



Ordinary meeting business paper

Wednesday, 19 October 2022

commencing 10.00 am

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

In accordance with clause 5.21 of the *Local Government Act 1993*, attendees at today's Council meeting are advised that this meeting is being 'live' streamed (except for the confidential session).

- 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.

AGENDA

1. Opening of the meeting

2. Acknowledgement of Country

Council would like to show its respect and acknowledge the Traditional Custodians of the Land, of Elders past and present on which this meeting takes place.

3. Apologies and applications for a leave of absence or attendance by audio-visual link by councillors

4. Confirmation of Minutes of previous meeting

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5. Disclosure of Interest

6. Chair's Minute - Her Majesty Queens Elizabeth II

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7. Notices of motion / Questions with notice

Nil.

8. General Manager reports

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9. Group Manager Corporate and Commercial reports

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12.	Close of business	

**MINUTES OF THE ORDINARY MEETING OF ROUS COUNTY COUNCIL HELD
WEDNESDAY, 17 AUGUST 2022 AT ADMIN OFFICE, 218-232 MOLESWORTH STREET,
LISMORE**

The Chair opened the meeting at 10.11 am.

In attendance:

Councillors:

- Cr Robert Mustow, Richmond Valley Council (Chair)
- Cr Sharon Cadwallader, Ballina Shire Council (Deputy Chair)
- Cr Rod Bruem, Ballina Shire Council
- Cr Michael Lyon, Byron Shire Council
- Cr Sarah Ndiaye, Byron Shire Council
- Cr Andrew Gordon, Lismore City Council
- Cr Big Rob, Lismore City Council
- Cr Sandra Humphrys, Richmond Valley Council

Staff:

- Phillip Rudd, General Manager
- Guy Bezrouchko, Group Manager Corporate and Commercial
- Andrew Logan, Group Manager Planning and Delivery
- Helen McNeil, Group Manager People and Performance
- Adam Nesbitt, Group Manager Operations
- Noeline Smith, Executive Assistant

Other attendees:

- Brian Wilkinson, Chair, Audit Risk and Improvement Committee.

Apologies

- Nil
- *Noted Cr Big Rob absent 25 to 28 August 2022 (conference attendance).*

1 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RESOLVED [37/22] (Cadwallader/Gordon) that the Minutes of the meeting held 15 June 2022 be confirmed as presented.

Confirmation of Minutes of previous meeting 15 June 2022 (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

2 ACKNOWLEDGEMENT OF COUNTRY

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

3 DISCLOSURE OF INTEREST

Nil.

4 PRESENTATION

Brian Wilkinson, Chair of Audit Risk and Improvement Committee, presented to Council on the Committee Performance Review 2021-2022 (refer to Item 13.6 of the agenda).

Cr Rob expressed his appreciation for the work done by all members of the ARIC.

Cr Mustow extended his thanks to Mr Wilkinson for his informative presentation.

5 GENERAL MANAGER REPORTS

ALTERING ORDER OF BUSINESS

RESOLVED [38/22] (Rob/Humphrys) that the order of business be altered to debate the *Report: Notice of Motion: Local Government NSW Annual Conference.*

5.1 Notice of Motion: Local Government NSW Annual Conference

RESOLVED [39/22] (Rob/Gordon) that Council support the proposed motions outlined in the report and their submission to Local Government NSW for consideration at its annual conference being held on 23-25 October 2022.

ALTERING ORDER OF BUSINESS

RESOLVED [40/22] (Ndiaye/Bruem) that the order of business be altered to debate the *Notice of Motion: Future Water Project 2060 progress to secure additional water sources.*

5.2 Future Water Project 2060 progress to secure additional water sources

MOVED (Cadwallader/Rob) that Council receive an update from staff on the progress towards securing additional sources of water as outlined in the Future Water Project 2060 Strategy, given the delays to works through the last 18 months of uncertainty and weather, and the approaching 2024 target where our forecasted demand is predicted to exceed supply.

The MOTION on being put to the meeting was CARRIED.

RESOLVED [41/22] (Cadwallader/Rob) that Council receive an update from staff on the progress towards securing additional sources of water as outlined in the Future Water Project 2060 Strategy, given the delays to works through the last 18 months of uncertainty and weather, and the approaching 2024 target where our forecasted demand is predicted to exceed supply.

6 GROUP MANAGER CORPORATE AND COMMERCIAL REPORTS

6.1 Preliminary 2021/22 End of Year Financial Summary and Budget Carry Forward

RESOLVED [42/22] (Gordon/Lyon) that Council:

1. Receive and note the Preliminary 2021/22 End of Year Financial Summary Report, acknowledging that it is a preliminary summary prior to end of year adjustments and audit.
2. Approve the transfers to and from reserve as detailed in Tables 2 - 8 of the report.
3. Approve the funds to be carried forward as detailed in Tables 9 - 16 of the report.

Preliminary 2021/22 End of Year Financial Summary and Budget carry forward (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

6.2 Retail Water Bad Debt Write-Off

RESOLVED [43/22] (Ndiaye/Rob) that Council, in accordance with its Debt Management and Financial Hardship policy:

1. Approve the write-off of one (1) Water Filling customer due to bankruptcy.
2. Approve the write-off of three (3) Retail Water Billing customers due to cycle unit issues not accurately recording water usage.

