WHS Management System), and the plans, policies, procedures and programs necessary to support and implement this policy.

Council accepts responsibility for implementing and maintaining this policy and the WHS Management System. Therefore, so far as is reasonably practicable Council will make every effort to ensure:

1. There are established measurable safety performance objectives and targets and that they are reviewed to continually improve work health and safety performance, including regular workplace inspections and the prompt control of identified hazards.
2. Workers are trained on all health and safety matters relevant to their work.
3. Other workers (e.g. contractors) are fully aware of the hazards associated with their work, and implement appropriate hazard control measures.

<sup>1</sup> In the *Work Health and Safety Act 2011*, it states:

"(5) **Meaning of person conducting a business or undertaking**

...

(5) *An elected member of a local authority does not in that capacity conduct a business or undertaking."*

*In addition, it has been established that Council is the 'person conducting a business or undertaking' with respect to Rous County Council.*



4. All managers, supervisors, workers, contractors and other persons are inducted about the requirements of the WHS Management System and are accountable for carrying out their roles and responsibilities as defined in that system.
5. Adequate resources are provided to enable full implementation of this policy and the WHS Management System.
6. Effective worker and contractor consultation on work health and safety matters include the two-way communication of relevant information, toolbox meetings, reporting and feedback.
7. Effective systems are in place for monitoring the health of workers and workplace conditions i.e. health monitoring, drug and alcohol testing and workplace surveillance.
8. Support mechanisms are in place to assist workers to maintain or improve their psychological and physical health.
9. Return to work programs for injured workers are actively promoted.
10. This policy and the WHS Management System is reviewed every two years to ensure they remain relevant and appropriate.

All workers are required to comply with this policy and the WHS Management System.

Workers must cooperate with Council regarding actions taken to maintain work health and safety. In addition, workers shall take reasonable care of their own safety and not adversely affect the safety of others in the workplace.

This policy is to be posted throughout work sites.

**Contact officer**  
General Manager.

#### Related documents

**Policies** N/A

**Procedures**

Work Health and Safety procedures  
Health and Wellbeing procedure

**Legislation**

*Local Government Act 1993*  
*Work Health and Safety Act 2011*  
*Work Health and Safety Regulation 2011*

**Other**

Work Health and Safety Management System  
Safe Work Method Statements  
Contractor Insurance Management System

<i>Office use only</i>	File no.: 172/13	Next review date: [2 years]	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0	To establish Council's expectations and commitment to worker and workplace health and safety.	20/02/2019	7/19

## Cyber Security Policy

Responsible Officer: Group Manager Corporate & Commercial (Guy Bezrouchko)

### Recommendation

That Council:

1. Revoke the Records Management policy dated 18 June 2014, and any policy revised as a result of that revocation; and
2. Adopt the draft Cyber Security policy attached to this report.

### Background

The Audit Office of NSW issued a Final Management Letter for the Year Ended 30 June 2019 which noted that:

- Council does not have a specific cyber-security framework, including formal policies and procedures covering the identification, protection, detection, response and recovery of information systems.
- Lack of a formal cyber security framework / policy increases the risk that Council is less prepared to identify and respond to cyber incidents in the most effective way.

The attached proposed Cyber Security policy has been formulated to address these issues.

#### 1. Proposed Cyber Security policy

The proposed Cyber Security policy has been developed to:

- (a) provide a set of security controls to regulate the use, passage, and storage of cyber within Council in addition to applicable Legislative requirements
- (b) help protect Council and to minimise the risk that might result from inappropriate use of Council cyber.
- (c) establish a consistent policy position for cyber security
- (d) have a current cyber incident response plan that integrates with the Council incident management process
- (e) develop a cyber security strategy, architecture, and risk management process and incorporate these into the agency's current risk framework and processes.

#### 2. Policy for revocation and ancillary procedures

The following table identifies the policy to be fully or partially consolidated into the proposed Cyber Security policy or incorporated into a procedure:

Policy	Justification for revocation
'Records Management' policy dated 18 June 2014	Fully incorporated into the proposed 'Cyber Security' policy and accompanying procedures. *

\* A number of procedures will be developed and will be approved by the General Manager and Leadership Team post adoption of this policy

### Governance

The proposed policy has been informed by Cyber Security NSW cyber security policies / frameworks. Those documents have been developed for state government agencies and the policy in particular notes: *"This policy is not mandatory for state owned corporations, however it is recommended for adoption in state owned corporations, as well as local councils and universities"*.

**Consultation**

A consultation exercise was undertaken between subject matter experts within Council and external industry consultants in the development of the proposed Cyber Security policy.

**Conclusion**

Relevant content contained in the policy put forward for revocation has been captured within the proposed Cyber Security policy, procedures and/or standard operating procedures as appropriate. This has been done in consultation with relevant Records staff.

The proposed Cyber Security policy is submitted to Council for adoption.

Attachments

1. Cyber Security policy (for adoption)
2. Records Management policy dated 18 June 2014 (for revocation)

# Policy



## Cyber Security

Approved by Council: xx/xx/xxxx

To set out the mandatory requirements for management of cyber security risks to information and systems.

Safety

Teamwork

Accountability

Respect

### Policy statement

To ensure Council's Information and Communication Technology ('ICT') systems are fit-for-the-future, Council has adopted a hybrid operating model known as a 'cloud first' strategy. This strategy will reduce the risks associated with on-premise systems and better promote achievement of Council's business objectives.

A robust and mature cyber security program is critical to the achievement of Council's business objectives. Council's cyber security program consists of a number of mandatory requirements and has been informed by and is modelled on the NSW Government Cyber Security Policy which is recommended as a foundation of strong practice for local councils.

This policy applies to all systems, people and processes that constitute the Council's information systems including, but not limited to, councillors, employees, ICT service providers, contractors, and all other parties with access to Council's ICT systems

### Mandatory requirement 1

#### LEAD

*By implementing cyber security planning and governance.*

- 1.1 Adopt and maintain an Information Security Incident and Data Breach Response Plan that integrates with Council's Business Continuity Plan.
- 1.2 Develop and implement Security Procedures that support the objectives of this Policy; to be reviewed annually.
- 1.3 Develop and maintain an ICT Risk Register which will include cyber security risks.
- 1.4 Ensure cyber security minimum requirements are documented and built into procurement governance including requirements for bespoke ICT systems and assets.
- 1.5 Require third party ICT service providers, as a condition of engagement, to adhere to requirements for, among other things, the reporting and investigation of any suspected or actual security incident.
- 1.6 Consider cyber security threats when performing risk assessments and include 'high' and 'extreme' risks in Council's overall risk management framework.

**Mandatory requirement 2****PREPARE***By promoting organisation wide cyber security culture and accountability.*

- 2.1 Implement regular cyber security education for all employees and contractors, including roles and responsibilities outlined in this Policy, and expectations on reporting of cyber security risks.
- 2.2 Ensure that third party ICT service providers understand and implement Council's cyber security requirements as a condition of contract.
- 2.3 Foster a culture where cyber security risk management is an important and valued aspect of decision-making and where cyber security risk management processes are understood and applied.
- 2.4 Ensure approval and screening processes are appropriate and consistently used to govern and regulate access to Council systems and information using the principle 'minimum access required to do the job'. This includes the timely removal of access when no longer required or when employment is terminated.
- 2.5 Share information on security threats and intelligence with Cyber Security NSW and cooperate across NSW Government to enable management of government-wide cyber risk.

**Mandatory requirement 3****PREVENT***By safeguarding information and systems.*

- 3.1 Ensure all devices, ICT systems and physical assets are secured in accordance with the Security Procedures.
- 3.2 Undertake the design, development, deployment, and maintenance of new ICT systems, or enhancements to existing ICT systems or decommissioning of ICT systems, in accordance with the Security Procedures and in consultation with the ICT Manager.
- 3.3 Ensure all new ICT systems, or enhancements to existing ICT systems, comply with national standards and any relevant international standards where appropriate.
- 3.4 Implement Security Incident Management Response Procedures.
- 3.5 Ensure ICT systems have the capability to produce an audit trail and activity logging to enable the assessment of the integrity of data and fraud detection.

**Mandatory requirement 4****DETECT, RESPOND,  
RECOVER***By improving business resilience and the ability to rapidly detect and respond to Cyber Incidents or Cyber Crisis.*

- 4.1 Test the Cyber Incident Response Plan annually and report results to the Leadership Team and other relevant stakeholders, as required.
- 4.2 Deploy monitoring processes and tools to allow for adequate incident identification and response.
- 4.3 Report confirmed Cyber Incidents or Cyber Crisis to Cyber Security NSW.
- 4.4 Evaluate effectiveness of Cyber Incident Response Plan following a Cyber Incident or Cyber Crisis and identify and implement improvements.
- 4.5 Maintain a register of Cyber Incidents and Cyber Crisis to allow identification of patterns and trends and high-risk areas that need targeted risk treatment.

### Mandatory requirement 5

#### REPORT

*By reporting against the requirements outlined in the Policy and other cyber security measures for the previous financial year.*

- 5.1 Provide status updates on control measures implemented for any cyber security risks classified as 'moderate', 'high', 'extreme' to each meeting of Council's Audit, Risk and Improvement Committee.
- 5.2 Report suspected or actual Cyber Incident or Cyber Crisis to the first ARIC meeting following the breach or after becoming aware of the suspected breach.
- 5.3 Provide statistical reporting on Cyber Incidents or Cyber Crisis concerning Council to the ARIC annually.
- 5.4 Provide reporting to the Leadership Team and ARIC (as required) regarding non-conformance with this Policy and Security Procedures.

### 1. Roles and responsibilities

- **Council staff, Councillors, contractors/consultants, and service providers** are responsible for:
  - Managing the risk associated with ICT systems and information and ensuring compliance with Policies, standards, procedures, and guidelines.
  - Reporting non-conformance with this Policy and/or suspected or actual Cyber Incidents or Cyber Crisis immediately to the ICT Manager.
- **Audit Risk and Improvement Committee** is responsible for overseeing and advising the General Manager and the Governing Body of:
  - appropriateness and/or effectiveness of internal controls, processes and procedures for the risk Council faces in relation to cyber security.
  - Compliance, or otherwise, of stakeholders with Council's policy and procedures for managing cyber security risk including reporting requirements.
  - Trends or patterns evidenced in the occurrence(s) of Cyber Incidents or Cyber Crisis.

- **ICT Manager** is responsible for:
  - Overseeing the implementation, adherence to and review of this Policy.
  - Defining and implementing an Information Security Incident and Data Breach Response Plan.
  - Developing a cyber security strategy, architecture, and risk management process and incorporating these, with the assistance of the Enterprise Risk Coordinator, into Council's current risk management framework and processes.
  - Assessing and providing recommendations on any exemptions to this Policy and Security Procedures.
  - Attending ARIC meetings to assist in meeting reporting requirements, as required.
  - Taking the lead in investigating, responding to and reporting on suspected or actual Cyber Incidents and Cyber Crisis.
  - Reporting Cyber Incidents and Cyber Crisis to Cyber Security NSW and the ARIC.
  - Representing Council on whole-of-government collaboration, advisory or steering groups established by Cyber Security NSW.
  - Establishing training and awareness programs to increase employee cyber security capability.
  - Maintaining the register of Cyber Incidents or Cyber Crisis'.
- **Enterprise Risk Coordinator** is responsible for:
  - Assisting the ICT Manager in analysing cyber security risks
  - Ensuring the effectiveness of cyber security controls are reviewed as part of a Council wide program.

## 2. Definitions

**ARIC** - Audit, Risk and Improvement Committee.

**Cyber Incident** - moderate or higher impact to services, information, assets, reputation or relationships. Public visibility of impacts through service degradation or public disclosure of information/systems breaches, with economic impacts.

**Cyber Crisis** - major disruption to services and operations, with genuine risks to critical infrastructure and services, with risks to the safety of citizens and businesses. Intense media interest, large demands on resources and critical services.

**ICT** - Information and Communications Technology, includes software, hardware, network, infrastructure, devices and systems that enable the digital use and management of information and the interaction between people in a digital environment.

**Security Procedures** - Council's internal cyber security procedures including both functional and assurance requirements within a product, system, process, or technology environment.

### Contact officer

ICT Manager.

## Related documents

### Policies

Code of Conduct  
 Privacy management policy  
 Risk Management Policy

### Procedures

A number of procedures will be developed and will be approved by the General Manager and Leadership Team post adoption of this policy

### Legislation

*Privacy and Personal Information Protection Act 1998 (NSW)*  
*Health Records and Information Privacy Act 2002 (NSW)*  
*Government Information (Public Access) Act 2009 (NSW)*  
*State Records Act 1998 (NSW)*

### Other

Australian Cyber Security Centre (ACSC) Essential 8:  
<https://www.cyber.gov.au/publications/essential-eight-explained>

NSW Government Digital – ‘Mandatory 25’ Requirements for Cyber Security:  
<https://www.digital.nsw.gov.au/policy/cyber-security-policy/mandatory-requirements>

<b>Office use only</b>	CM: D20/2822	Next review date: Annual	
Version	Purpose and description	Date adopted by Council	Resolution no.
0.1	Initial draft 14/09/2020		
0.2	Draft reviewed 27/01/2021		
0.3	Final review 30/08/2021		



**(Policy to be revoked)**

<b>POLICY</b>	Records Management		
<b>OVERVIEW</b>	To provide a framework that outlines responsibilities for the management and handling of records.		
<b>AUTHORISED BY COUNCIL</b>	ROUS	RRCC	FNCW
	18/06/2014	25/06/2014	24/06/2014
<b>REVIEW DATE</b>	30/06/2015		
<b>FILE</b>	172	843	1294

**BACKGROUND**

The purpose of this policy is to ensure that full and accurate records of all activities and decisions of Council are gathered, created, managed and retained or disposed of appropriately and in accordance with legislative requirements. This policy is designed to support Council to effectively and efficiently manage its records thereby enhancing and improving business operations, transparency and accountability. This Policy applies to all records in all formats, including electronic records and is in line with government policy on managing information as an asset.

**POLICY****Definition**

**gathering information** refers to the manner in which Council collects information through documents, databases other information sources and during the investigation of incidents.

**Objectives of records management at Council**

Council's records management program is a planned, co-ordinated set of policies, procedures, people, systems and activities designed to ensure:

1. Appropriate records exist to support and facilitate Council operations and customer service.
2. Records are managed efficiently and can be easily accessed and used.
3. Records are stored as cost-effectively as possible and when no longer required they are disposed of in a timely, efficient and secure manner.
4. Records of long term value are identified and protected for historical and other research purposes.
5. Council is compliant with its legislative obligations and records management practices including the NSW Government's objectives for recordkeeping.
6. Technology dependant records are maintained in an authentic and accessible form for as long as they are required.
7. The rights and interests of Council, its customers and the public are protected.
8. Evidence of actions and decisions and precedents for future decision making are documented.
9. Records are stored in a format which are admissible to a court of law as evidence.
10. Customer services are delivered in an efficient, fair and equitable manner.

**Elements of Council's records management program**

- Creation and capture  
Records (both electronic and paper forms) are kept of decisions and actions made in the course of official Council business. Council's records information management system is used to register records.

Secretarial use only		V. 1.0: 25/06/2014
Rous	RRCC	FNCW
Authorised Council: 18/06/2014	Authorised Council: 25/06/2014	Authorised Council: 24/06/2014

- Storage and Security

Hardcopy records currently in use are securely stored in designated storage areas with access restrictions as appropriate for the file classification. Rarely used records or records no longer in use but still required to be retained are securely stored in a designated archive storage area.

Electronic records are stored in a safe and secure manner as outlined in the *State Records Act 1998*, the *Privacy and Personal Information Protection Act 1998* and the *State Records Normal Administrative Practice* ('NAP'). Council ensures that electronic records are backed-up as per operational requirements.

- Maintenance and monitoring

The location of each record is recorded and updated at every movement of the record. This ensures that records, as assets, can be accounted for in the same way that the other assets of Council are.

Historical data is migrated into new systems within the means of Council.

- Disposal

Council's records are covered under the *State Records Authority of NSW General Retention and Disposal Authority for Local Government*. No Council records are to be disposed of unless in accordance with this retention and disposal authority or the NAP provisions of the *State Records Act 1998*.

- Access

Records must be available to all authorised staff that require access to them for legitimate Council purposes.

Access to Council records by members of the public, including requests under the *Government Information (Public Access) Act 2009*, are handled in accordance with Council Procedure or as otherwise required by law.

### **Contractors and outsourced functions**

Records created by contractors performing work for or on behalf of Council belong to Council, and are covered under the *State Records Act 1998*. This includes the records of contract staff working on the premises as well as external service providers. Contractors are to manage records that they create on behalf of Council according to the terms of their contract.

### **Responsibilities**

Records management is a responsibility of every person within Council including the General Manager and Councillors. Managers and supervisors are responsible for ensuring effective records management within their respective areas of responsibility. All Council employees must:

- Create full and accurate records of Council activities, including records of all decisions and actions made in the course of official duties.
- Ensure that all records are provided to the Records Officer so that they can be captured into Council's recordkeeping systems.

In conjunction with the responsibilities outlined above, the IT Manager will be responsible for the:

- Back-up of server data; and
- Security of server, server data and back-ups thereof.

Secretarial use only		V. 1.0: 25/06/2014
Rous	RRCC	FNCW
Authorised Council: 18/06/2014	Authorised Council: 25/06/2014	Authorised Council: 24/06/2014

**RELATED POLICIES**

Information Communication Technology policy.

**RELATED PROCEDURES**

Tenders Procedure.

Gathering Information for Incident Management Procedure.

**LEGISLATION**

*Copyright Act 1968 (Cth)*

*Evidence Act 1995*

*Government Information (Public Access) Act 2009*

*Health Records and Information Privacy Act 2002*

*Local Government Act 1993*

*Privacy and Personal Information Protection Act 1998*

*State Records Act 1998* – including standards and retention and disposal authorities issued under the Act

**RELATED DOCUMENTS**

Australian Standard, AS ISO 15489-2002, Records management.

Code of Conduct.

NSW Governments Recordkeeping Manual Guideline 8 – Normal Administrative Practice

Premier’s Memoranda and Circulars, including C2003-17 and M2007-08.

Rous Water’s Records Disaster Plan.

**CONTACT OFFICER**

Manager Governance

Records Officer

IT Manager.

Secretarial use only		V. 1.0: 25/06/2014
Rous	RRCC	FNCW
Authorised Council: 18/06/2014	Authorised Council: 25/06/2014	Authorised Council: 24/06/2014

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## Human Resources - Employment Conditions policy (revised)

Responsible Officer: Group Manager People & Performance (Helen McNeil)

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### Recommendation

That Council:

1. Revoke the existing 'Human Resources - Employment Conditions' policy dated 21 August 2019 and any policies revived as a result of that revocation.
2. Adopt the attached revised 'Human Resources - Employment Conditions' policy.

### Background

The impact of the coronavirus throughout 2020 and 2021 has created significant challenges for organisations throughout the world. Government restrictions introduced to minimise the spread of the virus meant that working from home (WFH) arrangements were implemented rapidly.

In Australia, the right to request Flexible Work Arrangements (FWA) forms part of the National Employment Standards (NES). In NSW, this right is also reflected in the *Local Government (State) Award 2020 (Award)*.

FWA as a minimum employment standard existed for several years prior to the current pandemic, which has now cast a spotlight on whether these arrangements should form part of business as usual.

#### 1. Requesting flexible working arrangements

All FWA requests currently received are handled in accordance with the Award and, therefore, only apply to employees who have completed 12-months continuous service and can demonstrate a genuine family/carer's responsibility.

Employers may provide for flexible working arrangements that are more than the national minimum and may include a range of informal and formal arrangements for when, where and how work can be done. It can also include remote working, career breaks, compressed weeks, job sharing, flexible rostering and much more.

Council recognises that organisations who value flexible working have productive and fulfilling workplaces that assist them to attract and retain employees, leading to savings in recruitment and training costs, as well as maintaining corporate knowledge and expertise. It also reduces high costs associated with workplace exclusion such as increased turnover, absenteeism, and reduced productivity.

#### 2. Achieve Council's Vision and Workforce Management Plan Aim #6

By expanding the circumstances in which employees can request flexible working arrangements, Council is better able to meet its Workforce Management Plan objectives to '*Build and attract a diverse workforce by documenting and promoting the benefits of working for Rous*' and to achieve Council's Vision to '*thrive and evolve as a valued service provider*'.

Council will:

- Be an employer of choice for all our people and improve its ability to attract, develop and retain a diverse workforce.
- Make flexible working a central part of how Council and employees' work.
- Support and empower all employees to be able to do their best and work effectively.
- Ensure that all employees have equitable access to opportunities available at work and are rewarded and recognised for their contributions.

## **Governance**

As per the body of the report.

- **Finance**

The revocation of the identified policy will not have a direct impact on the existing budget.

## **Consultation**

A suite of documents has been developed in consultation with the Leadership Group (LG) and All-Staff that outline the FWA available. Four (4) submissions were received during the All-Staff consultation period. Feedback provided focussed not so much on FWA but establishing business-wide expectations and standardising business processes associated with Working from Home (WFH). Much of the feedback provided has been adopted and is reflected in the final suite of documents. These documents help facilitate an open conversation between an employee, their supervisor and more broadly, their team, to ensure that any arrangements are thoroughly considered and mutually agreeable.

As the suite of FWA documents formalises existing provisions provided for under the NES and the Award, and as we aim to extend FWA above what the Award currently provides for, consultation with the Unions was not necessary.

## **Conclusion**

The inclusion of FWA in the 'Human Resources - Employment Conditions' policy, and expansion of the provision to allow all employees regardless of employment status or tenure to request FWA will allow Council to continue to meet its internal objectives from the Workforce Management Plan and ensure Council can confidently compete with other organisations when undertaking recruitment and remain an 'Employer of Choice' for existing employees.

Attachments:

1. Human Resources – Employment Conditions policy (for adoption)
2. Human Resources – Employment Conditions policy dated 21 August 2019 (for revocation)



# Policy

## Human Resources – employment conditions

Approved by Council: xx/xx/2021

This policy outlines essential human resources conditions at Council, to complement the *Local Government (State) Award*.

Safety

Teamwork

Accountability

Respect

### Background

The *Local Government (State) Award* (the 'Award') is the principal industrial instrument that regulates the employment conditions and entitlements of Council staff.

In addition to the minimum entitlements set out in the Award, Council may provide its staff with more favourable or complementary employment entitlements and practices. These additional entitlements and practices are set out in this policy to provide certainty and consistent application to all current and prospective Council staff.

### Policy statement

To improve its ability to attract, develop and retain a diverse workforce, Council adopts and applies the following supplementary employment entitlements and practices –

#### 1. Nine-day fortnight

All full-time staff are entitled to participate in a rostered day off ('RDO') system of working hours, granting one working day per fortnight absence on accumulated time.

Council's customer service levels will not be diminished or affected by the participation of staff in the nine-day fortnight arrangement.