Retail water bad debt write-off (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

6.3 Retail Water Customer Account Assistance

RESOLVED [44/22] (Ndiaye/Rob) 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.

Retail water customer account assistance (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

7 GROUP MANAGER PLANNING AND DELIVERY REPORTS

7.1 Rous Regional Demand Management Plan 2023-2026

RESOLVED [45/22] (Ndiaye/Lyon) that Council:

1. Endorses the draft Rous Regional Demand Management Plan (2023-2026) attached to the report, for public exhibition for the period 22 August to 12 September 2022.
2. If public submissions are made during the public exhibition period, a report be furnished to Council's October 2022 meeting, including staff comment on how the submissions have been considered, for Council to determine a position on endorsement of the Plan.
3. If no public submissions are made during the public exhibition period, the version of the draft Rous Regional Demand Management Plan (2023-2026) placed on public exhibition, is deemed to be adopted by Council.
4. Note that constituent councils will be advised in writing once the draft Regional Demand Management Plan is on public exhibition.

Rous Regional Demand Management Plan 2023-2026 (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

7.2 Supply of Backflow Prevention Devices

RESOLVED [46/22] (Bruem/Gordon) that Council:

1. Accept the tender submitted by Australian Valve Group Pty Ltd for a contract lump sum price of \$261,293.41 incl. GST for the supply of backflow prevention devices.
2. Approve an additional \$25,000 (incl. GST) as a contingency amount.

Cr Lyon left the meeting at 11.24am and returned at 11.27am.

Cr Lyon was absent during voting on the above resolution.

Supply of backflow prevention devices (Resolution)		
<i>Cr Lyon was absent during voting on the above resolution.</i>		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	7
Against	None	0
Conflict of Interests	None	0
Absent for voting	Cr Michael Lyon	1
Carried		

8 GROUP MANAGER PEOPLE AND PERFORMANCE REPORTS

8.1 Code of Meeting Practice

RESOLVED [47/22] (Rob/Gordon) that Council:

1. Revoke the Code of Meeting Practice dated 19 June 2019 and any other document revived as a result of the revocation; and
2. Adopt the revised Code of Meeting Practice (Attachment 1).

Code of Meeting Practice (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

8.2 Delegation - General Manager

RESOLVED [48/22] (Cadwallader/Lyon) that Council approve the instrument of delegation for the position of General Manager as presented in Attachment 2.

Cr Rob left the meeting at 11.36am and returned at 11.38am.

Cr Rob was absent during voting on the above resolution.

Delegation - General Manager (Resolution)		
<i>Cr Rob was absent during voting on the above resolution.</i>		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow and Cr Sarah Ndiaye	7
Against	None	0
Conflict of Interests	None	0
Absent for voting	Cr Big Rob	1
Carried		

8.3 Rous Cultural, Environmental and Information Centre

RESOLVED [49/22] (Cadwallader/Bruem) that Council:

1. Receive and note the report.
2. Endorse the termination of the lease of 207 Molesworth Street, Lismore.
3. Endorse the reallocation of funds to the catchment and cultural awareness budget for progressing reconciliation activities.
4. Receive a progress report at the February 2023 Council meeting.

Voting against: Cr Gordon

Rous Cultural, Environmental and Information Centre (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	7
Against	Cr Andrew Gordon	1
Conflict of Interests	None	0
Abstain	None	0
Carried		

9 POLICIES

9.1 Debt Management and Financial Hardship Policy and Retail Water Account Assistance policy (Reviewed)

RESOLVED [50/22] (Rob/Humphrys) that Council:

1. Receive and note the report.
2. Publicly exhibit the revised Retail Water Customer Account Assistance policy and Debt Management and Financial Hardship policy (Attachment 1 and 2) for a period of 28 days, and:
 - i). Should no public submissions be received:
 - (a) The following policies be revoked, and any policies revived as a result of the revocation:
 - Debt Management and Financial Hardship policy dated 15 April 2020; and
 - Retail Water Customer Account Assistance policy dated 19 September 2018.
 - (b) The revised policies attached to the report be adopted.
 - (c) The revised Retail Water Customer Account Assistance policy be applied to those properties identified as staff having excess water usage in flood affected areas for Quarter 4 (February to May 2022).
 - ii). Should any public submission be received, those submissions be considered by Council at its next meeting in conjunction with consideration of revoking the above policies and adopting the revised policies.

3. Fix the amount above which debts may be written off only by resolution of Council at \$5,000 (incl. GST).
4. Approve the removal the paragraph referring to write-offs: Rates, Charges and Debts to Council from the Revenue policy (Fees and Charges 2022-23) as it is captured in the General Manager's delegation.

Cr Ndiaye left the meeting at 11.50am and returned at 11.52am.

Cr Ndiaye was absent during voting on the above resolution.

Debt Management and Financial Hardship policy and Retail Water Account Assistance policy (reviewed) (Resolution)		
<i>Cr Ndiaye was absent during voting on the above resolution.</i>		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow and Cr Big Rob	7
Against	None	0
Conflict of Interests	None	0
Absent for voting	Cr Sarah Ndiaye	1
Carried		

9.2 Public Interest Disclosure policy

RESOLVED [51/22] (Cadwallader/Rob) that Council:

1. Revoke the 'Public Interest Disclosures' policy dated 17 June 2020 and any policies revised as a result of the revocation; and
2. Adopt the revised 'Public Interest Disclosures' policy attached to the report.

Public Interest Disclosure policy (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

9.3 Asset Management and Capitalisation policy

RESOLVED [53/22] (Rob/Humphrys) that Council:

1. Revoke the following policies and any policies revived as a result of the revocation:
 - a. Asset Management policy adopted on 21 June 2017; and
 - b. Asset Capitalisation policy adopted on 21 June 2017.
2. Adopt the following revised policies attached to this report:
 - a. Asset Management policy; and
 - b. Asset Capitalisation policy.

Asset Management and Capitalisation policy (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

9.4 Payment of Expenses and Provision of Facilities policy

RESOLVED [54/22] (Ndiaye/Cadwallader) that Council publicly exhibit the revised 'Councillor fees, expenses and facilities' policy (Attachment 3) for a period of 28 days, and:

1. Should no public submission be received, the following policies be revoked and the revised 'Councillor fees, expenses and facilities' policy is adopted:
 - (a) 'Chairperson and member fees' policy dated 21 December 2016; and
 - (b) 'Payment of expenses and provision of facilities for chairperson and councillors' policy dated 19 April 2017,
 and any policies revived as a result of the revocation.
2. Should any public submission be received, those submissions be considered by Council at its next meeting in conjunction with consideration of revoking the above policies and adopting a revised 'Councillor fees, expenses and facilities' policy.
3. Carers' allowance be increased from \$1,000 to \$2,000 ex GST per councillor – any increases to that amount be at the discretion of the General Manager.

Payment of expenses and provision of facilities policy (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

9.5 Privacy policy (Revised)

RESOLVED [55/22] (Rob/Cadwallader) that Council:

1. Revoke the Privacy Management policy adopted on 14 June 2015 and any policies revived as a result of the revocation.
2. Adopt the proposed Privacy policy attached to the report.
3. Note that, subject to the adoption of the proposed policy that a Privacy Management Plan be developed, approved by the General Manager and made available as open access information.

Cr Bruem left the meeting at 12.10pm and returned at 12.12pm.

Cr Bruem was absent during voting on the above resolution.

Privacy policy (revised) (Resolution)		
<i>Cr Bruem was absent during voting on the above resolution.</i>		
For	Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	7
Against	None	0
Conflict of Interests	None	0
Absent for voting	Cr Rod Bruem	1
Carried		

9.6 Related Party Disclosures policy

RESOLVED [56/22] (Cadwallader/Lyon) that Council:

1. Revoke the Related Party Disclosure policy dated 17 May 2017, and
2. Approve the revised Related Party Disclosure policy (Attachment 2).

Related Party Disclosures policy (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

10 INFORMATION REPORTS

RESOLVED [57/22] (Cadwallader/Rob) that the following information reports be received and noted:

1. Investments - July 2022
2. Debt write-off information summary
3. Water consumption - July 2022
4. Delivery program progress update: January to June 2022
5. Audit Risk and Improvement Committee: meeting update including the Committee Performance report for the period 2021 - 2022.
6. Reports/actions pending

Information reports (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Conflict of Interests	None	0
Abstain	None	0
Carried		

11 CONFIDENTIAL MATTERS

MOVED TO CLOSED COUNCIL

RESOLVED [58/22] (Cadwallader/Ndiaye) that Council move into Closed Council with the press and public excluded from the meeting based on the grounds detailed below:

Report	Richmond Water Laboratories (RWL) strategic options
Grounds for closure	Section 10A(2)(a) personnel matters concerning particular individuals (other than councillors). Section 10A(2)(d) commercial information of a confidential nature that would, if disclosed: (ii). confer a commercial advantage on a competitor of the Council.

The meeting moved to Closed Council at 12.17pm.

RESUME TO OPEN COUNCIL

RESOLVED [59/22] (Ndiaye/Rob) that the meeting resume to Open Council.

The meeting moved to Open Council at 1.00pm.

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

11.1 Richmond Water Laboratories (RWL) Strategic Options

RESOLVED [60/22] (Cadwallader/Bruem) that Council receive and note the information provided and adopt Option 3 as recommended in the report.

12 MATTERS OF URGENCY

Nil.

13 NOTICES OF MOTION / QUESTIONS ON NOTICE

13.1 Notice of Motion: Local Government NSW Annual Conference

Matter dealt with earlier in the meeting – refer Item 5.

13.2 Notice of Motion: Future Water Project 2060 Progress to Secure Additional Water Sources

Matter dealt with earlier in the meeting – refer Item 5.

14 CLOSE OF BUSINESS

Meeting closed at 1.02pm.

Chair's Minute

Her Majesty Queen Elizabeth II

Recommendation

That Council receive and note the Minute as presented.

On behalf of Rous County Council, we offer our deepest sympathies to His Majesty King Charles III, The Royal Family, and all those across the world mourning the loss of Her Majesty Queen Elizabeth II.

Queen Elizabeth II was the first British monarch to visit Australia, in 1954 with Prince Phillip, and toured the nation and our region. In her reign she visited the nation 16 times.

She was universally respected and cherished and will be greatly missed.

May she rest in peace.

Council meeting schedule 2023

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

That Council determine its meeting schedule for 2023 with meetings to be held on the third Wednesdays commencing 10.00am at the Rous County Council Administration Office on:

- 15 February
- 19 April
- 21 June
- 16 August
- 18 October
- 13 December

Background

Under section 396 of the Act, county councils are required to meet at least four (4) times each year. Council has previously resolved to meeting on the third Wednesday of every second month commencing at 10.00am.