#### 2. Flexible Working Arrangements

All directly appointed Council staff regardless of employment status or tenure have the right to request Flexible Working Arrangements (FWA).

The eligibility criteria for FWA set out under the National Employment Standards and the Award will not limit the rights of Council staff under this policy.

Regard will be had to Council's operational obligations to ensure they are not diminished, prior to approving FWA.

FWA for labour hire staff must be negotiated and agreed with the appointing third-party agency.

#### 3. Salary System

Council endorses the Salary System requirements of the *Local Government (State) Award* which provides for a Salary System that sets out the system, design rules and salary structure applicable for all staff (excluding the General Manager).

#### 4. Progression Steps

Each position within Council, excluding the position of General Manager, is assigned a salary grade equivalent to the entry level rates of pay for the corresponding skill descriptor (band) under the Award.

In accordance with clause (ii) of Part 7 of the Award, the Salary System shall have a structure that complements the entry level rates of pay and skill descriptors in the Award by identifying grades. Each grade shall have a minimum entry level and four (4) skill steps that exceed the entry level rates of pay. Progression through the skill steps is based on the acquisition and use of skills, staff performance and/or achievement of performance objectives.

Salary increase on attainment of each skill step is calculated in accordance with the percentages outlined below:

Grade	Entry	Skill Step 1	Skill Step 2	Skill Step 3	Skill Step 4	Total Spread
1 to 21	Award and Salary System minimum	5%	4%	3%	4%	16%

#### Contact officer

People and Culture Manager

#### Related documents

#### Policies

N/A

#### Procedures

Human Resources Procedures Handbook  
Flexible Working Arrangements Guide

#### Legislation

*Fair Work Act 2009 (Cth)*  
*Local Government Act 1993 (NSW)*

#### Other

*Local Government (State) Award*

<b>Office use only</b>	File no.: 172/13	Next review date: 2 years	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0	Replacement to supersede 10 previous policies revoked at the 21/08/2019 Council meeting.	21/08/2019	60/19
2.0	DRAFT	DRAFT	DRAFT

# Policy



## Human Resources – Employment Conditions

Approved by Council: 21/08/2019

This policy outlines essential human resources conditions at Council, to complement the *Local Government (State) Award*.

Safety

Teamwork

Accountability

Respect

### Background

Complementary or additional benefits to the *Local Government (State) Award* (the Award) are outlined within this policy to provide certainty and consistent application to all staff of Council.

### Policy statement

Council acknowledges that its staff are an integral part of operations and its success as an entity. In addition to provisions of the Award, the following matters relating to employment conditions are Council policy.

- **Nine-day fortnight**

All full-time staff are entitled to participate in a rostered day off ('RDO') system of working hours, granting one working day per fortnight absence on accumulated time.

Council's customer service levels will not be diminished or affected by the participation of staff in the nine-day fortnight arrangement.

- **Salary System**

Council endorses the Salary System requirements of the *Local Government (State) Award* which provides for a Salary System that sets out the system, design rules and salary structure applicable for all staff (excluding the General Manager).

- **Progression Steps**

In accordance with clause (ii) of Part 7 of the Award, the salary system shall have a structure that complements the entry level rates of pay and skill descriptors in the Award by identifying grades. Each grade shall have a minimum entry level and four (4) skill steps as detailed in the table below:

Grade	Entry	Skill Step 1	Skill Step 2	Skill Step 3	Skill Step 4	Total Spread
1 to 21	Award and Salary System minimum	5%	4%	3%	4%	16%

### Contact officer

Human Services Manager

### Related documents

#### Policies

N/A

#### Procedures

Human Resources Procedures Handbook



**Legislation**

*Local Government Act 1993*

**Other**

*Local Government (State) Award*

<b>Office use only</b>	File no.: 172/13	Next review date: 2 years	
<b>Version</b>	<b>Purpose and description</b>	<b>Date adopted by Council</b>	<b>Resolution no.</b>
1.0	Replacement to supersede 10 previous policies revoked at the 21/082019 Council meeting.	21/08/2019	60/19

To be revoked

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## Information reports

*Responsible Officers: General Manager & Group Managers*

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### Recommendation

That the following information reports be received and noted:

1. Audit, Risk and Improvement Committee - meeting update
2. Annual 'Model Code of Conduct Complaints Statistics'
3. Debt write-off information summary
4. Delivery program progress update 1 January to 30 June 2021
5. Demand management status report and scorecard 2020/2021
6. Disclosure of Interest Returns
7. Fluoride plant dosing performance report: April to June 2021
8. Investments September 2021
9. Local government election and term of chairperson and deputy chairperson
10. Reports/actions pending

### Background

Copies of the following reports are attached for information:

1. Audit, Risk and Improvement Committee - meeting update
2. Annual 'Model Code of Conduct Complaints Statistics'
3. Debt write-off information summary
4. Delivery program progress update 1 January to 30 June 2021
5. Demand management status report and scorecard 2020/2021
6. Disclosure of Interest Returns
7. Fluoride plant dosing performance report: April to June 2021
8. Investments - September 2021
9. Local government election and term of chairperson and deputy chairperson
10. Reports/actions pending

### Consultation

Consultation has been undertaken with the General Manager, Group Managers and staff.

### Conclusion

Copies of the reports listed are attached for information.

### Attachment

1. Information reports 1-10

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## Audit, Risk and Improvement Committee – meeting update

*Responsible Officer: Group Manager People & Performance (Helen McNeil)*

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### Recommendation

That Council:

1. Receive and note:
  - (a) the attached minutes from the Audit, Risk and Improvement Committee meeting of 26 July 2021; and
  - (b) the Audit, Risk and Improvement Committee performance report for the period 2020-2021.
2. Note the further deferral of local government elections due to COVID-19 and extend the appointment of the Councillor members of the Audit, Risk and Improvement Committee (being, Councillor Cook (primary member) and Councillor Cameron (alternate member)) until such time as the local government elections take place.

### Background

The Audit, Risk and Improvement Committee ('Committee') met on 26 July 2021. A copy of the minutes of the meeting are attached ([Attachment 1](#)).

### Key messages

#### 1. Risk and compliance

- [2021 Risk Management Presentation](#):

The Committee was provided with an overview of the:

- Development status of Council's risk registers;
- Proposed internal risk reporting;
- Mid-year review of Council's [Risk Management Plan](#); and
- Mid-year Risk Maturity Assessment.

The results of the mid-year Risk Maturity Assessment indicated that while Council generally incorporates elements of risk management into its activities, these practices are yet to become consistent and systematic throughout the organisation. Improvements, particularly to enhance risk management culture, are needed in order to achieve Council's target of 'Advanced Maturity'.

#### 2. Work Health and Safety

- [WHS statistical update](#):

A statistical update of Work Health Safety ('WHS') events over the previous financial year displaying lag and lead indicators was provided to the Committee.

The number of reported WHS events decreased by 13 in 2020-21 compared to the previous year.

Council's Operations business unit continue to record the greatest number of WHS events which is reflective of the operating environment and having the highest number of workers.

The frequency of Lost Time Injuries also decreased in 2020-21 and now sits just above the SafeWork Australia benchmark.

### 3. Audit

The Committee received a status update on the implementation of outstanding internal and external audit recommendations.

- Internal Audit:

Following the addition of the recent recommendations made as part of the Procure to Pay review, there are now 18 internal audit recommendations still to be implemented by staff. These also include recommendations made as part of the previous Work Health Safety and Asset Management internal audits.

- External Audit:

As at July 2021 there remains 11 recommendations made by Council's external auditors (TNR on behalf of the NSW Audit Office) still to be completed. It was noted by the external auditor in attendance at the Committee meeting that a number of these recommendations duplicate the recommendations made as part of the Procure to Pay internal audit and that no new issues were identified this year necessitating an Interim Management Letter.

### 4. Finance

The Committee received and noted the information presented in the Financial Management Report – July 2021 regarding:

- The adoption of the draft Delivery program / Operational plan and 2021/22 Budget for 1 July 2021 to 30 June 2022.
- Interim external audit.
- Consideration of Council's annual financial statements in October 2021.
- The Investment report furnished to Council's June 2021 meeting applicable for the month of May 2021.
- A snapshot of the findings of the NSW Auditor-General contained in the [Report on Local Government 2020](#).

### 5. Service Review

- Organisation structure and resourcing review:

A further update on the review of Council's organisation structure and resourcing was provided to the Committee.

A final structure has been confirmed following input received through consultative processes including feedback from the Leadership Group and Consultative Committee.

### 6. Committee performance review 2020-2021

The 2020-21 Committee Performance Report was endorsed by the Committee and is presented to Council by the Committee Chair - see [Attachment 2](#).

## 7. Other Matters

- NSW Auditor General's Report on the acquisition of 4-6 Grand Avenue, Camellia, by Transport for NSW

A snapshot of the NSW Auditor-General findings was provided to the Committee, being:

- That Transport for NSW ('TfNSW') did not have approval to offer \$53.5 million for the property and the Acting Deputy Secretary did not have delegation to approve the acquisition – the acquisition occurred prior to the business case for the Parramatta Light Rail project being approved.
- Consideration of the proposal was rushed and poorly informed – information presented to TfNSW's Finance and Investment Committee ('FIC') was biased towards efforts to complete the transaction, did not include information in relation to necessary contamination remediation works or formal valuation to support the purchase price. The members of the FIC had less than two (2) hours to consider the proposal and negligible chance to query responsible staff as the matter was dealt with out-of-session;
- Internal policies and procedures to guide the transaction were, and continue to be, insufficient;
- TfNSW has identified that the acquisition was at increased risk of fraudulent activity and financial loss but has not investigated whether these risks were realised. The Director of Audit and Risk noted that an internal audit would be unlikely to detect wrongdoing unless the audit included a 'deep dive' component. The then Deputy Secretary, Infrastructure and Place, commissioned an internal audit but it did not contain a 'deep dive' component.

- New Risk Management and Internal Audit Framework

The Committee were advised that the Office of Local Government ('OLG') recently provided northern councils with an update on the consultation outcomes and expected commencement of the new risk management and internal audit framework for local councils (the 'Framework') which was first released for discussion in September 2019.

Since then, the Office of Local Government has released for consultation a set of draft guidelines that will operate in conjunction with a regulation to govern the Framework. Submissions on the 'Guidelines for risk management and internal audit for local councils in NSW' close on 26 November 2021.

## 8. ICT Business Plan – status update

The Committee received an update on the implementation status of the objectives outlined in the 2019-2021 ICT Business Plan ('Plan').

The Plan was intended as a starting point and early maturity model in planning Rous' continual ICT business improvement and set out the agreed priorities while a longer-term ICT Strategy was developed.

Work will continue on incomplete elements of the Plan until either finalised or superseded by the ICT Strategic Plan 2021-2025. A further status report will be provided to the Committee at its meeting in November 2021.

## Extension of Councillor appointments due to deferral of local government elections

The Committee is currently constituted of the following voting members for the terms specified:

1. Independent External Chair – Brian Wilkinson – Four-year term expiring September 2023.
2. Independent External Member – Andrew MacLeod – Four-year term expiring April 2025.
3. Councillor Member – Cr Darlene Cook (Cr Basil Cameron, alternate Councillor Member) – Two-year term expiring September 2021.

Councillor Darlene Cook was nominated to the Committee on 17 October 2018 with Councillor Basil Cameron being nominated as the alternate member ([91/18]). This term of appointment was extended for a period of 12-months following the first deferral of the local government elections to 4 September 2021 due to COVID-19 ([45/20]).

Given the further deferral of the local government elections to 4 December 2021 due to COVID-19 it is proposed that the appointment of both Cr Cook and Cr Cameron be extended for such further period as required to align with the date that the local government elections take place.

### **Comment**

The Committee is scheduled to meet on 18 October 2021 to consider Council's Financial Statements. Due to the timing of that meeting and for issuing the agenda and business paper for Council's 20 October 2021 meeting, the Committee's meeting minutes will not be available to include as an attachment to this report. The minutes may however be available for tabling at the Council meeting. Should that not eventuate for whatever reason the Committee's minutes will be furnished to Council's next meeting.

### **Consultation**

This report was prepared in consultation with the Audit, Risk and Improvement Committee Chairperson.

### **Conclusion**

This report provides a summary of the key messages from the 26 July 2021 Audit, Risk and Improvement Committee meeting and other associated matters.

### **Attachments**

1. Audit, Risk and Improvement Committee meeting minutes 26 July 2021
2. Committee Performance Review - period 2020-2021

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# Rous County Council

## Audit, Risk and Improvement Committee Minutes

### Monday, 26 July 2021

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The Chair opened the meeting at 10.00am

In attendance:

Voting Committee:

- Brian Wilkinson (Independent member / Chair) - via 'Teams' link
- Andrew MacLeod (Independent member) - via 'Teams' link
- Cr Darlene Cook (Council member) - present at Council offices

Rous County Council:

- Helen McNeil (Group Manager People & Performance) - present at Council offices
- Guy Bezrouchko (Group Manager Corporate & Commercial) - present at Council offices
- Andrew Logan (Group Manager Planning and Delivery) – via 'Teams' link
- Natalie Woodhead-Tiernan (Finance Manager) – via 'Teams' link
- Lauren Edwards (Governance Advisor) - present at Council offices
- Tim Allen (ICT Manager) – via 'Teams' link
- Paul Coore (Enterprise Risk Manager) - present at Council offices

Other attendees:

- Geoff Dwyer (Thomas Noble & Russell) – via 'Teams' link

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#### 1. APOLOGIES

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Phillip Rudd (General Manager) and Adam Nesbitt (Group Manager Operations)

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#### 2. ACKNOWLEDGEMENT OF COUNTRY

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*Council showed its respect and acknowledged the Traditional Custodians of the Land, of all Elders, on which this meeting took place.*

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#### 3. MINUTES OF PREVIOUS MEETING

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Minutes of the meeting held 24 May 2021 were noted as presented.

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#### 4. DISCLOSURE OF INTEREST

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Nil.

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## 5. STANDARD REPORTS

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### i). Risk and Compliance

**RECOMMENDATION** (MacLeod/Cook) that the Audit, Risk and Improvement Committee receive and note the information presented in the report regarding enterprise risk management and progress of actions in the 2021 Risk Management Plan.

CARRIED

### ii). Work Health and Safety (WHS)

**RECOMMENDATION** (Wilkinson/MacLeod) that the Audit, Risk, and Improvement Committee receive and note the information presented in this report regarding Work Health Safety performance.

CARRIED

### iii). Audit report

**RECOMMENDATION** (Cook/Wilkinson) that the Audit, Risk and Improvement Committee receive and note the information presented in this report on:

1. Progress against actions arising from internal audits.
2. Progress against actions arising from external audits.

CARRIED

### iv). Financial management report

**RECOMMENDATION** (MacLeod/Cook) that the Audit, Risk and Improvement Committee receive and note the information presented in the Financial management report – July 2021 regarding:

1. The Draft Delivery program / Operational plan and 2021/22 Budget furnished to Council's June 2021 meeting applicable for 1 July 2021 to 30 June 2022.
2. Interim audit – management letter
3. The Audit, Risk and Improvement Committee will meet on Monday 18 October 2021 to consider the audited Financial Statements.
4. The investment report furnished to Council's June 2021 meeting applicable for the month of 31 May 2021.
5. The Report on Local Government 2020 produced by the Audit Officer of New South Wales.

CARRIED

### v). Service reviews

**RECOMMENDATION** (Wilkinson/MacLeod) that the Audit, Risk and Improvement Committee:

1. Note the information provided in the report about the status of a review of Rous' organisation structure and resourcing; and
2. Receive a further update on the review at its next meeting.

CARRIED



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**vi). Committee Performance review – 2020-2021**

**RECOMMENDATION** (Cook/MacLeod) that the Audit, Risk and Improvement Committee Performance Review for the period 2020-2021 be received and endorsed.

CARRIED

**vii). Other matters**

**RECOMMENDATION** (Wilkinson/Cook) that the Committee receive and note the information contained in the report.

CARRIED

**viii). ICT Business Plan**

**RECOMMENDATION** (MacLeod/Cook) that the Audit, Risk and Improvement Committee:

1. Receive and note the information presented in this report regarding the status of delivery of action items in the ICT Business Plan 2019-2021.
2. Receive a further report at the November 2021 meeting including a status update on the ICT Strategic Plan 2021/2025.

CARRIED

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**6. OTHER BUSINESS**

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**RECOMMENDATION** (Cook/Wilkinson) That the Chairperson obtain an update from the General Manager regarding the issue of proposed workplace relocation and provide an update to the Committee members.

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**7. CONFIRMATION OF MINTUES**

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**i). Audit, Risk and Improvement Committee meeting minutes 26 July 2021**

**RECOMMENDATION** (MacLeod/Cook) that the minutes of the Audit, Risk and Improvement Committee of 26 July 2021 be accepted as presented.

CARRIED

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**8. NEXT MEETING**

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Monday, 18 October 2021

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**9. CLOSE OF BUSINESS**

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There being no further business the meeting closed at 11.27am

## Committee Performance Review - period 2020-2021

PREPARED BY: BRIAN WILKINSON  
(Independent Member – Chairperson, Audit, Risk and Improvement Committee)

### Recommendation

That the Audit, Risk and Improvement Committee Performance Review for the period 2020-2021 be received and endorsed.

### Purpose

To provide information in relation to the performance and role/activities of the Audit, Risk and Improvement Committee (the 'Committee').

### Background

The Rous County Council ('Council') Audit, Risk and Improvement Committee Charter (the 'Charter') provides as follows:

#### **"6.3 Assessment of Committee performance**

*The chairperson of the Committee and General Manager will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the chairperson of the Committee or Council), with appropriate input from management and any other relevant stakeholders, as determined by the chairperson of the Committee".*

A report on the Committee's performance for the 2019-2020 period was submitted to the Committee at its meeting on 27 July 2020. That report, which included information on the Committee's activities up to 30 June 2020, was subsequently reported to Council.

Over recent years the NSW Office of Local Government have been progressing Guidelines that will, once released, update and change the roles and reporting of Audit Risk and Improvement Committees. In consultation with Council Management, this 2021 Committee Performance report has been prepared to progress towards what is anticipated to be the future Committee reporting requirements under the proposed Guidelines (i.e. an ARIC Annual Assurance Report), and to meet the current provisions of the Committee's Charter by providing information on the role and activities of the Committee from July 2020 to June 2021.

### Governance

The purpose, role and conduct of the Committee is guided by the Charter and the Internal Audit Charter (the 'IA Charter').

The Charter includes the following purpose for the Committee:

#### **"1.2 Purpose**

[...]

*The role of the Committee is to report to Rous County Council and provide appropriate advice and recommendations on matters identified by this Charter. The Committee is independent and therefore operates independently of Council management.*

[...]

*The Committee has a legislated duty to keep under review the following aspects of Council's operations:*

- 1. Compliance*
- 2. Risk management*
- 3. Fraud control*
- 4. Financial management*
- 5. Governance*
- 6. Implementation of the strategic plan, delivery program and strategies*
- 7. Service reviews*
- 8. Collection of performance measurement by Council*
- 9. Any other matters prescribed by regulations made under the Local Government Act 1993."*

Over the past 12 months the Committee has been mindful and aware of the amendments to the *Local Government Act 1993* that are aimed at further defining and embedding the roles and responsibilities of Audit Risk and Improvement Committees as part of the operations and functions of Local Government in NSW.

The Committee's activities and governance processes have, with the strong support and guidance of the Leadership Team at Council, been aiming to follow the intent of the relevant legislation and the proposed framework outlined in the discussion paper released in late 2019 (and subsequently updated). This approach will place Council in a strong position to meet the requirements included in the proposed Guidelines that will likely be introduced at some time over the next six months.

*Note: there will be a phase in period for the new Guideline requirements.*

During the period July 2020- June 2021 the Committee met five times. The Committee Members (Brian Wilkinson, David Yarnall (outgoing member) / Andrew McLeod (incoming member), and Councillor Darlene Cook) have attended all meetings either in person or via remote technology. In that regard, the Committee appreciates the efforts and arrangements made by Council staff to ensure meetings continued on schedule.

In December 2020, the Committee and Council were advised of the decision by David Yarnall to cease in his role as independent member on the Committee. The recruitment process undertaken by Council for a replacement was thorough and successful in attracting strong applicants. The process resulted in Andrew McLeod commencing as the independent member on the Committee in May 2021.

### **Committee activities**

To guide the various meeting agendas and content during the year, a "Schedule of Reporting" was adopted. This resulted in regular reporting on required items; in that regard, the Committee was pleased with the content and presentation of reports. Also, the Committee appreciated that there was consistent attendance and involvement of Council staff at Committee meetings.

The Internal and External Audit Programs of Council have had appropriate reporting and links to the Committee role and meeting agendas. The current Committee Charter and IA Charter are considered appropriate and supportive of the role of the Committee.

The following comments and information provide the views of the Committee in relation to the operations of Council:

- Information and reporting has been provided to the Committee in respect of **Compliance Monitoring and Reporting**. e.g. the use of the NSW Office of Local Government calendar of compliance reporting, and the research and development of a technology solution to suit the size and complexity of councils' operations.

- Regular reporting has been provided on **Enterprise Risk Management**; this has included information on the Risk Register and actions being taken to mitigate risks. The Committee noted the increasing involvement of staff in risk management processes and the desire by Council to review and improve risk management across the organisation. Work Health and Safety has also been the subject of reporting to the Committee. It was pleasing to note that in the review of the staffing structure and the recruitment of personnel that emphasis is being placed on risk management and its associated processes.
- Council has responded to External Audit reports and NSW Audit Office Reports in relation to Fraud Control. The Committee has received reports on actions being taken by staff on **Fraud Control**, including checklists, awareness and improved business systems.
- During the 2020-21 financial year, the Committee has received reports and presentations relating to the **Financial Management** processes of Council. The External Auditors have engaged closely with the Committee in respect to annual financial statements, Management Letters and the Annual Audit Plan. In addition, the Committee has been kept informed via agenda items on budget preparation, quarterly budget reviews, and investment processes. As part of the External Audit Management Letters, there are recommended actions to improve Council's approach to various processes. The implementation of those actions is kept under review by the Committee.
- As with all local government organisations, the **Governance** processes at Rous County Council are diverse and are subject to ongoing action. The Committee have received regular reports and information on governance practices and improvements, including:
  - Policy, Procedure and delegation reviews,
  - Internal Audit Reports and Actions,
  - Section 355 Committees,
  - Code of Conduct statistics, and
  - The development of the ICT Business Plan.

During the 2020-21 financial year the Committee received reports and monitored progress on the following internal audit items:

- Work Health and Safety,
- Asset Management, and
- Procure to Pay.

An important part of Internal Audit is to identify areas of operational improvement. Whilst in some instances the completion of recommended actions/ improvements takes some time, it is recognised that some actions link into other processes and as such need to be addressed thoroughly.