Meetings for 2023 will be scheduled for:

- 15 February
- 19 April
- 21 June
- 16 August
- 18 October
- 13 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):

- 15 March
- 17 May
- 19 July
- 20 September
- 15 November

Review of organisation structure

Responsible Officer: Rous General Manager (Phillip Rudd)

Recommendation

That Council endorse the organisation structure as referenced in the body of the report.

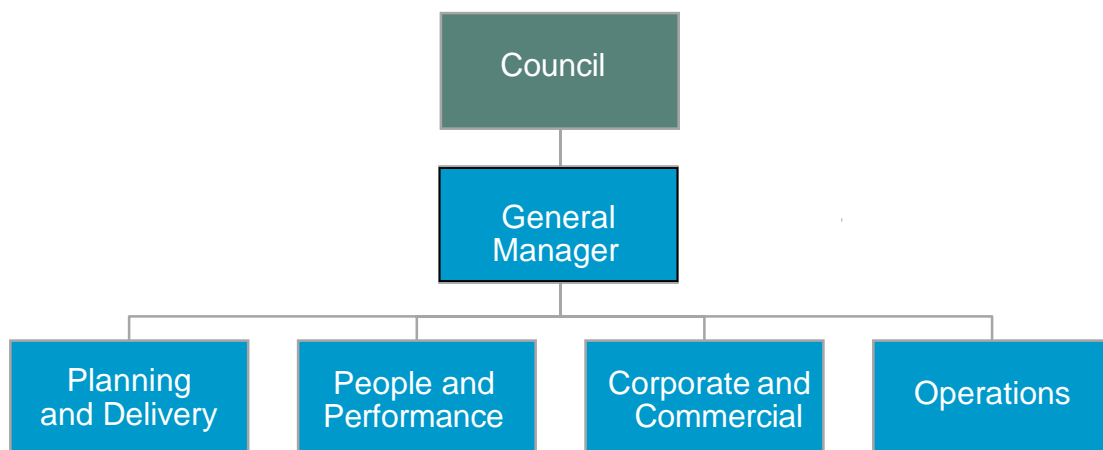
Background

Section 333 of the *Local Government Act 1993* requires that Council review its organisation structure within 12 months of any ordinary election.

Section 333 states: “*The organisation structure may be redetermined under this Part from time to time. The council must review and may redetermine the organisation structure within 12 months after any ordinary election of the council*”.

- **Organisation Structure**

Rous’ operations are arranged across four Groups, each being led by one manager who reports directly to the General Manager.



No changes to the organisation structure are proposed.

Finance

There are no financial implications associated with endorsing the organisation structure.

Quarterly Budget Review Statement for the quarter ending 30 September 2022

Responsible Officer: Group Manager Corporate and Commercial (Geoff Ward)

Recommendation

That Council note the results presented in the Quarterly Budget Review Statement as at 30 September 2022 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 2022/23 budget was adopted on 15 June 2022 as part of the 2022/23 Operational plan and the 2022/26 Delivery program.

Finance

(QBRs1) Report by Responsible Accounting Officer

The following statement is made in accordance with clause 203(2) of the *Local Government (General) Regulation 2021*.

"It is my opinion that the Quarterly Budget Review Statement of Rous County Council for the quarter ended 30 September 2022 indicates that Council's projected financial position at 30 June 2023 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 2022

BUDGET ITEMS	Original Budget 2022/23	2021/22 Carryovers	September	Projected Year End Result 2022/23
			30-Sep-22	
			Quarter	
Operating Income				
Bulk	20,767,100	0	575,700	21,342,800
Retail	3,099,200	0	0	3,099,200
Flood	1,061,600	0	(5,400)	1,056,200
Weeds	1,618,400	0	293,600	1,912,000
RWL	868,300	0	0	868,300
Commercial Property	163,500	0	0	163,500
Fleet	75,000	0	0	75,000
TOTAL OPERATING INCOME	27,653,100	0	863,900	28,517,000
Operating Expenses				
Bulk	25,617,200	1,176,600	(195,000)	26,598,800
Retail	3,176,500	0	60,000	3,236,500
Flood	1,679,500	79,400	118,600	1,877,500
Weeds	1,735,400	0	929,100	2,664,500
RWL	843,800	0	0	843,800
Commercial Property	312,600	0	0	312,600
Fleet	75,200	0	0	75,200
TOTAL OPERATING EXPENSES	33,440,200	1,256,000	912,700	35,608,900
OPERATING RESULT	(5,787,100)	(1,256,000)	(48,800)	(7,091,900)
Exclude Depreciation	7,813,800	0	0	7,813,800
Cash Result	2,026,700	(1,256,000)	(48,800)	721,900
Add: Capital Income	32,595,800	0	(25,000,000)	7,595,800
Less: Capital Expense	26,236,800	10,472,000	(6,479,300)	30,229,500
Add: From/Less: (To) Reserve	(3,897,100)	11,728,000	17,685,500	25,516,400
Less: Loan Repayments	4,488,600	0	(884,000)	3,604,600
Estimated Cash Movement	0	0	0	0

June 2022 Budget and Carryover Adjustments

Council adopted the 2022/23 budget at the June 2022 meeting. No staff or external submissions resulted in changes to the adopted budget.

Carryover adjustments from 2021/22 totalling \$14,135,000; \$1,493,000 in operational expenditure and \$12,642,000 in capital expenditure were adopted by Council at the August 2022 Ordinary Council meeting [Resolution 42/22].

Carryovers to 2022/23 totalled \$11,728,000; \$1,256,000 in operational expenditure and \$10,472,000 in capital expenditure while \$2,407,000; \$237,000 in operational expenditure and \$2,170,000 in capital expenditure were carried over to future years.

The volume of carry-overs and budget adjustments is significant this quarter, this is due to the backlog in assessing the impact of the March 2022 floods and other events on our delivery program, as discussed below.

The budget movements are shown in the table below:

	Operating Expenditure	Capital Expenditure
Adopted Original Budget 2022/23 as per June-22 Report	\$33,440,200	\$26,236,800
Add: Carryovers from 2021/22	\$1,493,000	\$12,642,000
Less: Carryovers Future Years	(\$237,000)	(\$2,170,000)
Revised Budget including Carryovers 2022/23	\$34,696,200	\$36,708,800

March 2022 Floods

Background

The Northern Rivers flood events in March 2022 have had a significant impact on Council's assets and operations. Affected assets include rural levees, infrastructure projects, fleet items, administration building and sub-leases including Richmond Water Laboratories, the rental property at 20 Conway St, and Kyogle Street and Woodburn depots.

Insurance Claim

Rous' insurance policy with Statewide Mutual includes flood cover with a sub-limit of \$2M that applies for property loss and business interruptions. The claim is still being assessed at present and budget estimates will be provided at a future date.

Disaster Recovery Funding

The works associated with this claim are currently underway and will be in addition to the insurance claim which is concurrently being prepared to fund the replacement/renewal of eligible affected assets. Once a formal agreement is in place with NSW Public Works budget estimates will be provided.

Other Information

Significant changes have been made to Council's capital works program for 2022/23 due to the combined impact of carryovers from 2021/22 and ongoing supply issues. In addition to this, potential price increases for electricity and chemicals are likely to put additional pressure on operating budgets in the short to medium term.

Commentary on Proposed Adjustments – September 2022 (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.

Bulk Water Reporting Unit

(QBR2) Income & Expenses - Bulk					
	Original Budget 2022/23	2021/22 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2022/23	Actual YTD
Operating Income					
Water Sales	20,591,900	0	0	20,591,900	5,148,000
Interest Income / Sundry	154,800	0	575,700	730,500	166,500
Property Income	20,400	0	0	20,400	4,900
Operating Grants and Contributions	0	0	0	0	0
Profit on Sale	0	0	0	0	0
Total Operating Income	20,767,100	0	575,700	21,342,800	5,319,400
Operating Expense					
Administration Expenses	585,500	0	0	585,500	289,900
Administration - Retail Water Cost	(1,896,500)	0	0	(1,896,500)	(474,500)
Finance Costs	2,305,100	0	(875,000)	1,430,100	283,600
Building/Depot Expenses	561,300	0	0	561,300	89,200
Fleet Hire Expense	548,600	0	0	548,600	136,200
Training & Staff	367,500	0	0	367,500	60,800
Insurance	385,700	0	0	385,700	330,600
Members Expenses	168,500	0	0	168,500	32,300
Salaries & Wages	8,294,100	50,000	(25,000)	8,319,100	1,739,700
Operations Purchases	7,956,900	1,126,600	705,000	9,788,500	893,200
Depreciation	6,340,500	0	0	6,340,500	1,640,700
Total Operating Expense	25,617,200	1,176,600	(195,000)	26,598,800	5,021,700
Operating Result	(4,850,100)	(1,176,600)	770,700	(5,256,000)	297,700
Less: Depreciation	6,340,500	0	0	6,340,500	1,640,700
Operating Result Excl. Non Cash	1,490,400	(1,176,600)	770,700	1,084,500	1,938,400
Add: Capital Income	29,223,000	0	(25,000,000)	4,223,000	961,800
Less: Capital Expenses	21,545,500	9,070,100	(5,703,800)	24,911,800	1,721,600
Transfer from/(to) Reserve	(4,679,300)	10,246,700	17,641,500	23,208,900	(532,800)
Less: Loan Repayments	4,488,600	0	(884,000)	3,604,600	645,800
Net Cash Movement	0	0	0	0	0

Interest on Investments and Debt Advisory Services

The original budget for investment interest of \$219,800 was based on a forecast average held balance of \$36M with a 0.60% rate of return. The Reserve Bank of Australia commenced increasing the cash rate in May, with further increases in June, July, August and September. These increases have had a flow on effect to Council's portfolio, with the rate of return increasing to 1.71% and the portfolio size of funds held remaining in excess of \$36M.

Based on these factors and considering anticipated cash flow requirements, the adjusted forecast investment interest for 30 June 2023 is expected to reach \$757,000. This is a positive budget adjustment of \$537,200.

All remaining funds will be transferred to the Bulk Water assets and programs reserve.

To account for these changes in 2022/23, the following adjustments are required:

Operating Revenue Reserves	Interests on Investments Bulk Water Reserve	Transfer to Reserve	\$537,200
		Impact on Cash surplus	(\$537,200)
			\$0

Northern Rivers Joint Organisation Service Fees

In May 2022 Rous was appointed to provide financial management services for the Northern Rivers Joint Organisation (NRJO). Also, Rous' General Manager Phil Rudd was appointed to the role of Interim Executive Officer.