- An integral part of Local Government operations is the Strategic Planning processes and the actions taken to implement strategies. **The Implementation of the Strategic Plan, Delivery Program and Strategies** at Rous County Council are supported by comprehensive and understandable documentation. The Committee have received reports and presentations relating to those processes.
- **The collection of performance management data** by Council has been reported to the Committee (and the community) via the Annual Report and the Strategic Plan, Delivery Program and Operational Plan processes.
- In addition to the above, the Committee have been kept informed of **Other Matters** relevant to the role of an ARIC and Council's operations. This has included the Annual Internal Audit Plan, Internal Audit reports, Reports and Publications from the Independent Commission Against Corruption, Information and Privacy Commission of NSW, Performance Audits and Local Government Reports from the Audit Office of NSW.

- **The Internal Audit Program** of Council is undertaken via a third party and is monitored closely by the Committee; in that respect the Committee has input to the annual audit plan (based around identified risks of the Council and the Local Government industry), receives and considers reports from the Internal Auditor and also monitors progress made on recommendations in Internal Audit Reports. The scope of the Internal Audit Program can reach across the various operations of Council i.e. Compliance, Governance, Financial Management, Fraud Control, Risk management and Strategic Planning. Reference has been made earlier in this report to the items covered through Internal Audit by the Committee. The Internal Audit Program of Council is considered appropriate at this time.

### **Committee performance**

The scope of the Committee activities identified in this Report supports the view that the Committee is undertaking its required functions in an appropriate manner.

As part of the preparation of this Performance Report consideration has been given to the content of the Charters that guide the role of the Committee. As Chairperson, I have been unable to identify any specific 'failings' of the Committee to meet their obligations and responsibilities. In addition, it is considered that there are no specific matters that need to be brought to the attention of the elected Council.

### **Financial**

The Audit, Risk and Improvement Committee functions and associated actions are funded from existing budget and resource allocations.

### **Consultation**

In providing this report for Committee consideration, the opportunity is available to Committee Members to review the draft Committee performance review and provide feedback and/or suggested amendments. In addition, the General Manager and staff are also requested to provide comments as part of the process of reporting the review to the Committee.

### **Conclusion**

As Chairperson of the Rous County Council Audit, Risk and Improvement Committee, I consider that, as outlined above, the Committee has satisfactorily and appropriately undertaken and performed its role during the 2020-2021 period.

Brian Wilkinson  
Chair

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## Annual 'Model Code of Conduct Complaints Statistics'

*Responsible Officer: General Manager (Phillip Rudd)*

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### Recommendation

That Council note the information contained in the attached 'Model Code of Conduct Complaints Statistics' report and the requirement to provide the report to the Office of Local Government.

### Background

In accordance with Part 11 of the Code of Conduct Procedures, Council's Complaints Coordinator must arrange for annual Code of Conduct complaints statistics to be reported to Council and to the Office of Local Government within three months of the end of September each year (being 31 December 2021).

- **Code of Conduct Complaints Statistics**

The Model Code of Conduct complaints statistics for the reporting period 1 September 2020 to 31 August 2021 are provided at [Attachment 1](#).

### Consultation

This report has been prepared in consultation with staff responsible for the handling of Code of Conduct complaints.

### Conclusion

In accordance with Council's reporting requirements, the 'Model Code of Conduct Complaints Statistics' report has been prepared and is submitted to Council for its information and consideration.

### Attachment

1. Model Code of Conduct Complaints Statistics for reporting period 1 September 2020 – 31 August 2021

## Model Code of Conduct Complaints Statistics Rous County Council

### Number of Complaints

1	a	The total number of complaints <b>received</b> in the period about councillors and the General Manager (GM) under the code of conduct	5
	b	The total number of complaints <b>finalised</b> in the period about councillors and the GM under the code of conduct	5

### Overview of Complaints and Cost

2	a	The number of complaints <b>finalised at the outset</b> by alternative means by the GM or Mayor	1
	b	The number of complaints <b>referred to the Office of Local Government (OLG)</b> under a special complaints management arrangement	0
	c	The number of code of conduct complaints <b>referred to a conduct reviewer</b>	4
	d	The number of code of conduct complaints <b>finalised at preliminary assessment</b> by conduct reviewer	4
	e	The number of code of conduct complaints <b>referred back to GM or Mayor</b> for resolution after preliminary assessment by conduct reviewer	0
	f	The number of finalised code of conduct complaints <b>investigated by a conduct reviewer</b>	0
	g	The number of finalised complaints investigated where there was found to be <b>no breach</b>	0
	h	The number of finalised complaints investigated where there was found to be <b>a breach</b>	0
	i	The number of complaints referred by the GM or Mayor <b>to another agency</b> or body such as the ICAC, the NSW Ombudsman, OLG or the Police	0
	j	The number of complaints being investigated that are <b>not yet finalised</b>	0
	k	The <b>total cost</b> of dealing with code of conduct complaints within the period made about councillors and the GM including staff costs	5,000

### Preliminary Assessment Statistics

3 The number of complaints determined by the conduct reviewer at the preliminary assessment stage by each of the following actions:

- |  |   |
|--|---|
| a To take no action (clause 6.13(a) of the 2018 and 2020 Procedures)   | 0 |
| b To resolve the complaint by alternative and appropriate strategies (clause 6.13(b) of the 2018 and 2020 Procedures)  | 4 |
| c To refer the matter back to the GM or the Mayor, for resolution by alternative and appropriate strategies (clause 6.13(c) of the 2018 and 2020 Procedures) | 0 |
| d To refer the matter to another agency or body such as the ICAC, the NSW Ombudsman, OLG or the Police (clause 6.13(d) of the 2018 and 2020 Procedures)      | 0 |
| e To investigate the matter (clause 6.13(e) of the 2018 and 2020 Procedures)   | 0 |

### Investigation Statistics

4 The number of investigated complaints resulting in a determination that there was **no breach**, in which the following recommendations were made:

- |   |   |
|---|---|
| a That the council revise its policies or procedures  | 0 |
| b That a person or persons undertake training or other education (clause 7.37 of the 2018 Procedures or clause 7.40 of the 2020 Procedures) | 0 |

5 The number of investigated complaints resulting in a determination that there **was a breach** in which the following recommendations were made:

- |   |   |
|---|---|
| a That the council revise any of its policies or procedures (clause 7.36(a) of the 2018 Procedures or clause 7.39 of the 2020 Procedures)   | 0 |
| b In the case of a breach by the GM, that action be taken under the GM's contract for the breach (clause 7.36(h) of the 2018 Procedures or clause 7.37(a) of the 2020 Procedures)   | 0 |
| c In the case of a breach by a councillor, that the councillor be formally censured for the breach under section 440G of the Local Government Act 1993 (clause 7.36(i) of the 2018 Procedures or clause 7.37(b) of the 2020 Procedures)   | 0 |
| d In the case of a breach by a councillor, that the councillor be formally censured for the breach under section 440G of the Local Government Act 1993 and that the matter be referred to OLG for further action (clause 7.36(j) of the 2018 Procedures or clause 7.37(c) of the 2020 Procedures) | 0 |

6 Matter referred or resolved after commencement of an investigation (clause 7.20 of the 2018 or 2020 Procedures)

0



### Categories of misconduct

7 The number of investigated complaints resulting in a determination that there was a breach with respect to each of the following categories of conduct:

a General conduct (Part 3)

0

b Non-pecuniary conflict of interest (Part 5)

0

c Personal benefit (Part 6)

0

d Relationship between council officials (Part 7)

0

e Access to information and resources (Part 8)

0

### Outcome of determinations

8 The number of investigated complaints resulting in a determination that there was a breach in which the council failed to adopt the conduct reviewers recommendation

0

9 The number of investigated complaints resulting in a determination that there was a breach in which the council's decision was overturned following a review by OLG

0

## Debt write-off information summary

*Responsible Officer: Group Manager Corporate & Commercial (Guy Bezrouchko)*

### Recommendation

That Council receive and note the debt write-off information summary with debts written-off totalling \$16,945.54 for the period 1 July 2020 to 30 June 2021.

### Background

Council's 'Debt Management and Financial Hardship' policy requires an information summary report be submitted to Council on a bi-annual basis.

#### • Delegations

All debts above \$1,000.00 (ex-GST) may be written off only by resolution of Council.

Council has delegated to the General Manager the power to write-off debts equal to or below the \$1,000.00 threshold.

The General Manager has provided delegated authority to write-off debts equal to or below:

- \$500.00 to the Group Manager Corporate and Commercial
- \$250.00 to the Finance Manager

#### • Debts written off equal to or below \$1,000

Debts approved for write-off by Council staff were done so under delegation and in accordance with clauses 131 or 213 of the *Local Government (General) Regulation 2021*.

Debts approved for write-off during the period 1 July 2020 to 31 December 2020 totalled \$4,590.02 and were included in the Debt write-off information summary report at the Council meeting held 17 February 2021.

Debts approved for write-off during the period 1 January 2021 to 30 June 2021 are tabled below:

**Table 1:**

Customer type	Ref. number	Write-off amount	Background	Reason	Approved by
Retail water account	11937	\$355.52	Customer found leak at meter union on private service line side of water meter and a second leak further along private service line. Customer arranged plumber to attend and repair meter union leak and second leak in private service line. RCC was notified of leaks and repairs by customer. RCC staff spoke to plumber and confirmed repair of meter union. Leak at meter union on private service line side of water meter would have registered as usage therefore partial write-off.	Debt not lawfully recoverable	GMCC
Filling station customer	C0193	\$0.12	Customer short paid invoice by \$0.12. Customer did not add the \$0.12 to next invoice payment as requested.	Attempt to recover debt not cost effective	Finance Manager

Customer type	Ref. number	Write-off amount	Background	Reason	Approved by
Retail water account	Various	\$10,016.00	Unpaid non-compliance fee debt is the result of several internal procedural errors and a backflow program that was not sufficiently resourced. Due to their low individual value (ranging from \$95 to \$98 per customer totalling 103 individual amounts), the Finance Manager deemed the debts uneconomical to recover. A report on the backflow prevention program outstanding debt write-off was received and noted at the May 2021 Audit, Risk and Improvement Committee meeting. Note: Council is considering a Backflow Policy at this meeting.	Attempt to recover debt not cost effective	Finance Manager & GM
Retail water account	12265	\$547.42	Leak reported by property owner at water meter. RCC staff confirmed leak was found at meter union on private service line side of water meter and leak would have registered as usage.	Debt not lawfully recoverable	GM
Retail water account	10505	\$412.18	Leak reported by property owner at water meter. RCC staff confirmed leak was found at meter union on private service line side of water meter and leak would have registered as usage.	Debt not lawfully recoverable	GMCC
	<b>Total</b>	<b>\$11,331.24</b>			

- **Debts written off above \$1,000**

Debts approved for write-off by Council resolution were done so in accordance with clauses 131 or 213 of the *Local Government (General) Regulation 2021*.

No debts were approved for write-off during the period 1 July 2020 to 31 December 2020.

Debts approved for write-off during the period 1 January 2021 to 30 June 2020 are tabled below:

**Table 2**

Customer type	Ref. number	Write-off amount	Background	Reason	Resolution
Retail water account	11141	\$1,024.28	Owner reported that water was going through meter even though they had turned off the tap. RCC staff confirmed leak was found at meter union on private service line side of the meter. The ball valve needed repairing, leak would have registered as usage.	Debt not lawfully recoverable	5/21

## Governance

- **Finance**

Charges written off during the period 1 July 2020 and 30 June 2021 total \$16,945.54 and this amount will be included in Council's Annual Report.

- **Legal**

Clause 131(6) of the *Local Government (General) Regulation 2021* requires the General Manager to inform Council of any amounts written off under delegated authority.

**Conclusion**

Charges totalling \$16,945.54 were written-off under Council resolution and delegated authority pursuant to clauses 131 or 213 of the *Local Government (General) Regulation 2021*. The next debt write-off information summary report will be included in the February 2022 business paper.

## Delivery program progress update 1 January to 30 June 2021

Responsible Officer: General Manager (Phillip Rudd)

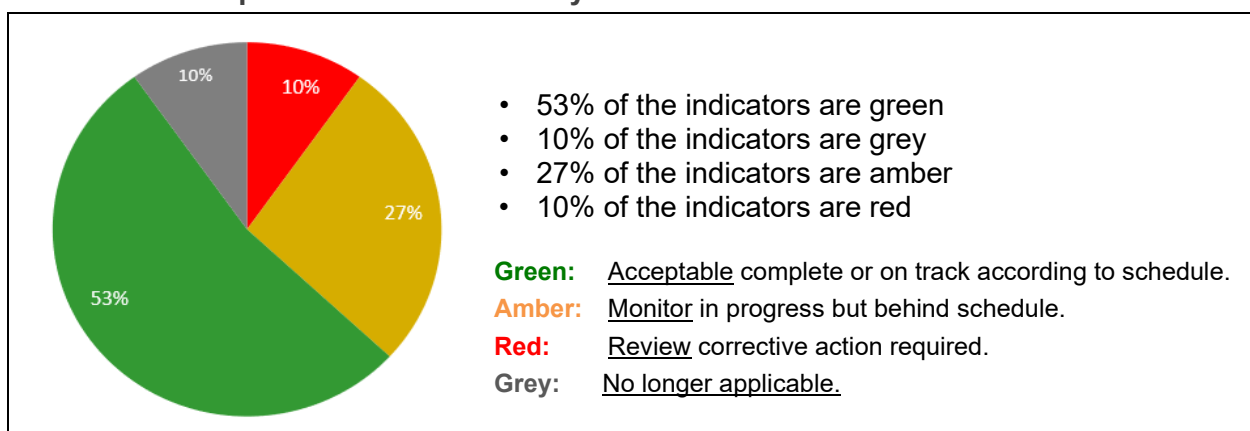
### Recommendation

That Council receive and note this report and attachment regarding performance against delivery of the actions for Year 4 of the combined Delivery program/Operational plan for the period 1 January 2021 to 30 June 2021.

### Background

This report relates to and provides information about Council's achievement of the performance targets in the Integrated Planning and Reporting Delivery program/ Operational plan for Y4.

#### • Overview of performance – 1 January 2021 to 30 June 2021



Refer to the Attachment for a traffic light indicator performance report based on exception reporting.

### Governance

#### • Legal

In accordance with the *Local Government Act 1993*, the General Manager must ensure that regular reports (at least every six months) are provided to Council outlining progress against delivery of the activities detailed in the Delivery program.

The NSW Office of Local Government announced changes to the Integrated Planning and Reporting requirements in May 2020. Those changes resulted in Council's current Delivery program applying for a further 12 months to 30 June 2022. Practically, this meant adding a Year 5 to the existing Delivery program and adopting a new Operational plan which Council did at its 16 June 2021 meeting (30/21).

The postponement of local government elections from 4 September 2021 to 4 December 2021, has not altered the requirement under the *Local Government Act 1993* for Councils to review the Business Activity Strategic Plan before 30 June 2022 and establish a new Delivery program | Operational plan and Resourcing Strategy to cover its principal activities for the 4-year period commencing on 1 July 2022. The process for developing the new Integrated Planning and Reporting Framework has commenced and engagement activities with Councillors, Constituent Council Mayors, General Managers and senior staff are planned for later in the 2021 calendar year.

**Consultation**

This report and the information in the attachment has been compiled in consultation with management and staff.

**Conclusion**

This report provides an update on the status of the actions due to be delivered between 1 January 2021 and 30 June 2021 as set out in the combined Delivery program | Operational plan.

Attachment:

1. Performance against delivery of actions 1 January to 30 June 2021

## IP&R Delivery program / Operational plan

**Reporting period: 1 January to 30 June 2021 - Yr. 4**

### LEADERSHIP

**Our goal: 1. Values based leadership and culture.**

What achieving our goal will look like:

1.1 Leaders are visible at all levels of the organisation and are supported to effectively lead and drive performance.

1.2 Leaders are responsible for their actions and proactive in building an accountability culture.

Legend	
<b>Green:</b>	<u>Acceptable</u> . Complete or on track according to schedule (no comment)
<b>Grey:</b>	<u>Acceptable</u> . Complete or on track according to schedule (incl comment)
<b>Amber:</b>	<u>Monitor</u> . In progress but behind schedule (incl comment)
<b>Red:</b>	<u>Review</u> . Corrective action required (incl comment)

Activity	How we will measure our performance	Links to*	Comment	STATUS
1.1.1.1 Implement leadership program for the Leadership Team.	Improvement in leadership and management skills (assessed before, during and after undertaking the program).	WFMP		●
1.1.1.2 Leader in Me (LiMe) cohort undertaking activities to drive and support culture transformation.	Current LiMe participants coordinate a specific, self-initiated, whole-of-Rous project that contributes to building a constructive culture e.g. a staff recognition initiative.	WFMP		●
	Breaking down of organisational silos e.g. LiMe participants selected from different business units; LiMe cohort buddied with LiMe graduates and new cohort; mentoring with Group Manager from a different functional area; LiMe sessions to be held at a variety of Rous locations.	WFMP		●
	LiMe graduates and new cohort coordinate and lead an all staff meeting and/or business unit meetings.	WFMP	Unable to be progressed due to COVID19 restrictions.	●
	LiME cohort delivering regular communications to the workforce about program activities, learnings and outcomes.	WFMP		●
	Assess effectiveness of the LiMe program to determine impact and contribution to culture change.	WFMP	Deferred to 'Year 5' - first draft of scope of work has been developed.	●
1.1.1.3 Performance planning and management processes include discussion of individual staff member alignment with Council values.	Individual mission, vision and values discussion held with all staff members at least 6-monthly.	WFMP	Currently occurring as part of the Performance Check-in process.	●
	Record of discussion made by the supervisor and reported to manager upon completion.	WFMP	Currently occurring as part of the Performance Check-in process. Reported to second level manager at the annual Performance Check-in in September.	●
1.1.1.4 Participation in the Joint Organisation of Councils as an associate member.	General Manager performing the role of representative on the Natural Resources Management sub-committee and reporting back to the General Manager's group on the sub-committee's operations.	BAU		●
1.2.1.1 Establish a multi-purpose forum for leaders to connect with each other and operate as a team.	High-performing Leadership Group where members hold each other accountable, monitor performance metrics and work as a team to drive innovation and business improvement.	WFMP	Middle manager group (Leadership Group) is trialling different operating models to test and challenge the 'best -fit'. Currently a core group of 4 Managers (1 x Manager from each Group) is performing the role of the formal Leadership Group.	●

## STRATEGY AND PLANNING

### Our goal: 2. Align strategic direction to core functions and sustainability.

What achieving our goal will look like:

- 2.1 Being responsive to the impact of population growth on our core functions.
- 2.2 Strategic partnerships/relationships supportive of our mission and vision.
- 2.3 Business activity contributes to local and regional growth and optimal environmental outcomes.
- 2.4 Converting strategy into action plans that anticipate and accommodate change and allocate accountability.

Activity	How we will measure our performance	Links to*	Comment	STATUS
2.1.2.1 Develop new Integrated Planning and Reporting framework.	Integrated Planning and Reporting Framework adopted (including Resourcing Strategy consisting of Asset Management strategy and plan, Long term financial plan and Workforce Management plan.	AMP; LTFFP; WFMP		●
2.1.5.1 Update on progress of the Future Water Strategy.	Develop and implement a plan for community re-engagement and communication.	FWS	This was not completed as item 2.1.5.2 required adoption first.	●
2.1.5.2 Finalise the position regarding the Future Water Strategy (FWS) update (following consultation on the draft FWS update).	Complete the Integrated Water Cycle Management process for the Future Water Strategy update and develop a source water augmentation delivery plan.	FWS	Council resolved to adopt its Integrated Water Cycle Management Strategy at the 21 July 2021 extraordinary meeting	●
2.1.5.3 Implement the source water augmentation delivery plan.	Implement key actions from the source water augmentation delivery plan.	FWS	Completed as a part of item 2.1.5.2	●
2.1.5.4 Undertake hydraulic capacity assessment of water distribution network to develop augmentation capital works plan.	Hydraulic capacity assessment completed and works plan included in 30-year capital works plan.	AMP	Significant unexpected workload for this position and complications with other projects with COVID, prevented commencement during 2020/21. Planning is advanced in gaining quotes within the 1st quarter of 2021/22.	●
2.2.1.1 Progress implementation of the Coastal Zone Management Plan for the Richmond River catchment through the Coastal Zone Management Plan Implementation Committee.	Facilitate meetings of the Coastal Zone Management Plan Implementation Committee.	CZMP	31 March 2021. Series of additional progress meetings centred on Coastal Management Program Scoping Study project.	●
2.2.3.1 Understand and evaluate our role as the Flood Mitigation Authority with each of our constituent councils within the Richmond River catchment.	Undertake individual workshops with senior staff and management of Lismore City, Ballina Shire and Richmond Valley councils.	BAU	Initial meeting with Lismore Council, other constituent councils to progress in 2021/22	●
	Outcomes of workshop considered within proclamation context, Long Term Financial Plan implications and Council position.	BAU	Works to commence once consultation has been finalised.	●
2.3.1.1 Implement Reconciliation Action Plan.	Actions for 2020/21 completed.	RAP	Incomplete actions transferred to Innovate RAP 2021-23.	●
2.3.1.2 Complete the Reconciliation Action Plan Impact Measurement Report.	Report to Reconciliation Australia annually on performance against key Reconciliation Action Plan targets to track and measure the broader impact of the Reconciliation Action Plan program.	RAP		●
2.3.2.1 Develop a new Reconciliation Action Plan.	Reconciliation Action Plan endorsed by Reconciliation Australia.	RAP	Innovate RAP 2021-23 endorsed by Reconciliation Australia (July 2021).	●
2.3.4.1 Implement Greenhouse Gas Abatement Strategy.	Provide a status report to Council on the progress of implementation of the Greenhouse Gas Abatement Strategy.	GGAS		●
2.3.5.1 Enhanced Demand Management Plan actions.	Provide an end of year performance report to Council on the progress of the implementation of the Regional Demand Management Plan.	DMP	Planned for August 2021 Council meeting to capture full FY.	●



## What we will do in Y4: 2020/21

	Actively promote the Sustainable Water Partnership Program to targeted customers.	DMP	<p>The following businesses have completed water saving projects, resulting in the following potential water savings:</p> <ol style="list-style-type: none"> <li>1. SCU (ranked 7): 10-17 ML/a</li> <li>2. Ballina Discovery Park (ranked 18): 0.5 ML/a</li> <li>3. Byron Bay High School (ranked 36): 0.5 ML/a</li> <li>4. The Beach Hotel (ranked 37): 4.4 ML/a</li> <li>5. Summit Sports and Fitness Centre: 0.7 ML/a</li> </ol> <p>Total maximum potential potable water saving of 23 ML/a.</p> <p>The following businesses have/are progressing with water saving projects, though have not yet completed works:</p> <ol style="list-style-type: none"> <li>1. Reflections Holiday Parks (across 8 separate parks)</li> <li>2. Norco</li> </ol> <p>The Broadwater Sugar Mill and Cape Byron Power will progress with projects once the Water Saving Plan is complete.</p>	●
	Implement three (3) water saving projects identified in the water saving plans.	DMP	See above comment.	●
	Partner with constituent councils in the development of regional demand management promotional material.	DMP		●
	Process all residential rainwater tank rebates within agreed timeframe, aiming for 65 rebates per annum.	DMP		●
	Develop and implement a communication and engagement program targeting high residential water users, to support the 160 Litre Challenge.	DMP		●
	Develop online home water audit tool to support the 160 Litre Challenge.	DMP		●
<b>2.3.7.1</b> Strategic review of options for integrated lots and water reclamation at Perradenya.	Outcome of review reported to Council.	LTFP	Water reclamation project now sites with FWP2060. Work continues on progressing Stage 7. Work on integrated lots is proposed for 22/23.	●
<b>2.4.1.1</b> Review Capital Works Plan.	Plan reviewed in conjunction with the development of the new Integrated Planning and Reporting framework (in particular the Asset Management Strategy and Plan).	AMP		●
<b>2.4.2.1</b> Implement Capital Works Plan.	Project Management Framework (PMF) monthly reports completed on time (within 10 days of the end of the calendar month).	BAU	Improvement required.	●
	Key project delivered: Stage 1 - St Helena 600 pipeline.	CWP	>99% of project chainage complete.	●
	Key project : Stage 2 - St Helena 600 pipeline	CWP	Project preliminaries and segment 1 civil design complete. Construction is on program.	●
	Key project delivered: Nightcap raw water pump upgrade.	CWP		●
	Key project: Perradenya Release 7 (construction contract awarded).	CWP	Rescheduled to FY2021/22 (Refer QBRS March 2021).	●
	Key project : Rocky Creek Dam aerator upgrade completed.	CWP	Deferred due to Project Manager needing to divert to manage projects to repair damage to Council assets from March 2021 floods.	●

## What we will do in Y4: 2020/21

	Key project : Grace Road reticulation renewal completed.	CWP	Due to resourcing limitations and commitments to other Council priorities, this project was unable to be completed during 20/21. Specifically, Council's planning and delivery team were engaged in designing & delivering several reticulation water main relocations required as supporting works for the St Helena pipeline upgrade. As an interim risk reduction measure, a pressure relief valve was installed on the Grace Rd pipeline to reduce the potential for water main breaks and provide early indication to staff of a problem with this pipeline.	●
2.4.3.1 Implement Disability Inclusion Action Plan.	Actions for 2020/21 completed.	AMP; LTFP; WFMP	For 2020/21, the High Priority actions at the Administration building were: - Enlarge the existing lift facilities to comply with BAC for disability access. - Improve the Level 2 disability toilet facilities to provide Unisex Accessible Toilets (USAT) on every level within the building. Investigations were undertaken into these 2 actions, but due to their high cost & the lack of ownership of the building, it was concluded that they were not feasible. The bulk of the funding was redirected to improve access at the Nightcap Water Treatment Plant & provide a USAT facility. The work commenced in June 2021.	●
2.4.4.1 Review Disability Inclusion Action Plan.	Plan reviewed in conjunction with the development of the new Integrated Planning and Reporting framework.	AMP; LTFP; WFMP	The plan was reviewed as part of the work for item 2.4.3.1 above. Given the potential for the consolidation of Council's office & depot facilities, and the lease of the Lismore Visitor Information Centre, it is recommended that subsequent reviews and a new document be deferred until these items are resolved.	●
2.4.6.1 Complete Rous' operational readiness actions as identified in the Drought Management Plan.	Review and finalise drought management plan templates, guidelines and resources for non-residential customers.	DMP	Workload for staff has not enabled this to be completed. Temporary Drought Management Project Manager being recruited will allow focus on these elements.	●
	Prepare a funding submission for constituent council consideration for a future temporary staff member within Rous County Council to manage water restrictions and exemption enquiries consistently.	DMP	This was included in the SLA renewals with constituent Councils. Further details would be provided in the lead up to drought conditions, as market conditions for staff may change.	●
	Review and update Drought Management Plan - adopted in August 2016.	DMP	Additional resource to assist identified through FWP. Request for Quote documents prepared by end of FY, ready for early 21/22 FY.	●
2.4.7.1 Finalise implementation plan and determine priority and budget impact.	Report to the Leadership Team and Council (if required) through Quarterly Budget Review Statement process.	AMS	As this is related to the previous physical security review audit results, this is not relevant anymore.	●

## What we will do in Y4: 2020/21

<p><b>2.4.9.1</b> Workforce planning sessions with Leadership Team (for forecasting, assessment, challenge and review, monitoring and succession planning).</p>	<p>Two workforce planning sessions per annum (including review of succession plan and business critical roles).</p>	<p>WFMP</p>	<p>This activity will be undertaken as a post-implementation activity following the 2021 organisation structure and resourcing review. Succession planning will also inform the new Workforce Management Plan. In the meantime, there have been a range of cross-skilling arrangements implemented across the business including secondments between the Water Treatment Team and the Richmond Water Laboratories, and the Water Operations Team and the Water Treatment Team as well as training upskilling opportunities between the Customer Service Team and HR (Payroll).</p>	<p>●</p>
	<p>Biannual workforce report to Leadership Team.</p>	<p>WFMP</p>	<p>The People and Performance Quarterly report sent to LT details workforce statistics.</p>	<p>●</p>
<p><b>2.4.10.1</b> Develop revised levels of service and maintenance requirements in consultation with constituent councils based on a review of asset ownership and responsibilities, risk management, asset condition, maintenance, inspection and natural resource management requirements.</p>	<p>Draft of revised service levels and maintenance requirements prepared in advance of future changes to Service Level Agreements.</p>	<p>AMP</p>	<p>Revised service level agreements complete and presented to all constituent councils. Richmond Valley SLA has been executed. Still awaiting further information from Byron, Ballina &amp; Lismore councils prior to finalisation and execution.</p>	<p>●</p>
<p><b>2.4.10.2</b> Determine renewal requirements for flood mitigation assets.</p>	<p>Review and update Capital Works Plan for flood mitigation assets, following preparation of documented process for asset assessment</p>	<p>AMP</p>	<p>Capital Works Plan for flood mitigation assets has been updated based on current known risks and priorities. Further work regarding asset criticality and defect prioritisation will help further refine the Capital Works Plan.</p>	<p>●</p>
<p><b>2.4.10.3</b> Review and formal adoption of Asset Management strategic documents.</p>	<p>Adoption by LT of Asset Management Policy, Asset Management Strategy, Asset management Plan and Maintenance Management Strategy.</p>	<p>AMP</p>	<p>Policy &amp; Strategy adopted by Council and the Leadership Team (LT). Asset Management Plan - Flood adopted by LT. Asset Management Plan - Water in final draft version. Maintenance Management Strategy completed.</p>	<p>●</p>
<p><b>2.4.10.4</b> Develop and document process for asset management reporting.</p>	<p>Process developed and reporting underway.</p>	<p>AMP</p>		<p>●</p>
<p><b>2.4.10.5</b> Develop and document processes for the Asset Management System.</p>	<p>An electronic asset management manual accessible to all staff developed with links to processes added as developed.</p>	<p>AMP</p>	<p>Significant improvement in mobility of asset management information for all staff has occurred during 20/21 FY. A review of Confirm is scheduled for 21/22 FY as it has been in place for 10 years. Manual development will occur subject to review outcomes.</p>	<p>●</p>
<p><b>2.4.10.6</b> Undertake strategic review of Nightcap Water Treatment Plant to develop 20-year master plan of renewals and upgrades.</p>	<p>Strategic review of Nightcap Water Treatment Plant completed, documented and reported to the Leadership Team.</p>	<p>AMP</p>	<p>Project is substantially complete. Final report due in 3rd quarter of 2021 CY.</p>	<p>●</p>
<p><b>2.4.11.1</b> Develop IT Strategic Plan 2021-25.</p>	<p>Adopted by Leadership Team.</p>	<p>ICT SP</p>	<p>Draft ICT Strategic Plan 21-25 has been developed and is currently being socialised through the Leadership Group and will be presented to the Leadership Team by October 2021.</p>	<p>●</p>
<p><b>2.4.13.1</b> Council-owned areas of buffer zones/catchment lands are managed to meet identified objectives for water quality management purposes through ongoing maintenance effort.</p>	<p>Work progresses on Council owned buffer zone lands in line with the Maintenance Management Plan, as evidenced by end of year status report.</p>	<p>BRMMP</p>	<p>Completed. Works have commenced on Fosters spur and maintenance works conducted on all other operational sites.</p>	<p>●</p>
<p><b>2.4.13.2</b> Prepare Rocky Creek Dam (including Whian Whian Falls) multi-year Master Plan.</p>	<p>Master Plan completed and endorsed by Council including a community values-based assessment of Rocky Creek Dam.</p>	<p>AMS</p>	<p>Project was deferred as a result of Council's decision on the FWP 2060 in December 2020. Subsequently in June 2021, Council resolved to defer the project further.</p>	<p>●</p>

## What we will do in Y4: 2020/21

<b>2.4.13.3</b> Complete bush regeneration follow-up works on Wilsons River landowner sites and renew landholder agreements to establish a target date of 30 June 2021 for handing over ongoing maintenance.	Achieved.	AMS	Largely complete. Minor maintenance at 2 sites still to be completed in early 2021/22.	●
<b>2.4.13.4</b> Complete an external audit report on Catchment Management Plan implementation and prepare a 5-year delivery plan.	Achieved.	DWMS		●
<b>2.4.13.5</b> Year 1 actions from 5-year Catchment Management Plan Implementation Delivery Plan.	Implement catchment education and awareness activities aimed at rural land use, on-site sewage management and stormwater management issues.	DWMS		●
	Expand 6-monthly pesticide screening to include high risk chemicals.	DWMS	Deferred and to be completed in 2021/22.	●
	Assess progress/current condition of Wilsons River Reach Plan areas and scope/plan additional work for subsequent delivery period.	DWMS	In progress: contractor engaged, landholder liaison commenced, work underway.	●
	Assess progress/current condition of Emigrant Creek River Reach Plan areas and scope/plan additional work for subsequent delivery period.	DWMS	In progress: contractor engaged, landholder liaison commenced, work underway.	●
<b>2.4.14.1</b> Develop floodgate management plans/protocols for Rous' critical infrastructure sites as identified in the Rous County Council service level agreements (CZMP 4b).	100% of active floodgate management plans reviewed and current.	CZMP	As identified in the last reporting period the review is underway but occurring at a slower rate because of the time required to liaise with landowners and competing demands on FLO position. The review program will also be on-going as each Plan will be reviewed every 3 years. Target will be reviewed and amended for Year 5. Progress at June 2021 was 24 updated or under review and a further 31 remaining.	●
	Training and active management of all section 355 committee members.	CZMP		●
<b>2.4.14.2</b> Rehabilitate very high/high priority riparian restoration sites (CZMP 6a).	Implement riparian improvement works on 1 ha.	CZMP	Project awaiting advice from NSW Fisheries regarding the application for Fish Habitat Action Grant funding.	●
<b>2.4.14.3</b> Proceed to commence development of a Coastal Management Program (CMP) for the Richmond River estuary.	Stage 1: Scoping study completed.	CZMP	In progress.	●
<b>2.4.17.1</b> Service level agreements revised and new agreements in place (constituent councils).	Agreements finalised and signed off.	BAU	Revised service level agreements complete and presented to all constituent councils. Richmond Valley SLA has been executed. Still awaiting further information from Byron, Ballina & Lismore councils prior to finalisation and execution.	●
<b>2.4.20.1</b> Review Drought Management Plan.	Drought Management Plan reviewed and updated in consultation with constituent councils.	DMP	Request for Quote documents prepared by end of FY, ready for early 21/22 FY.	●
<b>2.4.21.1</b> Service level agreement revised and new agreement in place (Kyogle Council).	Agreement finalised and signed off.	BAU	Aligning Kyogle weeds SLA with other constituent councils - Revised agreement to be delayed for 12 months.	●
<b>2.4.24.1</b> Implement a targeted weed eradication and control plan.	Annual review, update, and implement a localised (Rous County Council local government area) weed control plan for reprioritisation of effort to achieve greatest return on investment in line with Regional and State priorities.	Regional priorities	COMPLETED. Localised weed control works conducted in line with the North Coast Regional Strategic Weed Management Plan.	●
<b>2.4.25.1</b> Implementation of Procurement, Properties and Fleet Business Plan.	Progress reports to Leadership Team regarding implementation of priorities identified in Business Plan.	BAU	While significant progress has been made for both procurement and fleet, formal reports to LT have not been provided. This has been impacted by staff resignation and delay in recruitment awaiting finalisation of the organisation restructure.	●
<b>2.4.26.1</b> Implement maintenance planning improvement actions.	Maintenance activities not captured within Confirm identified and management process developed.	AMS/MMS	Discussions underway with operations on how to capture and record.	●

What we will do in Y4: 2020/21

	Critical and non-critical maintenance identified with management process within Confirm.	AMS/MMS	Deffered until review of maintenance activites undertaken.	●
	Defect capture within Confirm improved to include failure modes.	AMS/MMS	Broader review of defect capture underway, will be addressed once completed	●
	Options for improved maintenance cost capture investigated.	AMS/MMS	Deffered, awaiting review of requirements and impact across the organisation	●
	Agreed timeframes for attending to service requests and defects reviewed and documented.	AMS/MMS		●
	Condition assessment program for asset classes developed.	AMS/MMS	Condition assessment program for Flood Mitigation assets developed and implemented. Condition assessment program for water distribution assets drafted, being tested, and waiting on roll out of mobility solutions to be implemented	●
	Review of planned maintenance activities for asset classes completed.	AMS/MMS	Action to commence when Technical Team Leader is recruited and onboarded.	●

## INFORMATION AND KNOWLEDGE

### Our goal: 3. Create value through applying knowledge.

What achieving our goal will look like:

3.1 We will better utilise the knowledge and expertise of our people and the knowledge embedded in our organisational systems to inform decision-making and enhance transparency, business continuity and resilience.

Activity	How we will measure our performance	Links to*	Comment	STATUS
3.1.1.1 Develop strategies and actions to manage and optimise use of GIS and Asset Information	Strategy finalised with identified improvement actions	AMS	Development plan completed. Identified improvement actions being implemented.	●
3.1.2.1 Review the Emergency Management Manual, including Emergency Response Plans and supporting appendices to ensure currency.	Achieved.	ERP	Emergency Management Manual reviewed. Enhancements required to improve currency and accessibility. Manual updates to be undertaken following completion of current restructure.	●
3.1.3.3 Perform security-focused external review of a key Information Technology system.	Results reported to Leadership Team (including actions arising).	BAU	Conducted a Security threat detection and visibility capability review by external consultant. Most recommendations including the introduction of MFA have been initiated or completed.	●
3.1.4.1 Identify and provide opportunities for employees to temporarily transfer to other positions in the organisation.	Arrangements for employees to relieve in temporarily vacant positions (including pending the permanent filling of a position, staff absences of >4 weeks and project-based work) are considered prior to a decision to externally recruit or a decision not to backfill.	BAU		●
3.1.5.1 Develop a Risk and Assurance Strategy and implementation plan.	Draft reported to the Leadership Team by 30 November 2020 and endorsed by the Audit Risk and Improvement Committee by its first meeting in 2021.	BAU	The Risk Management policy was adopted by Council on 17 February 2021. It provides that staff will implement the Risk Management Strategy through the risk management plan set out in the policy. The plan will be revised annually as well as when significant new risks emerge or due to legislation changes.	●
	Quarterly report to the Leadership Team on progress against achievement of implementation plan.	BAU		●
	Evidence of regular and formalised risk and assurance performance monitoring and review, and risk mapping and scanning activities, engaging all levels of the business.	BAU		●
3.1.5.2 Implementation of electronic incident reporting and management (Vault).	Paper based event reporting and management phased out and replaced with Vault event reporting and management by 30 June 2021.	WHSMS		●
3.1.6.1 Review of policies and procedures for suitability and currency.	Progress reporting on status of policies and procedures to Audit, Risk and Improvement Committee.	BAU		●

## PEOPLE

### Our goal: 4. Organisational capability through our people.

What achieving our goal will look like:

4.1 A high performing team enriched through diversity.

4.2 A workplace where safety and wellbeing come first.

Activity	How we will measure our performance	Links to*	Comment	STATUS
4.1.1.1 Conduct employee surveys.	Improvement initiatives/actions identified in initial (culture) survey achieved.	WFMP	Ongoing.	●
	Engagement survey conducted and measured against initial (culture) survey.	WFMP	Deferred to 2021/22FY. It was determined that performing the survey concurrent with an organisation structure and resourcing review may yield an inaccurate result.	●
	Monthly employee communications using a variety of channels.	WFMP	Ongoing via a range of channels and methods (emails, Survey Monkey, All Staff meetings, Leadership Group, Health and Safety Committee meetings, Consultative Committee meetings, Group/Team meetings).	●
4.1.2.1 Identify and provide opportunities for employees to acquire a wider skill set.	Performance review process incorporates employee skills development through informal professional development and training opportunities.	BAU		●
4.1.3.1 Develop a promotional video for Employee Value Proposition (EVP) and organisation (overall).	Video available on website and linked to all job adverts.	WFMP		●
	Digital analytics showing number of views and number of links to video clicked.	WFMP	Digital analytics to be undertaken in Y5.	●
4.2.1.1 WHS management reporting.	Officers (Leadership Team) informed of WHS performance and accountable for continuous improvement in workplace safety.	WHSMS	WHS reports routinely furnished to the Audit Risk and Improvement Committee and the Leadership Team via the People and Performance quarterly update.	●
	Wellbeing program implemented and outcomes reported to Leadership Team.	WHSMS		●
4.2.1.2 Employee participation in in-house WHS training activities and national safe work month (October).	Program of safety, health and well-being related awareness-raising activities undertaken.	WHSMS		●
	All allocated SafetyHub training completed.	WHSMS	Completion rate at 95%.	●
	More than 50% of workforce actively participate in a national safe work month activity.	WHSMS		●
4.2.3.1 Progress action plan following WHS internal audit.	Actions prioritised and progress against implementation reported to the Audit, Risk and Improvement Committee.	BAU/WHSMS		●
	Work Health and Safety Management System reviewed and updated.	BAU/WHSMS		●

## CUSTOMERS AND STAKEHOLDERS

**Our goal: 5. Proactive management of relationships with member councils and key stakeholders.**

**What achieving our goal will look like:**

**5.1 Mutual understanding of needs, priorities, expectations, functions, operations, service standards, span of control and influence.**

**5.2 Build and attract a diverse workforce.**

Activity	How we will measure our performance	Links to*	Comment	STATUS
5.1.1.1 Provide regular flow of information to key stakeholders promoting Council activity and raising brand value and awareness	Active social media streams.	CESP		●
	Regular review of the function and effectiveness of feedback mechanisms.	CESP		●
	Active events calendar to identify appropriate events for stakeholder engagement.	CESP		●
5.1.1.2 Assess the effectiveness of the Customer Service Team trial and report recommendations to the Leadership Team.	Final position determined on the Customer Service Team and operation, including performance measures.	WFMP		●
5.1.2.1 Participation in NSW Audit Office performance audit reviews.	Achieved.	CSP		●
5.2.1.1 Establish service standards for key business processes to optimise attraction and retention.	Vacancies are filled within 90 business days of approval to recruit.	WFMP	Achieved (ongoing monitoring).	●
	Less than or equal to 5% turnover for new employees within first 18 months post probation.	WFMP	Achieved (ongoing monitoring).	●
	Recruitment and selection activities promote and comply with Equal Employment Opportunity principles.	WFMP	Achieved (ongoing monitoring).	●
	As measured through employee pulse surveys, at least 90% of new employees are satisfied with the induction process.	WFMP	Achieved (ongoing monitoring).	●

## PROCESS MANAGEMENT, IMPROVEMENT AND INNOVATION

**Our goal: 6. Continuous improvement through process management and innovative thinking.**









**What achieving our goal will look like:**

**6.1 Recognising and being open to opportunities for improvement through innovation.**

Activity	How we will measure our performance	Links to*	Comment	STATUS
6.1.1.1 Implement electronic business paper agenda and minute system	Technology solution implementation phase commenced.	BAU	Implementation underway.	●
6.1.3.1 Review scope for Richmond Water Laboratories equipment renewal or purchase, layout changes.	By 30 June 2021.	BAU		●
6.1.4.1 Review Richmond Water Laboratories NATA accreditation and determine business requirements.	All NATA accredited tests reviewed.	BAU		●
6.1.8.1 Review and document Customer Service processes.	Implementation of endorsed recommendations from the Customer Service review.	BAU	Ongoing project	●
6.1.8.2 Review and redefine People and Performance Group business processes.	Streamline internal business processes and reduce red tape across functional areas (focus area - Risk and Compliance and Governance).	BAU	Modest progress in streamlining some business process including delegation applications and procedure approval.	●



## What we will do in Y4: 2020/21

<b>6.1.9.1</b> Implement Human Resources Information Management System (end to end technology solution) to reduce risk and optimise efficiencies.	Technology solution implementation phase commenced.	WFMP	Implementation phase continuing.	
<b>6.1.11.1</b> Implement ICT Team action 1 - Well-defined and articulated operating model.	6-monthly status reports to LT.	BAU		
<b>6.1.11.2</b> Implement ICT Team action 2 - Clearly established 'Business as Usual' requirements.	6-monthly status reports to LT.	BAU		
<b>6.1.11.3</b> Implement Corporate action 3 - Content Manager.	Technology solution implementation phase commenced.	BAU		
<b>6.1.11.4</b> Implement Corporate action 4 - Customer Relationship Management (CRM).	Technology solution implementation phase commenced.	BAU	Elements of Content Manager are being used for CRM although this is not the ultimate solution.	
<b>6.1.11.5</b> Implement Corporate action 5 - GIS Improvement Program	Adopted improvement program by LT.	BAU		
<b>6.1.11.6</b> Implement Corporate action 6 - Asset Information Management System Improvement Program	Adopted improvement program by LT.	BAU	Actions deferred awaiting vacant staff position to be filled.	
<b>6.1.11.7</b> Implement Corporate action 10 - Project Management System	Technology solution implementation phase commenced.	BAU	Deferred to 2021/22FY.	

## RESULTS AND SUSTAINABLE PERFORMANCE

### Our goal: 7. Sustainable performance

#### What achieving our goal will look like:

7.1 We are recognised as a valued regional service provider and reliable cost effective deliverer of our core functions and operations.