The NRJO represents the Ballina, Byron, Kyogle, Lismore, Richmond Valley and Tweed New South Wales Local Government Areas with representation by the Mayors and General Managers of each Council. The NRJO's role is to facilitate and lead advocacy, political representation, and cooperative action on matters of regional significance.

A cost recovery option has been agreed to rather than a fixed-fee arrangement for these services. Rous has agreed to only charge the NRJO for the expenses incurred and the staff hours spent in relation to the provision of these services. The Executive Officer services will be provided for an interim period until a formal appointment is made. At this stage this is planned for November 2022.

The Interim Executive Officer services have been estimated based on the current hours required to perform the role for the period between 1 July 2022 to 30 November 2022. This has been forecast as 85 hours at a cost of \$8,500. The financial management service fee has been set at an annual cap of up to \$30,000 for three years to 30 June 2025.

To account for this change in 2022/23, the following adjustment is required:

Operating Revenue	Service Fees		\$38,500
Reserves	Bulk Water Reserve	Transfer to Reserve	(\$38,500)
		Impact on Cash surplus	\$0

The Long-Term Financial Plan will be updated to account for the remaining cash component of this project, as per below.

		2023/24	2024/25
Operating Revenue	Service Fees	\$30,000	\$30,000
Reserves	Bulk Water Reserve (Transfer to Reserve)	(\$30,000)	(\$30,000)
	Impact on Cash Surplus	\$0	\$0

Integrated Planning and Reporting

Desktop publishing of the new Integrated Planning and Reporting Framework was performed by Gilimbaa, a small to medium enterprise that is Supply Nation certified. Being Supply Nation certified means that Gilimbaa is 51% or more indigenous owned, managed and controlled. Payment arrangements for the work performed spanned the 2021/22 financial year. Budget savings from the Integrated Planning and Reporting project (incl. desktop publishing) were not carried forward therefore to account for the change a budget adjustment of \$10,000 is required.

It is proposed to transfer available funds from the health, safety, and environment team due to current vacancies.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Contractors and Materials	P-IP&R	\$10,000
Operating Expenditure	Salaries and Wages	P-WHS	(\$10,000)
Impact on Cash Surplus			\$0

Infrastructure Program Manager Recruitment

There are currently two vacancies in the Planning and Delivery team, one of which is the key role of the Infrastructure Program Manager (IPM). Since its creation in 2021, the role has remained unfilled on a permanent basis, despite a recruitment exercise earlier in 2022.

It is proposed to engage an external recruitment specialist to run the recruitment process for the IPM to maximise the opportunities to select the best candidate in a difficult environment for employers. The amount is an estimate of what is likely to be required for the recruitment of two or three positions and is available from savings in salaries.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Consultants	PD-IPM	\$15,000
Operating Expenditure	Salaries and Wages	PD-IPM	(\$15,000)
Impact on Cash Surplus			\$0

Tablet Devices for Operations Staff

As council continues to transition towards mobile computing and away from its reliance on paper based corporate administration systems, appropriate field-based hardware is critical to the success of these programs.

It is proposed to fund the purchase of approximately 20 tablet-based computers and associated accessories for this purpose in both the Bulk Water and Weed Biosecurity Reporting Units. The tablets will be used by staff to access SCADA, Safety Systems, Electronic Drawing Management Databases, Weed Biosecurity management and Mapping tools, Environmental and Laboratory data input systems and numerous other packages as they continue to be developed.

It is expected that these devices will benefit staff through access to timely and accurate data in the field, a reduced administration burden, simplified completion of documents, improved compliance and record keeping. The total cost of these devices is estimated at \$47,500.

For the Bulk Water Reporting Unit, the \$20,000 required is proposed to be taken from savings in the St Helena project.

To account for this change in 2022/23, the following adjustment is required:

Capital Expenditure	Contractors and Materials	CC-IT Computers	\$20,000
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Capital Expenditure	Contractors and Materials	CE-St Helena 600 S2	(\$20,000)
		Impact on Cash Surplus	\$0

Broadwater Pipeline Upgrade

This project is to be deferred for 3 to 5 years. The main driver for this project was to increase the water supply into the Broadwater area to meet the peak day demand forecasts. These forecasts have recently been revised downwards and the peak day demand can be met without the new pipeline for up to 5 years, thereby reducing this project's importance against other key projects.

It is proposed that the entire budget of \$610,000 be surrendered to the reserve.

To account for this change in 2022/23, the following adjustment is required:

Capital Expenditure	Contractors and Materials	CE – Filling Station	(\$610,000)
Reserves	Bulk Water Reserve	Transfer to Reserve	(\$610,000)
		Impact on Cash Surplus	\$0

Northern Rivers March 2022 Flood Water/Sewerage Program Grant

In June 2022, \$1.6M in grant funding was provided to Council-by the NSW Government under the Northern Rivers March 2022 Flood Water/Sewerage Program. The funding was provided in response to the flood events of March 2022.

This funding will be used to undertake a variety of water infrastructure projects with the total estimated expenditure to be \$2.41M over a three-year period. \$161,000 was spent in 2021/22 with the remaining expenditure to occur in 2022/23 and 2023/24.