7.2 Levels of service align with agreed priorities, financial and asset capability and long-term financial plans.

Activity	How we will measure our performance	Links to*	Comment	STATUS
7.1.1.1 Performance report issued to Service Level Agreement parties in relation to delivery of services subject to the agreement.	Copy of performance report issued with Delivery Program report.	DP	Complete	●
7.1.1.2 Performance report issued to councillors in relation to delivery of services subject to Service Level Agreements as part of communications with general managers.	Copy of performance report issued with Delivery Program report.	DP	Performance reports were not issued.	●
7.1.1.3 Identified buffer zone areas that are privately owned or on school land reach 'maintenance standard', and are handed back to their owners.	Work has been carried out to bring affected land to the required standard and buffer zone areas are handed back to landowners for ongoing management.	BRMMP		●
7.1.1.4 Install an active floodgate in Swan Bay to manage nutrient build up.	Long-term solution implemented for weed reduction in Swan Bay.	DP	Initial scoping studies and hydraulic engineering points to very expensive capital solution to enable flushing. Further studies are required to understand impacts on the freshwater ecosystem and nutrient levels. Engagement of a consultant to provide this information is currently underway.	●
7.1.1.5 Dam Safety Management System implemented and ongoing reviews and annual report conducted.	Annual report and gap analysis completed for compliance with new <i>Dam Safety Act 2015</i>	DP		●
7.1.2.1 Achieve or exceed adopted financial budget forecast in net profit (Richmond Water Laboratories).	Achieved.	LTFP	Refer QBRS March 2021	●
7.1.3.1 Deliver services according to service contracts in place (Richmond Water Laboratories).	Achieved.	RWLSP		●
7.1.5.1 Continue to progress design, cost and construction of Perradenya cycle path in negotiation with Lismore City Council.	Construction budget, timetable and way forward considered by Council.	BASP	Refer QBRS March 2021. Rescheduled to FY 2021/22	●
7.2.1.1 Annual Report Card for Drinking Water Quality Mangement System.	Report card produced and provided to NSW Health.	DWMS	Draft report in progress for submission this calendar year.	●
7.2.2.1 Report on progress of actions to mitigate risk of environmental harm from activities (environmental action list).	Provide an update report to Council until actions on the action list are closed out.	BAU	Environmental Action List progress report to Council planned for early 2022.	●

# Demand management status report and scorecard 2020/2021

Responsible Officer: Group Manager Planning & Delivery (Andrew Logan)

## Recommendation

That Council:

1. Receive and note the progress and outcomes of demand management deliverables for the 2020-2021 financial year including budget expenditure.
2. Receive and note plans to review, evaluate and prepare a new Regional Demand Management Plan (RDMP) and Drought Management Plan for adoption and execution from July 2022, following the conclusion of the current plans.

## Background

This report provides a summary of progress on the delivery of actions against key performance indicators of the Regional Demand Management Plan (RDMP) during 2020/2021. The demand management program continues to progress towards achieving defined actions including most notably, strengthening business partnerships across the region to identify and deliver projects that reduce demand on the potable water supply. The challenges experienced this year remain similar to issues previously raised, as explained below.

### 1. Demand Management performance scorecard

The following charts are a snapshot of progress of key performance indicators, the actions of the RDMP, from 2018 to the end of June 2021, summarising the first three years of the four-year delivery plan.

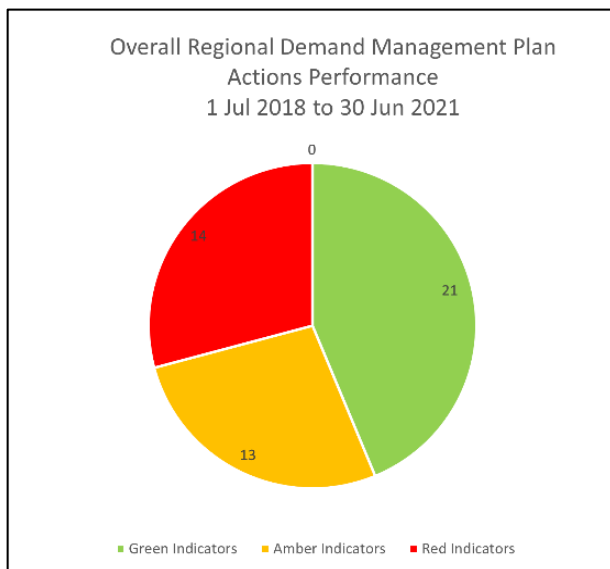


Figure 1: Overall performance including collation of activities with joint responsibility between constituent councils and Rous (48 actions).

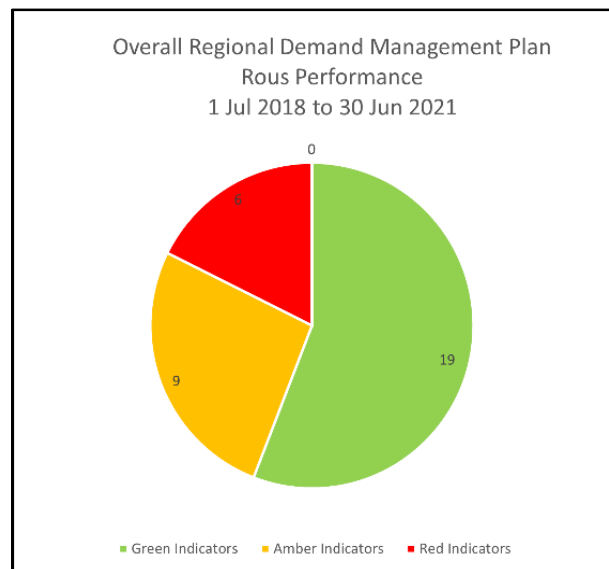


Figure 2: Overall performance of activities led by Rous (35 actions).

#### Legend

	Nil or little progress / not on track
	Progressing though work remains
	Ontrack or complete

### Key points

- There is momentum in delivering actions that are the responsibility of Rous or where Rous is directly involved, including green indicators for:
  - Sustainable Water Partner Program;
  - Residential Rainwater Tank Rebate Program; and,
  - Communication and engagement activities that broadly promote and raise awareness of the value of water, water efficiency and tools and resources available to better understand and reduce household demand.
- Meeting key performance indicators for activities where Rous is not directly involved continues to be a key challenge and recurring issue of the current RDMP.
- The role of Rous as the bulk supplier and constituent councils who have direct access to the majority of the region's customer base has influenced progress of activities including expanding recycled water connections (and supporting this through rebates, administered by Rous) and implementing a regional smart metering approach (red indicators).
- Improving monitoring, reporting and evaluation by developing standardised definitions of connection types across the region also remains an outstanding action. This work involves intensive review and understanding of financial, billing, and administrative operations within each constituent council. Given the complexities of this, this project will most likely require a dedicated temporary resource and agreement and coordination with each constituent council and all relative departments. It is a key issue identified for inclusion in the new RDMP and Drought Management Plan.

## 2. Budget v actuals 2020/21 to 2018/19

**Table 1: Program area budget versus actual for 2020/21 to 2018/19**

Program Area	2020/2021			2019/2020			2018/2019		
	Actual	Budget	% Spend	Actual	Budget	% Spend	Actual	Budget	% Spend
DM General Program	Nil	\$2,900	0%	\$29,286	\$9,300	315%	\$4,362	\$8,900	49%
DM Monitoring, Reporting & Evaluation	Nil	\$30,000	0%	Nil	\$10,000	0%	Nil	\$10,000	0%
DM Recycled Water (residential only - Byron & Ballina)	Nil	\$30,000	0%	Nil	\$20,000	0%	\$20,000	\$20,000	100%
DM Residential Rainwater Tank Rebate Programs	\$107,685*	\$90,000	120%	\$115,067	\$65,000	172%	\$73,739	\$65,000	113%
DM Com. Education Program	\$43,438	\$48,900	89%	\$8,862	\$47,700	19%	\$41,025	\$42,000	98%
DM Smart Metering	Nil	\$10,000	0%	\$6,400	\$48,200	13%	\$26,777	\$30,000	89%
DM Sustainable Water Partner Program	\$68,819	\$82,000	84%	\$5,392	\$80,000	7%	\$16,406	\$55,500	30%
DM Water Loss Program Leakage	Nil	Nil	NA	\$40,003	\$40,000		\$58,000	\$50,000	
<b>TOTAL DM Programs ONLY</b>	<b>\$219,942</b>	<b>\$293,800</b>	<b>75%</b>	<b>\$205,010</b>	<b>\$320,200</b>	<b>64%</b>	<b>\$240,309</b>	<b>\$281,400</b>	<b>85%</b>
Administration costs not included in projects	\$53,354	\$31,500	169%	\$26,376	\$79,800	33%	\$75,730	\$92,900	82%
<b>TOTAL including administrative costs</b>	<b>\$273,296</b>	<b>\$325,300</b>	<b>84%**</b>	<b>\$231,386</b>	<b>\$400,000</b>	<b>58%</b>	<b>\$316,039</b>	<b>\$374,300</b>	<b>84%</b>

\* The total Rous expenditure for the Residential Rainwater Tank Rebate Program was \$107,685. Income received from constituent councils (in the form of rebates from outside the Rous supply footprint, mainly Mullumbimby and Casino) equalled \$11,890. This is the equivalent of 11% of total program costs for 2020/2021.

\*\* Overspend on Administrative costs (i.e., salaries) skews the overall total percent spend. Individual demand management projects do not include salaries, hence this is captured as a separate line item and calculated separately to the demand management programs.

The key points of the 2020/2021 demand management budget included:

- Nil expenditure against program areas where challenges meeting key performance indicators exist including monitoring, reporting and evaluation; recycled water and smart metering. For recycled water and smart metering, this lack of expenditure is not a true reflection of work in these areas. Further planning as to how these actions are to progress in the context of broader organisational and regional projects is required.
- The second highest historical spend on rainwater tank rebates, a total of over \$107,000, representing a 20% overspend against this budget. This total reflects received and approved rebate applications for 2020/2021.
- Positive progress made with Sustainable Water Partner program, Residential Rainwater Tank Rebate program and communications and engagement activities.
- Overspend against administrative costs (i.e. Salaries). This is reflective of the true costs of program delivery for 2020/21. The costs for 2020/21 reflect the Water Sustainability Officer in a part-time capacity. This cost will increase for 2021/22 as the role has been filled in a fulltime capacity.

Further explanation and commentary is provided against each Program Area in the following item.

### 3. 2020/21 Program area commentary

#### General Demand Management program

There was an underspend against this minimal budget amount for 2020/21. Planning for 2021/22 has included this general budget to supplement the delivery of other key demand management program areas.

#### Monitoring, reporting and evaluation

Although a standard procedure for reporting of RDMP action status and key performance indicators has been developed by Rous, implemented, and is continuously updated to measure and evaluate progress, this action and relevant funding is largely to support the development of standardised definitions of connection types across each local water utility (LWU) – a much larger project than simply monitoring and reporting the progress of RDMP actions.

This project requires involvement and engagement of each Council and relative internal departments, including finance, billing, customer service and administration, that will be impacted by any changes. This project requires further development and engagement of all Councils to determine and agree the best approach moving forward.

Given the complexities and breadth of this work, it is a key item for consideration in the development of the new RDMP. If this project and related activities is determined to be a priority for inclusion in the new RDMP, it is recommended that an achievable delivery model with adequate resourcing be identified through the planning and preparation process.

#### Recycled water (Ballina and Byron Shires)

Although Byron and Ballina Shire Councils continue to expand recycled water connections to new developments, challenges that reduce the feasibility of retrofitting existing properties has subsequently resulted in a lack of expenditure in this area. As advised at the July 2020 Council workshop, residential targets to expand recycled water to existing suburbs are difficult to achieve, given the high cost of connection.

The budget for recycled water under the RDMP was initially intended to incentivise (through rebates) retrofitting of recycled water to existing residential properties. However, following investigation, required plumbing approvals and inspections to retrofit recycled water to existing residential premises alone, is too costly in comparison to available rebates. In addition to these expenses, the location of the property in relation to the recycled water main, size of the connection and work required to achieve the connection, further influence the total cost of works and therefore the feasibility of such projects.

These challenges have driven recommendation and agreement by relevant members of the Regional Liaison Committee to continue to focus on expanding connections to new residential builds and reallocate rebates for recycled water (provided by Rous) to support business connections through the Sustainable Water Partner Program. It was agreed that this approach, targeting high water consuming businesses, is more strategic as the return on investment (including rebate amount) to retrofit recycled water is potentially more attractive, considering potable water consumption and the associated costs charged to businesses.

Expenditure by Rous to support recycled water connections in Byron and Ballina Shires, local government areas outside our immediate jurisdiction, is however dependent on the progress of engagement by the respective Council with suitable commercial businesses. The time required to identify, develop and build-up these projects with local business is the primary reason for the nil expenditure reported against recycled water for Byron and Ballina during 2020/2021. It should be noted that this lack of expenditure does not, however, truly reflect progress and achievements in this space for this financial year.

Early in 2021 the Byron Beach Hotel connected to recycled water, a project supported by Rous, that will reduce demand on the potable water supply by over 4 megalitres annually. This outcome is the result of close to three years engagement with the Hotel (including a change in ownership) through the Sustainable Water Partner Program (SWPP). As this project was initiated and delivered through the SWPP, related expenditure is accounted for in the SWPP budget rather than recycled water allocation.

The planning, engagement, and final completion of this project, taking place over several years, highlights the potential time required to deliver projects in partnership with local business, from concept to completion.

Byron Shire Council continue to approach businesses with similar needs to the Beach Hotel as well as businesses who are near the recycled water main. Whereas Ballina Shire Council are investigating options with businesses in west Ballina to establish their interest and barriers to connecting. To increase uptake of recycled water, it is intended that the outcomes of this work will identify businesses that have expressed interest in the respective schemes and will benefit from the financial assistance of a rebate.

#### Rainwater Tank Rebate program

Expenditure reflects the number of approved rainwater tank rebate applications for 2020/21.

The Rainwater Tank Rebate Program received slightly fewer applications in comparison to the previous year with 116 applications compared with 139 in 2019/20 (a drought year). This year however, represented the second highest expenditure against the program.

**Table 2: Comparison of rainwater tank rebate data for 2017/18 to 2020/21**

Year	Applications received	Applications approved	Volume storage approved	Rebate amount approved
2020/2021	116	104	0.937 ML	\$107,685
2019/2020	139	125	1.142 ML	\$115,067
2018/2019	74	69	0.391 ML	\$73,739
2017/2018	40	36	0.588 ML	\$39,936

Internal connections for 2020/21 remain on trend from previous years with just over one third of applications opting to connect internal fixtures including toilets and washing machines.

### Communications and engagement

In relation to demand management communications and engagement, actual spend reflects expenses associated with key engagement resources and promotions including, though not limited to:

- Enhancing web-based water efficiency resources, tools and collateral through our partnership with leading water education group, Smart Approved Watermark (founded by WSAA);
- Regional promotions and relevant campaigns; and,
- Attending immersion events for schools and the broader community.

Communication, engagement and education has focused on water literacy, increasing awareness of water efficiency and resources available to better understand household demand, have been delivered through both targeted and broad campaigns, covering the reach of the Rous supply footprint.

### Summary of demand management communication and engagement activities 2020/21

- Published online water saving tool kit including custom-built online water calculator tool. This content, published in partnership with Smart Approved WaterMark, has formed the foundation for social media and advertising campaigns. The toolkit is presented across Rous and constituent council websites. A QR Code developed for the water calculator has received 80 scans.
- To better understand the primary drivers and barriers in relation to installing rainwater tanks, a digital customer survey was sent directly to recipients of the Rainwater Tank Rebate Program. Complementary to this, each of the 230 customers who received the electronic survey also received a package of water efficiency information available on the Rous website and the online home water calculator tool. Expressions of interest were also sought from customers seeking a snapshot of their water consumption by providing Council consent to access their water meter data. For these customers, staff were able to chart their water use before and after installation of their rainwater tank and provide them an opportunity to ask questions directly to the Water Sustainability Officer.
- Bus shelter advertising and Flush Media (advertising in public bathrooms of locations frequented by residents including cinemas, cafes and restaurants) and a local radio campaign covering our four local government areas, promoting rainwater tank rebates and the online water calculator tool.
- School education and community engagement opportunities coinciding with the Green Innovation Awards Mentorship Program and Innovations Day held at Southern Cross University, PRIMEX and five school immersion activities with the catchment trailer (delivered as staff resourcing allowed).
- Web articles and media releases (total of five) published in local newspaper with a readership of more than 53,000. This is complementary to an ongoing social media campaign promoting both commercial and residential water saving projects and water saving advice. A highlight was an inhouse produced short video focused on detecting and fixing a leaking toilet which received over 8.3K views on Facebook.
- Discussions with the Dorrroughby Environmental Education Centre (DEEC) with the intention to expand school engagement with active promotion, uptake and delivery of water education modules. Although there are limited opportunities to expand current activities, Rous will continue to liaise with DEEC.

Rous is partnering with Smart Approved WaterMark for Water Night 2021, coinciding with National Water Week in October. Rous was a supporter in 2020 along with many other utilities, groups and industry leaders.

The communications and engagement budget has been planned and forecast to ensure maximum expenditure and outcome delivery for 2021/22.



### Smart metering

A lack of expenditure against the budget for smart metering reflects the broader intention to rollout smart metering to Rous' direct customers during 2021/22. Discussions with Richmond Valley, Byron and Ballina Shire Councils regarding smart metering roll-out to their customers will continue during 2021/22.

This work is progressing outside the annual smart-metering budget allocation in the RDMP.

### Sustainable Water Partner Program (SWPP)

The 2020/21 spend for the SWPP reflects progress of projects delivered in partnership with large water consuming businesses, across the Rous supply footprint. It was planned that the full allocated budget would be exhausted however, delays with monitoring equipment lead times as well as significant impacts to business operations due to the pandemic delayed progress and subsequently impacted expenditure.

Progressing engagement with high water consuming businesses (using more than 5 megalitres annually) and continuing to drive industry involvement in water saving projects has been a focus of demand management activities during 2020/21. Table 3 outlines the key achievements and activities during this financial year.

**Table 3: Completed water saving projects and potential water savings supported through the Sustainable Water Partner Program 2020/2021**

Target business	Regional ranking based on water consumption	Potential potable water saving (megalitres annually)	Project summary
Southern Cross University (SCU)	7	10 – 17 *	Installation of a freshwater chlorinator for the pool to reduce volume of wastewater through backwashing.
Ballina Discovery Park	18	0.506	Smart metering and tap upgrades.
Byron Bay High School	36	0.534	Irrigation upgrade.
The Beach Hotel	37	4.38	Recycled water connection to service toilets and garden irrigation.
Summit Sports and Fitness Centre	N/A	0.7	Installation of a freshwater chlorinator for the pool to reduce volume of wastewater through backwashing.
		<b>16 - 23</b>	

\* Assumption: Variation exists in the range of potential water savings achieved due to factors including patron numbers, servicing requirements and leak detection. Therefore, a range is provided, verified by a specialist water consultant. This estimate is being assessed against smart metering data retrieved monthly over a full 12-month period.

To support the completion of this work, Rous provided rebates to the value of \$44,974 during 2020/21. This represents 21% of the total project costs, with the remaining \$167,524 contributed by the participating businesses.

### Sustainable Water Partner Program (SWPP) analysis

The equivalent cost per megalitre saved based on provided rebates was \$1,955 per ML, based on a maximum potential water savings of 23 megalitres. Inclusive of consulting costs (total expenditure inclusive of consulting costs and project rebates - \$68,819), the equivalent cost per megalitre saved is approximately \$3,000 per ML.

If the calculation is based on the minimum potential water savings (16 ML) and the total program costs of \$68,819, the equivalent cost per megalitre saved is closer to \$4,300 per ML. This remains in the relative range of what is recommended in the SWPP guidelines at \$3,500 per megalitre saved.

Furthermore, an underground water leak was detected through temporary smart-metering installed to inform a water saving plan for Reflections Holiday Parks. The specialist water consultant engaged for this project verified the leak to be 60 litres per minute resulting in potentially 7.8 ML of wasted water per quarter (the leak was detected at the beginning of the quarterly billing cycle). The consultant noted it was by far the most significant leak detected in his working experience.

The planned activities in the SWPP area for 2021/2022 will concentrate on implementing water saving projects informed by prepared water saving plans with the following businesses:

- Reflections Holiday Parks (across eight separate Parks, five of which rank in the top 100 regional users) – extensive smart metering is recommended as well as tap and shower fixture upgrades. The Reflections Management Board has agreed to adopt and implement the full set of recommendations outlined in the water saving plan.
- Norco (ranked 2) – water saving projects identified through wastewater capture and reuse with a potential water saving of over 3 ML. There is also an opportunity to investigate a future project focused on cooling towers and associated water efficiencies. This will be considered for inclusion in the new Demand Management Plan for commencement from July 2022.

During 2022, continued focus will be placed on the completion of a comprehensive water saving plan for the Broadwater Sugar Mill and Cape Byron Power cogeneration plant. This working partnership with two top order water consuming businesses (ranked 3) with complex operations, integrations and water needs is a flagship project of the Sustainable Water Partner Program. The planning of this project is being delivered in two phases, with the initial work to focus on the implementation of an extensive smart-metering program and the analysis of real-time data to inform the identification and delivery of water saving projects. Preliminary works with both the Mill and Cape Byron Power have identified opportunities that will reduce demand on the potable water supply by 10-30 megalitres annually. Actual water savings will be determined upon data collation, analysis, identification and agreement of feasible water saving projects.

### Water Loss Leakage program

As resolved in the December 2020 Council meeting, implementation of the Rous Water Loss Management Plan (WLMP) was adopted as an immediate action. A comprehensive program has been developed within the Rous WLMP for implementation over four years with a total project estimate of \$1.9M. Given the significance of this work, it is progressing outside the budget allocation of the RDMP. The 2020/21 RDMP had nil budget for this item.

### Administrative costs

This expense is the salary of the Water Sustainability Officer (WSO), employed on a 0.6 FTE for the majority of 2020/21. This amount of \$53,354 is reflective of the cost of program delivery for this period. Administrative costs are forecast to increase in 2021/22, as the WSO position is fulltime.

#### **4. New work – Development of a new Regional Demand Management Plan and Drought Management Plan**

Rous' current RDMP expires in June 2022 and requires review and update for the subsequent four-year term. The Drought Management Plan is also due for review and update following its adoption in August 2016.

##### Opportunities

To inform the new plans, staff are looking to incorporate the following pieces of work:

- Literature review of best practice demand management initiatives – what are others achieving well in this space and can we take on similar actions.
- Demand management behaviour change program of activities.
- Secure yield assessment of our current water sources.
- Gap analysis and evaluation of response to the 2019 drought - operational readiness, coordination and implementation.

##### Timeframe

It is intended that the draft Demand Management and Drought Management Plans will be prepared by the end of 2021 calendar year in consultation with constituent councils, staff and relevant stakeholders. Following the incorporation of stakeholder feedback, the plans will be presented at a March 2022 Council workshop. A public exhibition period, in conjunction with the new Integrated Planning and Reporting Framework is planned, with the final draft plans presented for adoption at the June 2022 meeting.

##### **Conclusion**

This report is presented as an update on the status of demand management initiatives and the outcomes delivered for the 2020/21 financial year.

In summary, there is momentum in delivering actions that are the responsibility of Rous or where Rous is directly involved including the Sustainable Water Partner Program; Residential Rainwater Tank Rebate Program; and communications and engagement activities.

A key highlight of 2020/21 has been progressing engagement with top-order, high water consuming businesses (using more than 5 megalitres annually) and continuing to drive industry involvement in projects that reduce demand on our potable water supply. This work will continue to be a focus for 2021/22 including a cornerstone partner project with the Broadwater Sugar Mill and Cape Byron Power cogeneration plant.

For areas where expenditure is lacking, this reflects challenges of meeting key performance indicators for activities where Rous is not directly involved. These activities highlight challenges associated with roles and authority, Rous being the bulk supplier and constituent councils who have direct access to the majority of the region's customer base and authority over the local network and water supply infrastructure.

These challenges continue to be a key reoccurring issue of the current RDMP, specifically impacting progress of activities including expanding recycled water connections (and supporting this through rebates, administered by Rous) and implementing a regional smart metering approach (red indicators). There has however, been progress made in these areas that is not reflected in the budget expenditure for these specific budget items.

For remaining activities where little progress has been made, specifically monitoring, reporting and evaluation, this is a result of the complexities of developing standardised definitions of connection types across the region. This work involves intensive review and understanding operations within each constituent council. Given the complexities, this project will most likely require a dedicated temporary resource and agreement and coordination with each constituent council and all relative departments. It is a key issue identified for inclusion in the new RDMP and Drought Management Plan.

For areas of the current RDMP that continue to experience delivery challenges, it is expected that the intended outcomes and challenges for each action be identified with solutions proposed and included in the preparation of the new Demand Management Plan.

The preparation of both the new Demand and Drought Management Plans will be a key focus of the 2021/22 financial year. This work will run concurrently with the delivery of remaining months of the current RDMP to the end of June 2022.

#### Attachment

1. Showcase of demand management activities, media, and promotions

Showcase of demand management activities, media, and promotions 2020/21

**THINK TANK!**  
Looking for ways to save water? Think rainwater tank!  
You may also be eligible for a rebate of up to \$2,170\*. Join the thousands of people locally who have installed a rainwater tank through Rous County Council's Rainwater Tank Rebate Program. If you are connected to the town water supply across Ballina, Byron, Lismore and Richmond Valley local government areas, rebates are available for installing a rainwater tank, as well as connecting your rainwater tank to internal fixtures like your toilet and washing machine. Local Lismore resident Andrew L. says, "It's a fantastic way of looking after our environment by reducing pressure on our limited water sources."  
"Connecting our toilets and washing machine to our rainwater tank has helped our household to make better use of water free from the sky!" Says Local Lismore Head resident, Anthony.  
This year has seen record rainfall across our region. It's a perfect time to install a tank and harvest rainwater to reduce your footprint on our precious drinking water supply.  
For more information visit [rous.nsw.gov.au/rainwater-tank-rebates](http://rous.nsw.gov.au/rainwater-tank-rebates) \*Eligibility criteria apply.

**Residential Rainwater Tank Rebate Program**  
Rebates of up to \$2,170\*

Purchase and installation – for at least one outdoor use	Rebate amount*
2,000 litres to 4,499 litre capacity tank	\$200
4,500 litres to 6,999 litre capacity tank	\$600
7,000 litres and above capacity tank	\$1,000

**Additional rebates available to connect tank internally**

Additional rebates available to connect tank internally	Rebate amount*
Toilets	\$620
Washing machine	\$550

\* Terms and conditions apply. Visit [rous.nsw.gov.au](http://rous.nsw.gov.au)

**LOCAL BUSINESSES STRIVE TO BE SUSTAINABLE WATER PARTNERS**  
Local businesses in the Northern Rivers are taking direct action to reduce water use by teaming up with regional water supply authority, Rous County Council through their Sustainable Water Partner Program.  
Locally, there are many businesses from a variety of industries, including tourism, hospitality, education, retail, and manufacturing, who are partnering with Rous to implement projects that have top benefits for business operations and water sustainability by reducing demand on our limited drinking water supply.  
Southern Cross University (SCU) and Summit Sports and Fitness Centre in Goomerah have been recognised for their commitment to water efficiency and sustainability, achieving significant water savings through equipment upgrades for their public pools. This work, led by SCU and Summit Sports and Fitness Centre, delivers water savings in perpetuity, with a potential water saving per year of more than seven Olympic swimming pools.  
Noelka Head, Director of Property Services at Southern Cross University said, "Our team is ecstatic with the results, and as well as water savings, we have also reduced our risk and maintenance costs."  
"This project has not only resulted in significant water savings but has reduced chemical handling for our staff and improved the health and safety of our operations." Matthew George, owner of Summit Sports and Fitness Centre, Goomerah agrees with the operational and environmental wins of this work.  
"We can all play a part to save water. Water is a precious natural resource, every drop counts!" Mr George says.  
Other projects locally, include the installation of automated smart-metering across various tourism operators including Redcliffe Holiday Parks and Brighton upgrades at a local high school.  
Water saving projects continue to be identified through water saving investigations in commercial, manufacturing and industrial settings with Norco, Byron Beach Hotel and many others.  
Rous County Council General Manager, Phillip Rudd, said, "These projects are positive examples of identifying water saving projects that are financially viable with a strong return on investment for local businesses."

Figure 1: Media article printed in The Echo's Sustainability Supplement 2021

Rous County Council  
June 11

The Green Innovation Awards Northern Rivers recently hosted their Innovation Day Southern Cross University.  
This was a fantastic opportunity for business representatives, experts, and mentors from local organisations, including Rous, to share their experien... See More

Figure 2: Innovations Day at SCU. RCC assisted developing water conservation and sustainability projects with students.

**Southern Cross University - A Sustainable Water Partner**

**WATER EFFICIENCY AND COST SAVINGS**

Potential annual water savings MORE THAN 17 MEGALITRES PER YEAR  
POTENTIAL SAVING \$67,000 PER ANNUM

which represents a saving of \$67,000 per annum – with significant chemical and energy savings on top of this.  
Monitoring continues for this work with additional projects being planned and implemented as time and resources allow.

The University prioritised works based on maximising water savings as well as operational considerations. The installation of a freshwater chlorinator for the indoor pool – backwash reduction project – was a priority action. This work was planned and implemented by the University with financial support through the Sustainable Water Partner Program.  
Before and after monitoring of the pool's water use demonstrates a significant reduction through this project. Monitoring data suggests a potential water saving of 17 megalitres annually. This is a water saving equivalent to almost seven Olympic swimming pools

**Get involved in the Sustainable Water Partner Program**  
The aim of the Sustainable Water Partner Program is to support businesses to make changes that will have lasting benefits for the business and broader community – not only saving water but increasing business profitability through lower water and sewer costs.  
As part of the program, Rous County Council can offer businesses with an annual water consumption >5ML, a fully funded Water Saving Plan as well as rebates of up to \$25,000 annually to implement water saving projects.

**Our team is ecstatic with the results, as well as water savings, we have also reduced our risk and maintenance costs. This project has not only resulted in significant water savings but has reduced chemical handling for our staff and improved the health and safety of our operations.**  
Danika Head, Director of Property Services at Southern Cross University

Figure 3: Example case study showcasing the completion of a water saving project with Southern Cross University

**ROUS COUNTY COUNCIL**

Search the website

Home > Your water > Your Home > Save water indoors

**Save water indoors**

**In This Section**

- Your account
- Your meter
- Your home
  - Rainwater tank: Residential reuse program
  - Save water indoors
  - Save water outdoors
  - Calculate your water use
  - 160 litre challenge
  - Water restrictions
- Your school
- Your business

**Every drop counts. Water saving starts with you!**  
Rous County Council has partnered with Smart Water Advice, run by Smart Approved WaterMark, to provide you with helpful ways to save water in every area of your home.  
Click the following images to find out how.

**Bathroom**  
Three quarters of the water used in the bathroom is used for washbasin operations. These days, thanks to high quality, water efficient technology, it is possible to have a great washing experience without using excessive amounts of water.

**Kitchen**  
Around 10% of total household water is consumed in the kitchen – cooking, cleaning and washing dishes. While these are essential activities, there are many simple ways to save water.

**Toilets**  
A quarter of all the water we use in the home is flushed down the toilet. It is easy to check your toilet for leaks, and it is easy to cut down water wastage in this way.

**Laundry**  
15-20% of all water consumed in the home is used in the laundry, making this a high-consumption area. There are many inexpensive ways to save water in the laundry.

Figure 4: Saving water indoors webpage published on RCC's website

## **Disclosure of Interests 2020/21**

*Responsible Officer: General Manager (Phillip Rudd)*

### **Recommendation**

That Council receive and note the report.

### **Background**

Councillors and designated persons are required under clause 4.21 of the Code of Conduct to lodge a completed Disclosure of Interest within three months of the end of the financial year.

It is also a requirement that the Register of Returns is tabled at the first meeting following the lodgement date. Accordingly, the Disclosure of Interest Returns Register is now tabled as a public record and is available for inspection.

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## Fluoride plant dosing performance report: April to June 2021

*Responsible Officer: Group Manager Operations (Adam Nesbitt)*

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### Recommendation

That Council receive and note the Fluoride Plant dosing performance report: April to June 2021.

### Background

In February 2019, it was resolved (6/19) that Council would receive a fluoride performance report incorporating chemical suppliers testing data and dosing plant performance on a quarterly basis. This report is for the 1 April to 30 June 2021 quarter (Q2).

- **Fluoride plants' performance**

Plant performance is measured against three criteria:

1. Australian Drinking Water Guidelines (ADWG) Health guideline value upper limit of 1.5 mg/L.
2. NSW Health Code of Practice for Fluoridation of Public Water Supplies ('Code') - target over a calendar year that > 95% of **all results** (dosed water and distribution) are between 0.9 and 1.5 mg/L; and
3. The Code - consistently achieve an overall fluoride dose of between 0.95 to 1.05 mg/L.

Attachments 1 to 4 are charts presenting the results for each of the four fluoride plants, in comparison to the criteria above.

The results of the analysis of samples collected during the quarter show that:

1. None of the plants have dosed fluoride above the ADWG guideline value of 1.5 mg/L.
2. Monthly 95<sup>th</sup> Percentile results for **all results** collected (dosed water and distribution) during the quarter are shown in Charts 1, 3, 5 and 7. Results were within the Code's target range of 0.9 to 1.5 mg/L.
3. Monthly 95<sup>th</sup> Percentile results for **dosed water** at each fluoride plant is shown in charts 2, 4, 6 and 8. Results were within the Code's dosing range of 0.95 to 1.05 mg/L.

- **Fluoride deliveries**

There were no fluoride deliveries during Q2 2021.

### Conclusion

For the period 1 April to 30 June 2021, the four fluoride plants operated by Council have met the dosing targets prescribed in the Australian Drinking Water Guidelines and the targets range within the NSW Health Code of Practice for Fluoridation of Public Water Supplies.

Attachments 1:

- Chart 1 – Clunes Fluoride Plant Dosing Performance – Monthly 95<sup>th</sup> Percentiles - All Results
- Chart 2 – Clunes Fluoride Plant Dosing Performance – Monthly 95<sup>th</sup> Percentiles - Daily Results

Attachments 2:

- Chart 3 – Corndale Fluoride Plant Dosing Performance – Monthly 95<sup>th</sup> Percentiles - All Results
- Chart 4 – Corndale Fluoride Plant Dosing Performance – Monthly 95<sup>th</sup> Percentiles - Daily Results

Attachments 3:

- Chart 5 – Dorroughby Fluoride Plant Dosing Performance – Monthly 95<sup>th</sup> Percentiles - All Results
- Chart 6 – Dorroughby Fluoride Plant Dosing Performance – Monthly 95<sup>th</sup> Percentiles - Daily Results

Attachments 4:

- Chart 7 – Knockrow Fluoride Plant Dosing Performance – Monthly 95<sup>th</sup> Percentiles - All Results
- Chart 8 – Knockrow Fluoride Plant Dosing Performance – Monthly 95<sup>th</sup> Percentiles - Daily Results



Chart 1 - Clunes Fluoride Dosing Performance Monthly 95th Percentiles for All Results

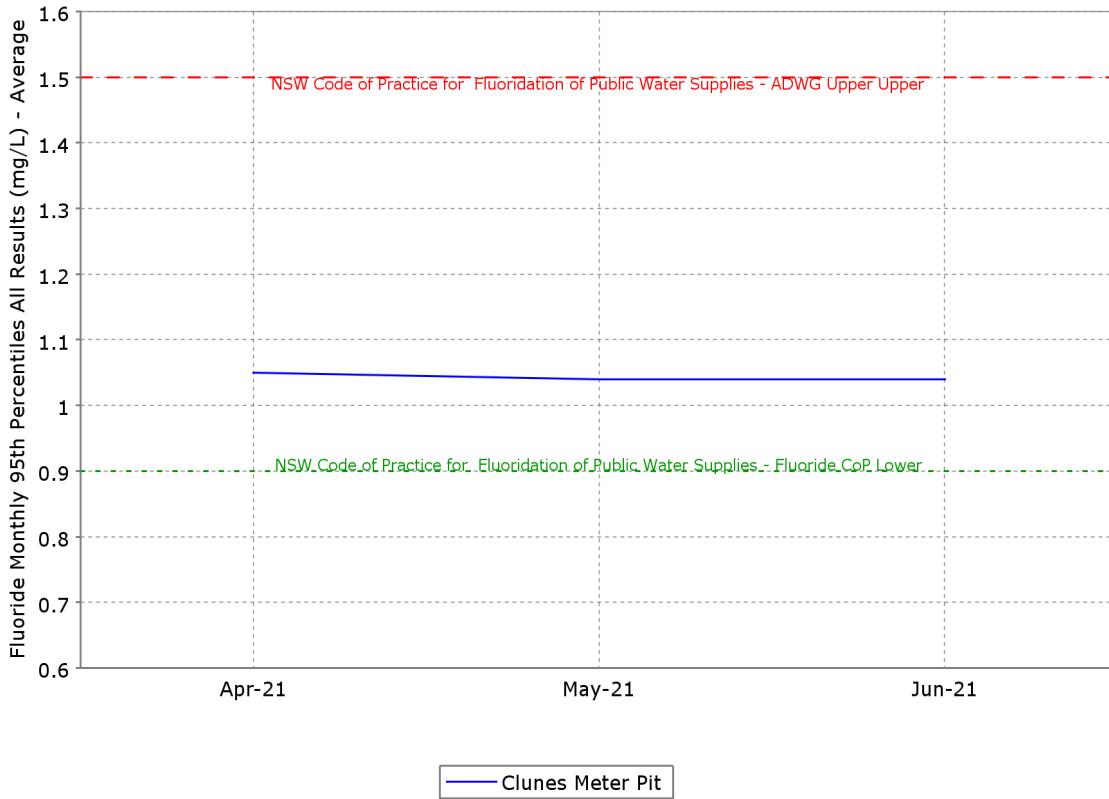


Chart 2 - Clunes Fluoride Dosing Performance Monthly 95th Percentiles Daily Results

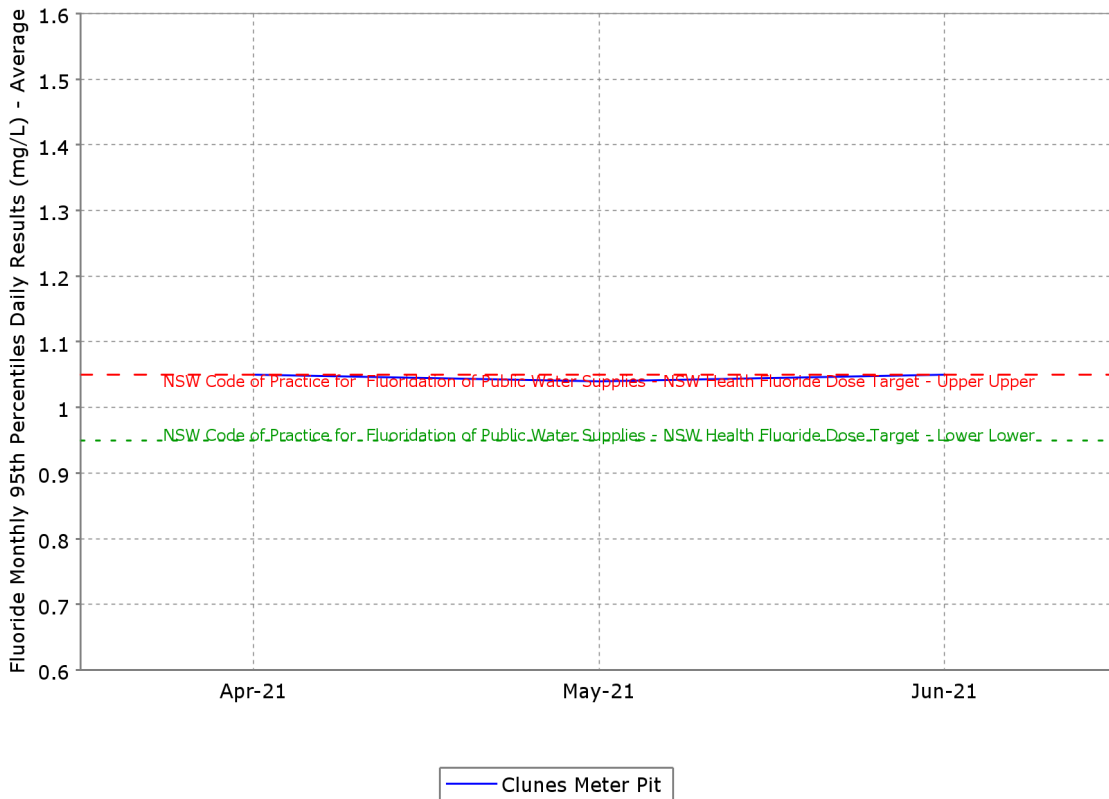


Chart 3 - Corndale Fluoride Dosing Performance Monthly 95th Percentiles for All Results

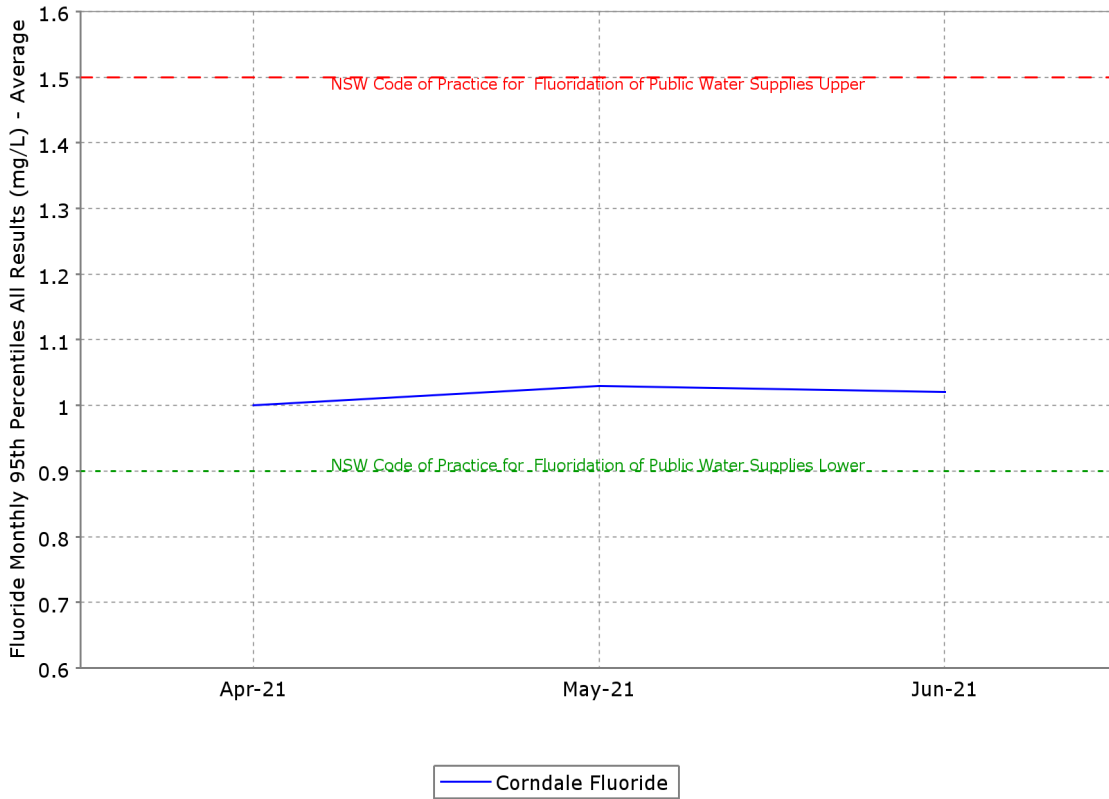


Chart 4 - Corndale Fluoride Dosing Performance Monthly 95th Percentiles for Daily Results

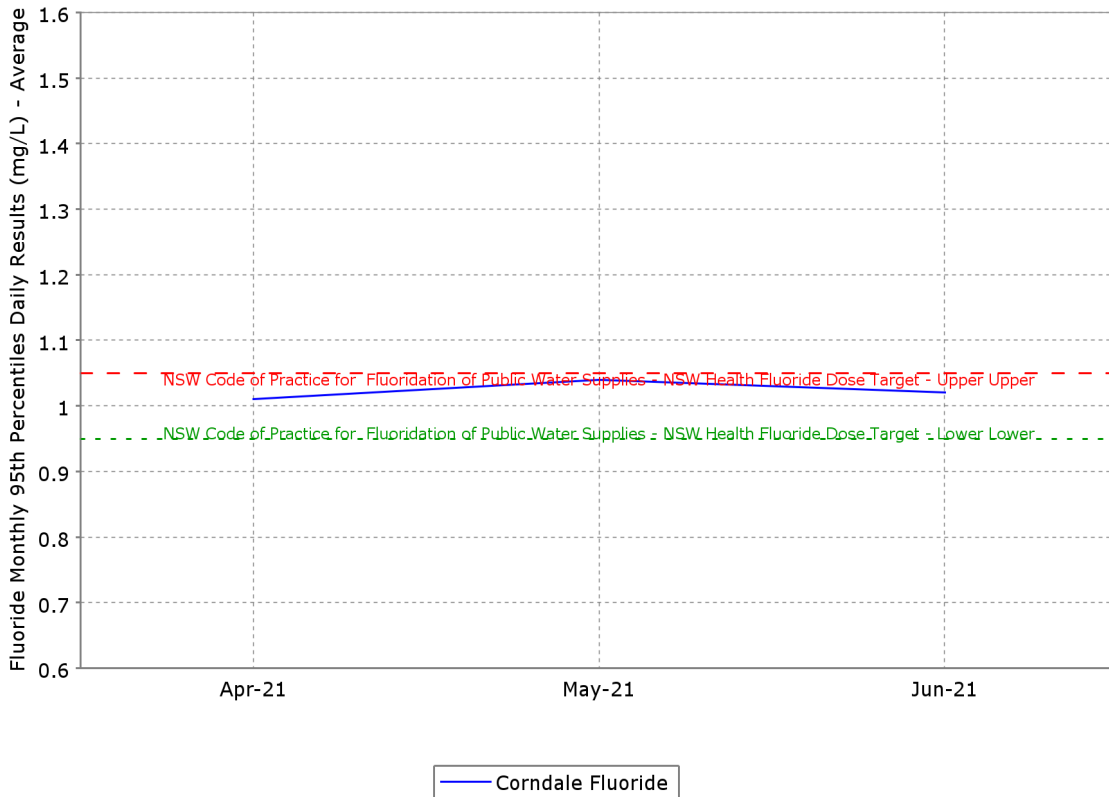


Chart 5 - Dorrroughby Fluoride Dosing Performance Monthly 95th Percentiles for All Results