To account for these changes in 2022/23, the following adjustments are required:

Capital Expenditure	Contractors and Materials	GC-NRFWSP Brunswick	\$56,400
Capital Expenditure	Contractors and Materials	GC-NRFWSP Coraki	\$383,400
Capital Expenditure	Contractors and Materials	GC-NRFWSP St Helena 600	\$50,000
Capital Expenditure	Contractors and Materials	GC-NRFWSP Woodburn	\$300,000
Capital Expenditure	Contractors and Materials	GC-NRFWSP WRS	\$5,400
Capital Expenditure	Contractors and Materials	GC-NRFWSP IRW	\$100,000
Reserve	Bulk Water Reserve	Transfer from Reserve	\$895,200
		Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated as per below.

		2023/24
Capital Expenditure	Contractors and Materials	\$1,355,000

Reserves	Bulk Water Reserve (Transfer from Reserve)	\$1,355,000
	Impact on Cash Surplus	\$0

Hydraulic Assessment (Infrastructure Upgrade)

Funding of \$108,600 was allocated in the 2022/23 financial year to deliver the project for the hydraulic analysis of the bulk water network.

This project involves undertaking assessments of water balance, water loss indices, the permanent installation of water loss equipment and storage requirements throughout the network. These assessments will be used to inform future infrastructure works aimed at mitigating against operational disruptions and failure/breakage of infrastructure assets resulting in significant water loss.

It is proposed to transfer available funds to both the existing project and a new capital project from the Water Loss Implementation budget as these items are interrelated. This adjustment involves transferring \$30,000 from the capital expenditure program to the operating project which will increase the forecast operating loss by \$30,000.

To account for these changes in 2022/23, the following adjustments are required:

Operating Expenditure	Contractors and Materials	P – Hydraulic Assessments	\$30,000
Capital Expenditure	Contractors and Materials	CE - Hydraulic Assessments	\$35,000
Capital Expenditure	Contractors and Materials	CE - FWP Water Loss Implementation	(\$65,000)
Impact on Cash Surplus			\$0

Coraki 225 Replacement Investigations

This project was intended to decommission a leaking section of the 225mm pipeline and transfer customers to a nearby alternative water main with the construction of a new interconnecting pipeline being required along Bridge St, Wyrallah. The leaking pipeline has since been repaired and the project strategy has been revised to replace the pipeline. This will maintain a dual water supply system which reduces the risk of water supply losses.

A long-term water supply strategy will be prepared this financial year with planned replacement works to be included in the Long-Term Financial Plan in approximately 3-5 years' time. It is recommended that \$100,000 be retained in this budget to complete the strategy and progress the concept design with the remainder of the forecast budget to be surrendered and returned to reserves.

To account for these changes in 2022/23, the following adjustments are required:

Capital Expenditure	Contractors and Materials	CE – Coraki225	(\$150,000)
Reserve	Bulk Water Reserve	Transfer to Reserve	(\$150,000)
Impact on Cash Surplus			\$0

Renewal of Recreation Area Assets at Emigrant Creek Dam

This project was for the renewal of recreational amenities located at Emigrant Creek Dam. The existing assets are in a fair to reasonable condition and no urgent works are required. Considering the volume of other projects that are planned for this year, this project has been reassessed as having a low priority.

It is recommended that the entire \$15,000 budget be surrendered and returned to reserves.

To account for these changes in 2022/23, the following adjustments are required:

Capital Expenditure	Contractors and Materials	CE – ECD Amenities	(\$15,000)
Reserve	Bulk Water Reserve	Transfer to Reserve	(\$15,000)
		Impact on Cash Surplus	\$0

Upgrade and Replacement of Emigrant Creek Dam Aeration System

This project was planned to undertake detailed investigations into the replacement of the aeration system and an upgrade of the air scour for the water treatment plant. The reasons for the project were to replace the compressor which is nearing the end of its useful life and incurring increased service costs. This project was also aimed at improving water quality outcomes and efficiencies. Despite this these assets are in an operating and reasonable condition. Considering the volume of other projects that are planned for this year, this project has been reassessed as having a low priority.

It is recommended that the entire \$30,000 budget be deferred until 2023/24 and returned to reserves.

To account for these changes in 2022/23, the following adjustments are required:

Capital Expenditure	Contractors and Materials	CE – ECD Destratification	(\$30,000)
Reserve	Bulk Water Reserve	Transfer to Reserve	(\$30,000)
		Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated as per below.

		2023/24
Capital Expenditure	Contractors and Materials	\$30,000
Reserves	Bulk Water Reserve (Transfer from Reserve)	\$30,000
	Impact on Cash Surplus	\$0

Water Filling Station

Due to the substantial capital expenditure carryovers adopted by Council, the program for 2022/23 has been reassessed. This project involved the installation of a water filling station at Lagoons Grass and the associated road works however, this project is not a priority and has potential issues regarding flooding. At present the demand for water fill stations is low and as such it is recommended to surrender the original budget of \$91,000 to reserves and reconsider additional water fill stations in times of high demand.

To account for this change in 2022/23, the following adjustment is required:

Capital Expenditure	Contractors and Materials	CE – Filling Station	(\$91,000)
Reserves	Bulk Water Reserve	Transfer to Reserve	(\$91,000)
		Impact on Cash Surplus	\$0

Investigations into Wilson River Source Low Lift Pump Station Switchboard Upgrade

This project was planned to upgrade the switchboard utilised at the Wilson River Source Low Lift Pump Station. This site was severely impacted by the March 2022 flood events with the switchboard being rendered inoperable. Works are currently underway to reinstate the switchboard and the upgrade of the switchboard is to be considered as part of reinstatement works.