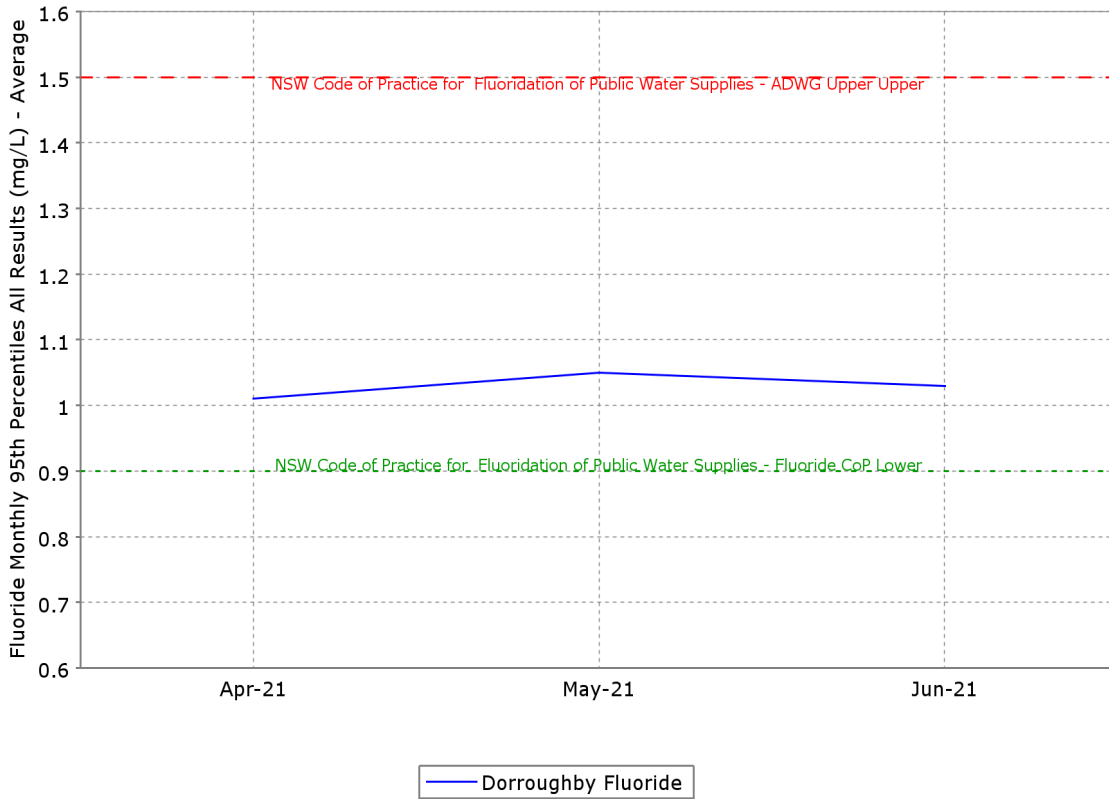


Chart 6 - Dorrroughby Fluoride Dosing Performance Monthly 95th Percentiles for Daily Results

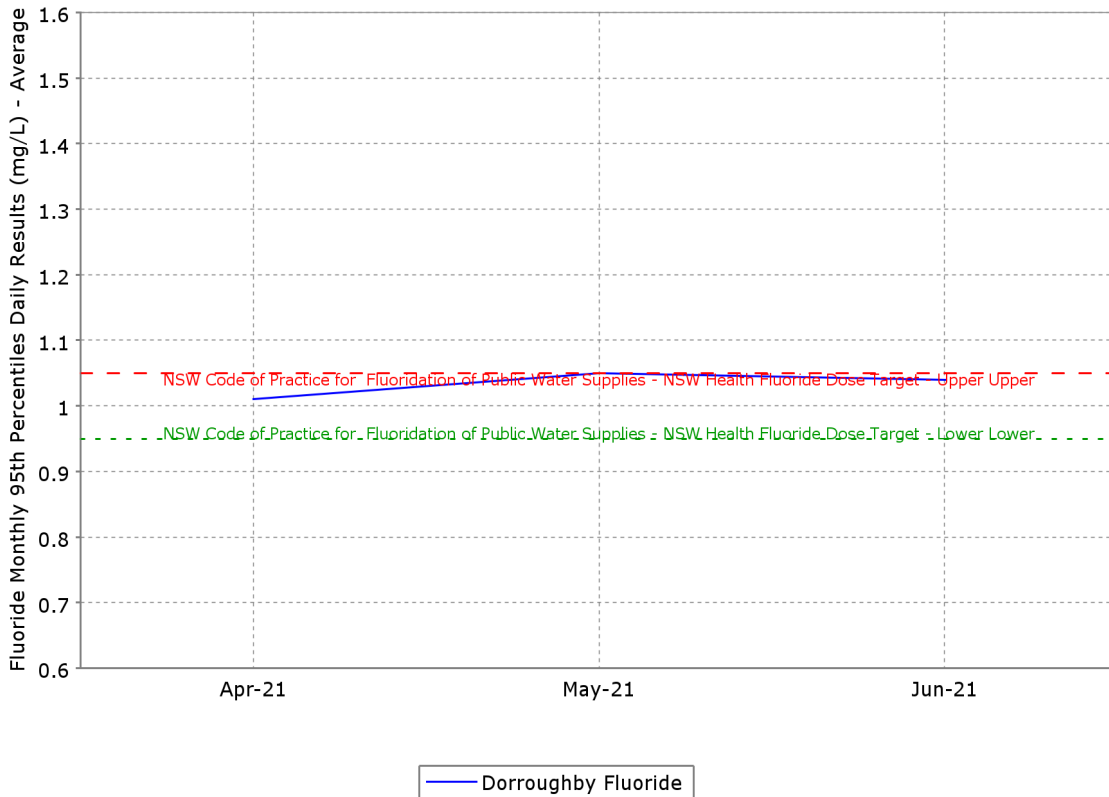
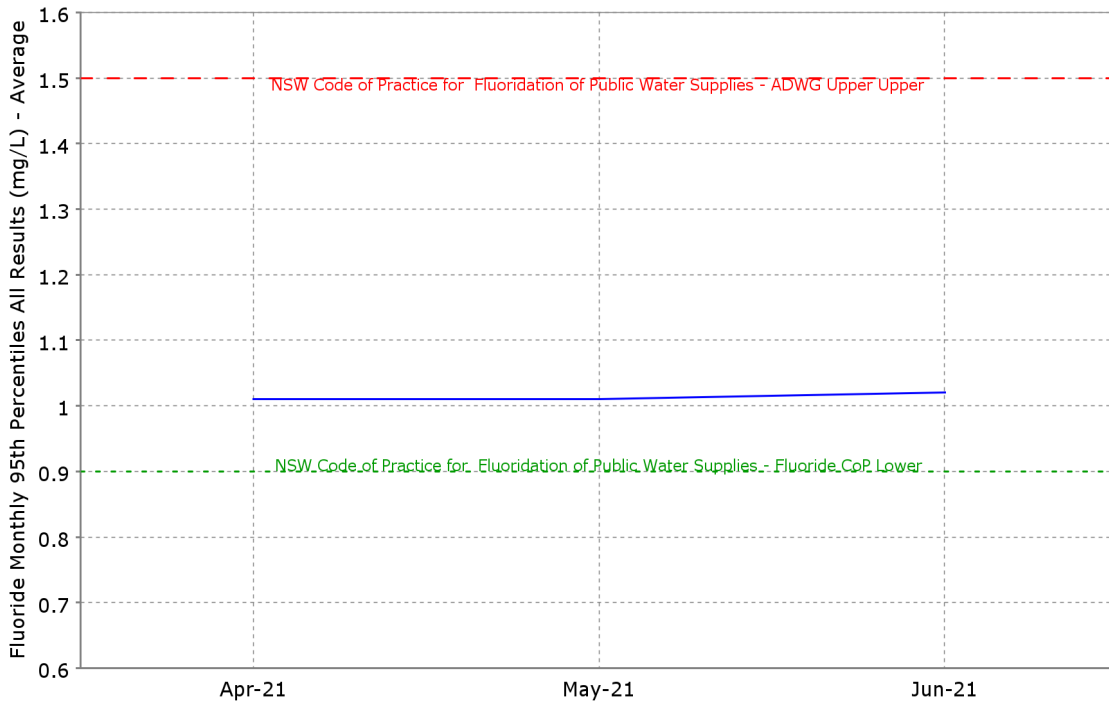
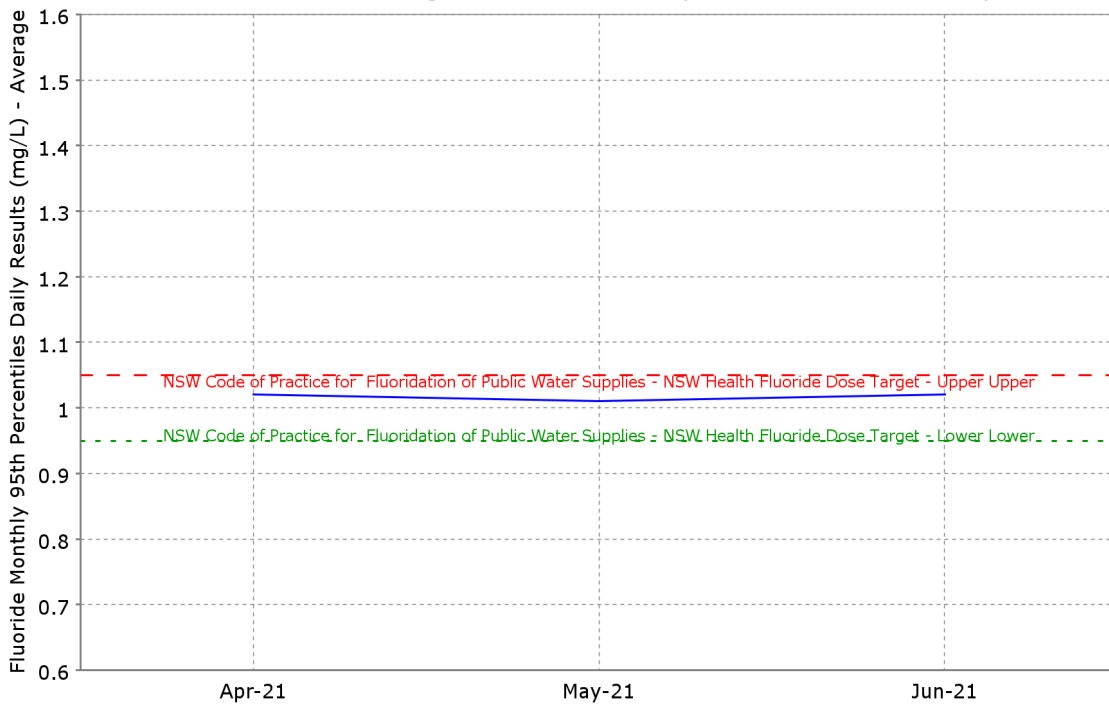


Chart 7 - Knockrow Fluoride Dosing Performance Monthly 95th Percentiles for All Results



— Knockrow

Chart 8 - Knockrow Fluoride Dosing Performance Monthly 95th Percentiles for Daily Results



— Knockrow

## Investments - September 2021

*Responsible Officer: Group Manager Corporate & Commercial (Guy Bezrouchko)*

### Recommendation

That Council receive and note the Investments for September 2021.

### Background

Clause 212 of the *Local Government (General) Regulation 2021* and Council's 'Investment' policy require that a report detailing Council's investments be provided. This report has been for 30 September 2021.

### Governance

- Finance

#### RBA cash rate

At the RBA's September meeting, it was decided to leave the cash rate at 0.10%. The 90-day average bank bill swap rate (BBSW) has decreased to 0.01%. The low rate will continue to put pressure on interest yields in the foreseeable future.

#### Total funds invested for September was \$39,883,820

This is a decrease of \$8,221,377 compared to the July 2021 figure. The decrease is primarily due to the purchase of the new consolidated work location and a semi-annual loan repayment.

#### Return for September was 0.60%

The weighted average return on funds invested for the month of September was 0.60%. This represents a decrease of 8 basis point compared to the July result (0.68%) and is 59 basis points above Council's benchmark (the average 90-day BBSW rate of 0.01%) (Refer: Graph D2).

#### Interest earned for September was \$16,726

Interest earned compared to the original budget is \$35,225 below the pro-rata budget (Refer: Attachment A).

#### Summary of indebtedness as at 30 September 2021

Information	Loan #1	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6	Loan #7	Total
Institution	CBA	CBA	CBA	Dexia	NAB	NAB	Tcorp	
Principal Borrowed	\$ 2,000,000	\$ 3,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 13,500,000	\$ 58,500,000
Date Obtained	9-Jun-04	31-May-05	31-May-06	21-Feb-07	31-May-07	25-Sep-07	7-Jun-21	
Term (Years)	20	20	20	20	20	20	20	
Interest Rate	6.82%	6.25%	6.37%	6.40%	6.74%	6.85%	2.68%	
Date Due	10-Jun-24	31-May-25	31-May-26	21-Feb-27	31-May-27	25-Sep-27	7-Jun-41	
Annual Commitment	\$ 184,785	\$ 264,921	\$ 891,595	\$ 893,507	\$ 917,390	\$ 925,933	\$ 876,390	\$ 4,954,520
Principal Repaid LTD	\$ 1,506,301	\$ 2,075,110	\$ 6,233,021	\$ 5,912,490	\$ 5,519,810	\$ 5,497,402	\$ -	\$ 26,744,133
Interest Incurred LTD	\$ 1,635,046	\$ 2,163,621	\$ 7,140,906	\$ 7,045,551	\$ 7,323,645	\$ 7,465,655	\$ -	\$ 32,774,424
Principal Outstanding	\$ 493,699	\$ 924,890	\$ 3,766,979	\$ 4,087,510	\$ 4,480,190	\$ 4,502,599	\$ 13,500,000	\$ 31,755,867
Interest Outstanding	\$ 60,656	\$ 134,793	\$ 690,996	\$ 827,609	\$ 1,044,845	\$ 1,064,887	\$ 4,027,804	\$ 7,851,591

Cheque account balance as at 30 September 2021 was \$604,813

Ethical holdings represent 47.64% of the total portfolio

Current holdings in Ethical Financial Institutions equals \$19,000,000. The assessment of Ethical Financial Institutions is undertaken using [www.marketforces.org.au](http://www.marketforces.org.au) which is an affiliate project of the Friends of the Earth Australia (Refer: Graph D4).

- **Legal**

All investments are in accordance with section 625 of the *Local Government Act 1993*, clause 212 of the *Local Government (General) Regulation 2021* and Council's 'Investment' policy.

**Conclusion**

A report on investments is required to be submitted to Council. As at 30 September 2021, investments total \$39,883,820 and the average rate of return is estimated at 0.60%.

Attachments

- A. Investment analysis
- B. Investment by type
- C. Investment by Institution
- D. Total funds invested - comparisons

Rous County Council – Investment analysis report 30 September 2021

Attachment A

Funds Invested With	S & P Local Long Term Rating	Product Name	Ethical ADIs	Lodgement Date	Maturity Date	% of Portfolio	30 Sep 21 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		13.50	5,383,819.54	1.20	2,052.46	5,674.96
Auswide Bank Ltd	BBB+	TD	Yes	8/10/2019	12/10/2021	1.25	500,000.00	1.65	678.08	2,079.45
Auswide Bank Ltd	BBB+	TD	Yes	22/10/2019	19/10/2021	1.25	500,000.00	1.65	678.08	2,079.45
Auswide Bank Ltd	BBB+	TD	Yes	29/10/2019	26/10/2021	1.25	500,000.00	1.65	678.08	2,079.45
Commonwealth Bank of Australia	AA-	TD	N/A	6/10/2020	5/10/2021	2.51	1,000,000.00	0.67	550.68	1,688.77
MyState Bank Limited	BBB-	TD	Yes	20/10/2020	19/10/2021	1.25	500,000.00	0.60	246.58	756.16
AMP Bank	BBB	TD	No	3/11/2020	2/11/2021	1.25	500,000.00	0.60	246.58	756.16
Summerland Credit Union	UNRATED	TD	Yes	10/11/2020	9/11/2021	1.25	500,000.00	0.70	287.67	882.19
AMP Bank	BBB	TD	No	13/11/2020	16/11/2021	1.25	500,000.00	0.75	308.22	945.21
AMP Bank	BBB	TD	No	17/11/2020	16/11/2021	1.25	500,000.00	0.75	308.22	945.21
Westpac Banking Corporation	AA-	TD	No	5/1/2021	4/1/2022	1.25	500,000.00	0.45	184.93	567.12
Commonwealth Bank of Australia	AA-	TD	N/A	18/1/2021	18/1/2022	2.51	1,000,000.00	0.43	353.42	1,083.84
National Australia Bank Limited	AA-	TD	No	18/1/2021	11/1/2022	2.51	1,000,000.00	0.40	328.77	1,008.22
Commonwealth Bank of Australia	AA-	TD	N/A	2/2/2021	1/2/2022	2.51	1,000,000.00	0.43	353.42	1,083.84
Commonwealth Bank of Australia	AA-	TD	N/A	9/2/2021	8/2/2022	2.51	1,000,000.00	0.41	336.99	1,033.42
Commonwealth Bank of Australia	AA-	TD	N/A	16/2/2021	15/2/2022	2.51	1,000,000.00	0.41	336.99	1,033.42
Commonwealth Bank of Australia	AA-	TD	N/A	23/2/2021	22/2/2022	1.25	500,000.00	0.42	172.60	529.32
ING Bank Aust Ltd	A	TD	No	26/2/2021	1/3/2022	2.51	1,000,000.00	0.40	328.77	1,008.22
ING Bank Aust Ltd	A	TD	No	2/3/2021	8/3/2022	2.51	1,000,000.00	0.40	328.77	1,008.22
Commonwealth Bank of Australia	AA-	TD	N/A	2/3/2021	1/3/2022	2.51	1,000,000.00	0.44	361.64	1,109.04
Commonwealth Bank of Australia	AA-	TD	N/A	4/3/2021	1/3/2022	2.51	1,000,000.00	0.46	378.08	1,159.45
Westpac Banking Corporation	AA-	TD	N/A	12/3/2021	7/12/2021	2.51	1,000,000.00	0.33	271.23	831.78
Bendigo Bank Financial Markets	BBB+	TD	No	16/3/2021	14/12/2021	2.51	1,000,000.00	0.35	287.67	882.19
ME Bank	BBB+	TD	No	23/3/2021	23/11/2021	2.51	1,000,000.00	0.40	328.77	1,008.22
Westpac Banking Corporation	AA-	TD	N/A	25/3/2021	30/11/2021	2.51	1,000,000.00	0.29	238.36	730.96
MyState Bank Limited	BBB-	TD	Yes	4/5/2021	10/5/2022	2.51	1,000,000.00	0.50	410.96	1,260.27
Bank of Queensland	BBB+	TD	Yes	11/6/2021	19/4/2022	2.51	1,000,000.00	0.40	328.77	1,008.22
Bank of Queensland	BBB+	TD	Yes	11/6/2021	31/5/2022	2.51	1,000,000.00	0.40	328.77	1,008.22
Commonwealth Bank of Australia	AA-	TD	No	11/6/2021	22/3/2022	2.51	1,000,000.00	0.42	345.21	1,058.63
Commonwealth Bank of Australia	AA-	TD	No	11/6/2021	5/4/2022	2.51	1,000,000.00	0.42	345.21	1,058.63
Commonwealth Bank of Australia	AA-	TD	No	11/6/2021	3/5/2022	2.51	1,000,000.00	0.43	353.42	1,083.84
Commonwealth Bank of Australia	AA-	TD	No	11/6/2021	17/5/2022	2.51	1,000,000.00	0.44	361.64	1,109.04
Commonwealth Bank of Australia	AA-	TD	No	11/6/2021	14/6/2022	2.51	1,000,000.00	0.45	369.86	1,134.25

Funds Invested With	S & P Local Long Term Rating	Product Name	Ethical ADIs	Lodgement Date	Maturity Date	% of Portfolio	30 Sep 21 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
Commonwealth Bank of Australia	AA-	TD	No	11/6/2021	28/6/2022	2.51	1,000,000.00	0.46	378.08	1,159.45
ING Bank Aust Ltd	A	TD	No	17/6/2021	21/6/2022	2.51	1,000,000.00	0.40	328.77	1,008.22
Bank of Queensland	BBB+	TD	Yes	22/6/2021	22/2/2022	2.51	1,000,000.00	0.45	369.86	1,134.25
Commonwealth Bank of Australia	AA-	TD	N/A	6/7/2021	5/7/2022	2.51	1,000,000.00	0.41	336.99	977.26
Bank of Queensland	BBB+	TD	Yes	24/8/2021	23/8/2022	1.25	500,000.00	0.45	184.93	234.25
Bank of Queensland	BBB+	TD	Yes	31/8/2021	2/8/2022	1.25	500,000.00	0.43	176.71	182.60
AMP Bank	BBB	TD	No	14/9/2021	13/9/2022	1.25	500,000.00	0.45	104.79	104.79
ME Bank	BBB+	TD	No	21/9/2021	20/9/2022	2.51	1,000,000.00	0.40	109.59	109.59
MyState Bank Limited	BBB-	TD	Yes	28/9/2021	27/9/2022	1.25	500,000.00	0.45	18.49	18.49
Bank of Queensland	BBB+	TD	Yes	20/10/2020	18/10/2022	1.25	500,000.00	0.80	328.77	1,008.22
MATURED TDs									919.73	7,652.60
						<b>100.00</b>	<b>39,883,819.54</b>	<b>0.6</b>	<b>16,725.61</b>	<b>54,275.10</b>

**Total Investment Holdings**

<b>100.00</b>	<b>39,883,819.54</b>	<b>0.6</b>	<b>16,725.61</b>	<b>54,275.10</b>
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Total YTD Interest **54,275.10**

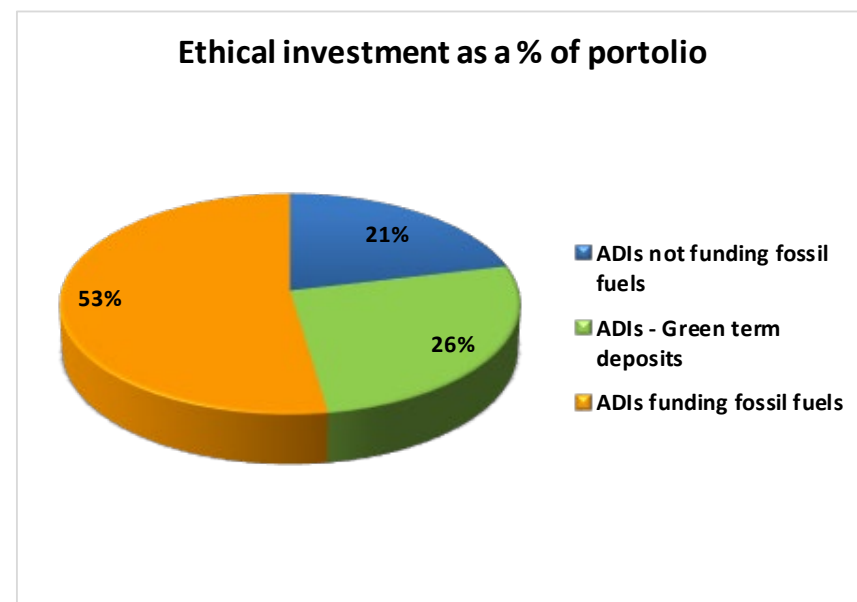
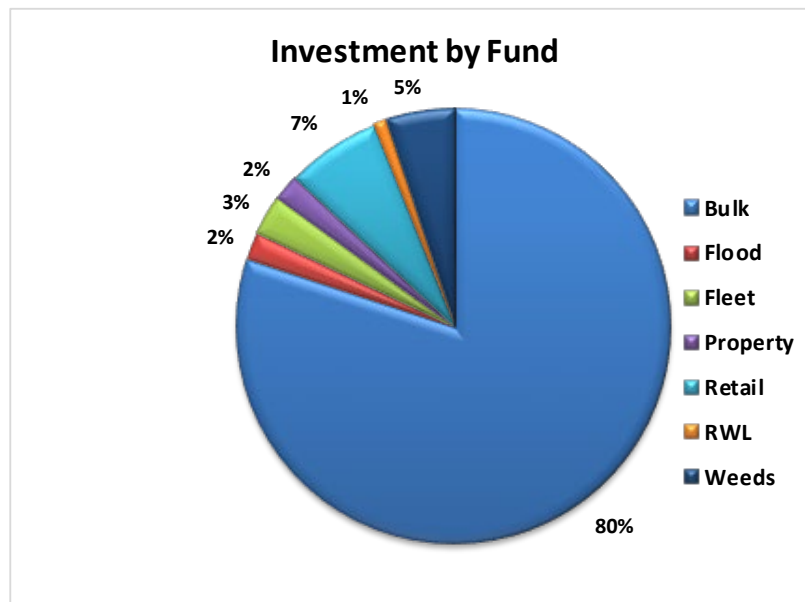
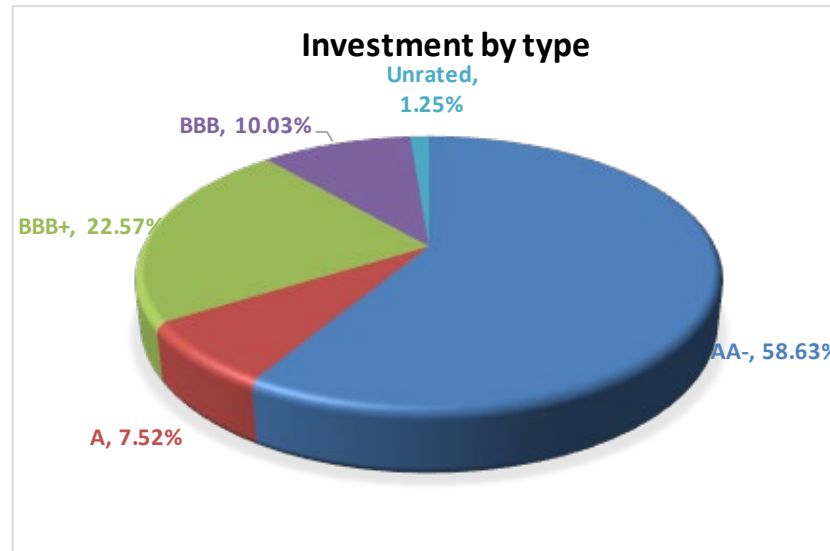
Deposits with Australian Deposit-taking institutions (ADI) are Government.

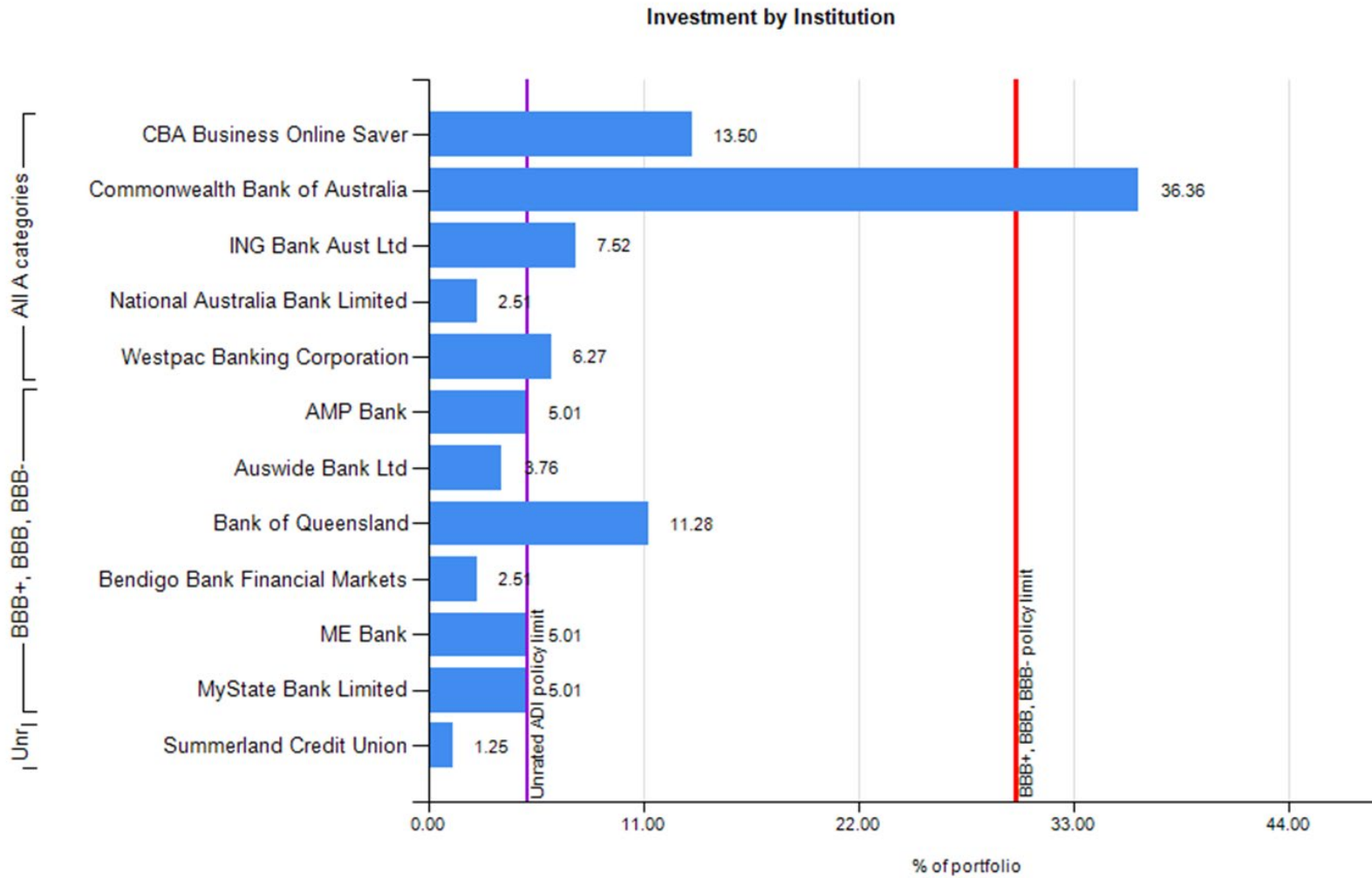
Guaranteed for balances totalling up to \$250,000 per customer, per institution.

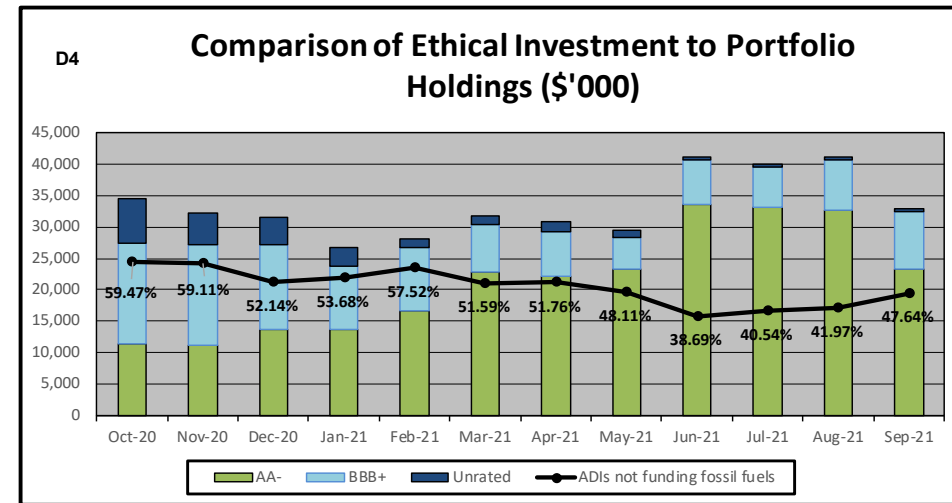
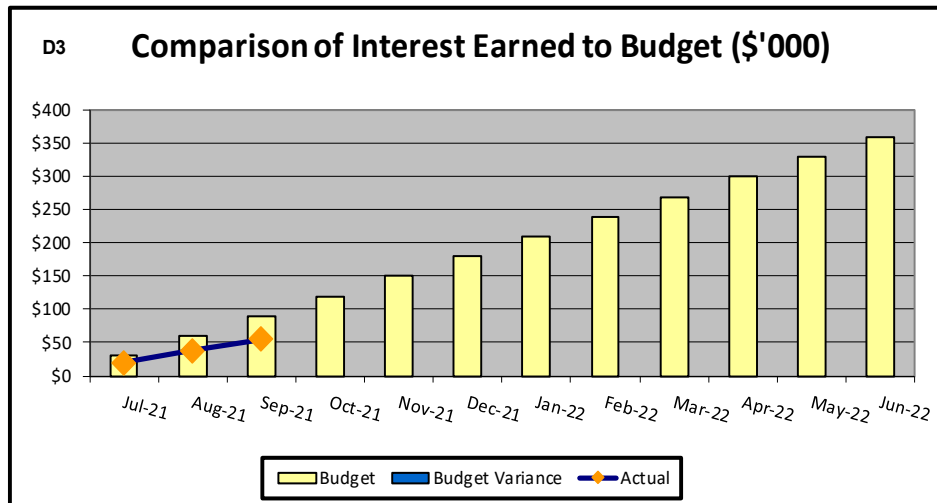
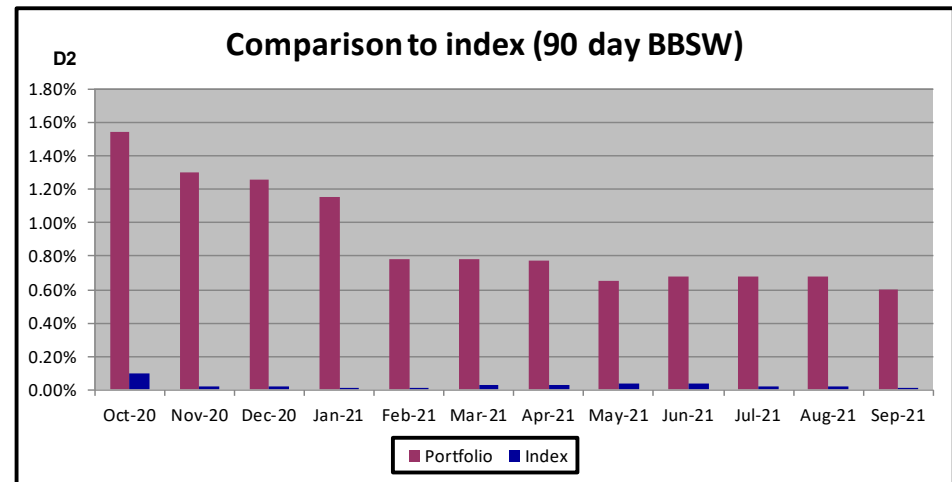
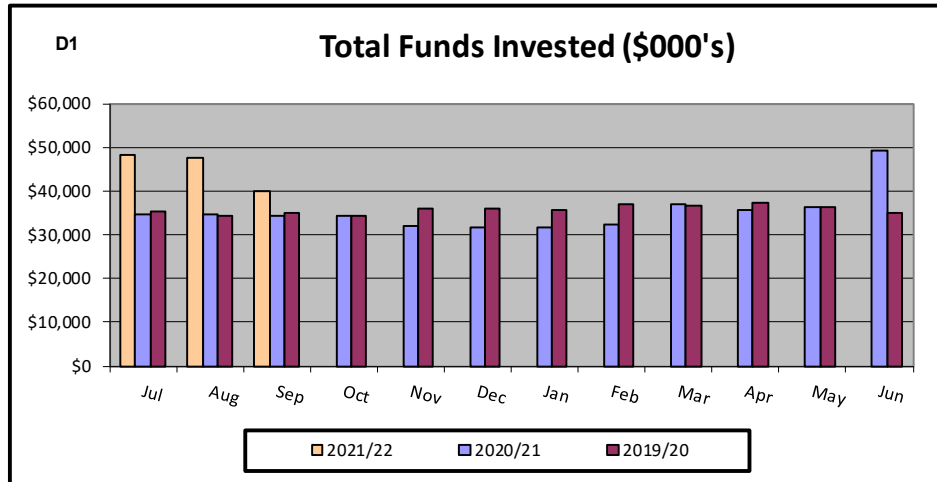
Budget Interest @ 30 September 21 **89,500.00**

Budget variance **(35,224.90)**









## Local government election and term of chairperson and deputy chairperson

Responsible Officer: Group Manager People & Performance (Helen McNeil)

### Recommendation

That Council receive the information contained in this report and note:

1. That the terms of Council's chairperson and deputy chairperson, each elected on 21 October 2020, will become vacant on 4 December 2021 in accordance with Council's Code of Meeting Practice and the *Local Government Act 1993 (NSW)*.
2. That the scheduled 15 December 2021 Council meeting will not be held due to the timing and conduct of the local government election on 4 December 2021.

### Background

In May 2021, the NSW Parliament passed amendments to the *Local Government Act 1993 (NSW)* (LG Act) which effected a change in the term of a chairperson of a county council to two (2) years,<sup>1</sup> overwriting the previously stipulated one (1) year term.

At this time, a technical amendment was also made to clarify that the terms of chairpersons of county councils expire on the election day of their member councils.<sup>2</sup>

In July 2021, the Minister for Local Government by order in the Gazette postponed all council elections to 4 December 2021.<sup>3</sup>

### Term of office – chairperson – LG Act

In accordance with the new section 391(3)(b)(iii) of the LG Act, Cr Keith Williams' term as chairperson of Rous County Council ('Council'), having been elected at Council's ordinary meeting held 21 October 2020, will conclude on 4 December 2021, being the date of the ordinary council elections.

### Term of Office – deputy chairperson – local rule

In the absence of legislative provision and for administrative convenience, Council adopts a local rule contained within its Code of Meeting Practice ('CoMP') for the election of a deputy chairperson on the following terms –

*"The election of the deputy chairperson will be conducted at the same time and in the same manner as the annual election of the chairperson".<sup>4</sup>*

In interpreting the above, the reference to 'annual' is taken to be omitted to reflect the abovementioned amendments to the LG Act and to give effect to the intention that the election of the deputy chairperson should ordinarily occur at the same time and in the same manner as that of the chairperson so that the terms of each position are in alignment.

<sup>1</sup> [Section 391\(2\) Local Government Act 1993 \(NSW\)](#)

<sup>2</sup> [Section 391\(3\)\(b\)\(iii\) Ibid](#)

<sup>3</sup> Refer to Office of Local Government Circular [21-20 'Postponement of the local government elections to 4 December 2021'](#)

<sup>4</sup> Clause 6.1 Rous County Council '[Code of Meeting Practice](#)' adopted 19 June 2019

Further, section 392(1) of the LG Act can be applied to the term of Council's deputy chairperson in the same way that the new section 391(3)(b)(iii) of the LG Act applies to shorten the tenure of Council's chairperson despite now prescribing a two-year term.

As a member of Council vacates office on ceasing to be a councillor of a member council,<sup>5</sup> any requirement to hold an election for deputy chairperson prior to the ordinary councillor elections in December 2021 may render the result of any earlier election redundant.

Accordingly, having been elected to the position at Council's ordinary meeting held 21 October 2020, Cr Sharon Cadwallader's term as deputy chairperson will conclude on 4 December 2021.

### **Governance**

- **Finance**

The 'Chairperson and member fees' policy continues to apply.

- **Legal**

Clause 3.1 of Council's CoMP provides that a meeting is to be held in the third week of December each year. However, the deferral of the council elections will mean that Council's constituent councils are unlikely to have held the relevant election of members to Council's governing body in accordance with schedule 9 of the *Local Government (General) Regulation 2021 (NSW)* ('LG Regulation') by this time. In these circumstances, the quorum requirements set out in clause 5.9 of Council's CoMP will not have been met, however the statutory obligation to meet at least four (4) times each year<sup>6</sup> will have already been satisfied.

Accordingly, a December 2021 Council meeting will not be held and the election for the positions of chairperson and deputy chairperson will be held, in accordance with Schedule 8 of the LG Regulation, at Council's first meeting of the new council term, anticipated to be February 2022.

A further report will be tendered to Council at this time.

It is noted that the next term of council will be for a shortened period of three years and, therefore, the chairperson and deputy chairperson elected at the December 2023 Council meeting will hold office for a shortened term expiring on the date of the ordinary councillor elections which are expected to revert to September 2024.

### **Consultation**

Not applicable.

### **Conclusion**

Council previously elected a chairperson and deputy chairperson each year. As a result of amendments made to the LG Act, Council will now elect a chairperson and deputy chairperson at the expiry of each two-year period from the date of election.

As a result of the postponement of the ordinary councillor elections, the current chairperson and the deputy chairperson will not serve a two-year term. These positions will become vacant on the date of the ordinary councillor elections, being 4 December 2021.

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<sup>5</sup> [Section 392](#)(1) *Local Government Act 1993 (NSW)*

<sup>6</sup> [Section 396](#) *Ibid.*

## Reports / actions pending

Responsible Officer: General Manager (Phillip Rudd)

### Recommendation

That the report be received and noted.

### Background

Following is a list of pending resolutions with individual comments provided on current position and expected completion date.

Meeting	Resolution	Status
20/02/19	<b>Confidential report: Development Servicing Plan for Bulk Water Supply 2016 – request for deferred payment arrangement</b>	
	<p>RESOLVED [13/19] (Mustow/Cadwallader) that Council:</p> <ol style="list-style-type: none"> <li>1. Receive and note this report.</li> <li>2. Approve the request for deferred payment arrangements as set out in the report.</li> <li>3. <a href="#">Receive a subsequent report on policy options for deferred payment arrangements having regard to the Development Servicing Plan for Bulk Water Supply and the policy positions of constituent councils.</a></li> <li>4. Reject any further consideration of similar requests until point 3. is complete and a policy position is determined.</li> </ol>	Scheduled for review before the expiry of the current Development Servicing Plan in 2021.
21/08/19	<b>Delivery program progress update: 1 January to 30 June 2019</b>	
	<p>RESOLVED [55/19] (Cameron/Ekins) that Council:</p> <ol style="list-style-type: none"> <li>1. Receive and note the report and attachment.</li> <li>2. Acknowledge that sound and effective governance requires that staff and councillors are able to participate fully in work tasks and decision making and that equitable access measures for all are essential for this and that consequently all Delivery Plan Actions be reviewed to determine that equitable access measures reflect this principle.</li> <li>3. <del>In relation to Action 2.4.3.1, that customers, staff and councillors with a disability be invited to discuss their perspectives in the development of access awareness training.</del></li> </ol>	COMPLETE (3 and 4). General Manager emailed Councillors 27/09/19 regarding Disability Awareness training, seeking feedback by 31/10/2019. The trialled training package has been rolled out to staff for completion. The release of the training coincided with the 'International Day of People with a Disability', which was on 3 December 2019.

Meeting	Resolution	Status
	4. In relation to Action 2.4.3.2, customers, staff and councillors with a disability be invited to participate in the access training provided to staff.	
	5. In relation to Actions 2.4.3.7/8, a review is initiated to determine the effectiveness of access measures and standards based on the feedback of staff, customers and councillors who use foyers 2 and 4.	<p>A review via way of survey to staff, customers and councillors, regarding the effectiveness of access measures and standards for Levels 2 and 4, will occur by 30 June 2021.</p> <p><u>UPDATE:</u> External assistance has been engaged – survey commenced.</p> <p><u>UPDATE:</u> Survey complete. Report to Leadership Team and for inclusion in the Disability Inclusion Action Plan (DIAP).</p> <p>COMPLETED.</p>
<b>11/12/19</b>	<b>Information reports</b>	
	A future report be provided to Council on Perradenya cycleway.	<p><u>IN-PROGRESS:</u> Workshop presented at September 2020 workshop. Report to Council scheduled for April 2021.</p> <p><u>DEFERRED:</u> Deferred to new term of Council subject to adoption of the FWP2060 and incorporation into the Long Term Financial Plan. Target December 2021 – June 2022.</p> <p><u>UPDATE:</u> February 2022 – June 2022</p>
	<p>Richmond River Cane Growers' Association submission: <i>Review of Tuckombil Canal fixed weir</i> (Letters 118585 / 53238)</p>	<p><u>IN-PROGRESS:</u> Staff engaged with RVG staff around their grant application for a Study to update their Richmond River Flood Model (2010). Their grant was successful, and they have commenced procurement of a modelling consultant. Rous has contributed \$10,000 towards the project. One secondary goal for their Study is to consolidate these models along the mid to lower Richmond, including the Evans River Model, the W2B Pacific Highway Upgrades and collect high resolution flood modelling information around the Tuckombil Canal/ upstream. The updated model information will contribute to a future Rous led options study for the Tuckombil Canal. The Cane Growers' Association was advised in April 2020 of the intentions with regards to Richmond Valley Council, and will be updated during December 2020 with the latest information.</p> <p><u>UPDATE:</u> The work by Richmond Valley Council to update their flood model is progressing well, with modelling expected to be completed within the first quarter of the 21/22 FY. RCC's requirements for the flood modelling around the Tuckombil Canal are expected to be met and reported back during the same period.</p>

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Meeting	Resolution	Status
		<u>UPDATE</u> : Council staff received an update on the project from the consultants in early September 2021. The model development is nearing its conclusion and work will commence on modelling scenarios soon.