It is recommended that the entire \$50,000 budget be surrendered and returned to reserves.

To account for these changes in 2022/23, the following adjustments are required:

Capital Expenditure	Contractors and Materials	CE – WRS Switch	(\$50,000)
Reserve	Bulk Water Reserve	Transfer to Reserve	(\$50,000)
		Impact on Cash Surplus	\$0

Design and Construction of a Replacement Destratification System for Rocky Creek Dam

The priority of the renewal of the Rocky Creek Dam destratification system has been assessed by Council staff as a lower priority than the immediate flood recovery works. Councils’ available resources have been tasked to the flood recovery projects and are unable to complete the replacement of the destratification system this financial year.

It is recommended that \$25,000 is retained in this budget for the finalisation of designs and remaining \$384,500 is deferred to 2023/24 for construction.

To account for these changes in 2022/23, the following adjustments are required:

Capital Expenditure	Contractors and Materials	CE – RCD Destratification	(\$384,500)
Reserve	Bulk Water Reserve	Transfer to Reserve	(\$384,500)
		Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated as per below.

		2023/24
Capital Expenditure	Contractors and Materials	\$384,500
Reserves	Bulk Water Reserve (Transfer from Reserve)	\$384,500
	Impact on Cash Surplus	\$0

Implementation of Water Loss Management Plan

Council has recently been successful in participating in a State Government run leakage detection program. Leakage detection is one of the key focus areas of Council’s Water Loss Management strategy. The program was highly successful finding 221kL/day of leakage and was fully funded by the State Government (circa \$50,000 value). This has created significant savings in this budget.

Furthermore, Council staff recently engaged consultants to assist in the planning for the implementation of the Water Loss Management Program. This planning phase will identify preferred sites and technologies for additional water and pressure metering, pressure management and leakage detection. This planning phase is expected to be completed by January 2023. Procurement of meters and other equipment and internal planning for on ground works will be undertaken in the first half of 2023.

Due to the current lead time being observed on bulk meters (20-26 weeks) it is unlikely any installation works will be undertaken in 2022/23. It is recommended an amount of \$250,000 from the current year budget be returned to reserves. A budget of \$475,000 is already included in the LTFP for 2023/24 which will be utilised to complete installation works.

It is recommended that \$160,000 is retained in this budget for 2022/23 and the remaining \$250,000 is returned to reserves.

To account for these changes in 2022/23, the following adjustments are required:

Capital Expenditure	Contractors and Materials	CE – FWP-WLI	(\$250,000)
Reserve	Bulk Water Reserve	Transfer to Reserve	(\$250,000)
		Impact on Cash Surplus	\$0

Future Water Program 2060

The Future Water Program budget has been adjusted to reflect an achievable program of work in line with the priorities of Stage 1 and focused on the immediate next steps in the planned program of work. To date, budgeting for the FWP has been conservative and based on preliminary, high-level estimates. The FWP budget will be updated from year to year based on project progress, appropriate next steps and updated cost estimates. The adjustments for this financial year allow for progress of land acquisition and further development of planning, design and implementation of Stage 1 priorities and further investigations for Stage 2 & 3 sources, considering the project delays experienced in 2021/22 due to natural disasters.

New budget items have been included to support the implementation of other FWP activities including technical and design work to ensure Council’s drought and emergency water sources are operationally ready. This includes Rocky Creek Dam dead storage, Wilsons River Source emergency operations and temporary desalination. There is also inclusion of a budget to support FWP communication and engagement activities.

To account for these changes in 2022/23, the following adjustments are required:

Operating Expenditure	Contractors and Materials	P-FWP Communications and Engagement	\$300,000
Operating Expenditure	Contractors and Materials	P-FWP Emergency Desalination Investigation	\$200,000
Operating Expenditure	Contractors and Materials	P-FWP RCD Dead Storage Investigation	\$50,000
Operating Expenditure	Contractors and Materials	P-FWP Wilsons River Emergency Supply Studies	\$100,000
Capital Expenditure	Contractors and Materials	CE – FWP Alstonville	(\$2,560,800)
Capital Expenditure	Contractors and Materials	CE – FWP DPR	(\$636,000)
Capital Expenditure	Contractors and Materials	CE – Project Management	(\$1,418,000)
Capital Expenditure	Contractors and Materials	CE – Tyagarah Groundwater	(\$373,700)
Reserve	Bulk Water Reserve	Transfer to Reserve	(\$4,338,500)
		Impact on Cash Surplus	\$0

Remove Proposed Loan Borrowings

Significant loan borrowings were originally forecast in the adopted Long-Term Financial Plan to complete significant projects particularly regarding the Future Water Project 2060. This included planned loan borrowings of \$25M for 2022/23 based on the forecast levels of capital expenditure and reserves.

RCC’s cash position as at 30 June 2022 was \$40.5M which is significantly higher than the forecast of \$16.6M. The capital works program was unable to be completed due to several factors being the March 2022 flood events, supply chain issues and the ongoing impacts of Covid-19. This resulted in \$14.1M in works being carried over (\$11.7M relates to 2022/23) adding additional works to an already substantial capital works program. Staff are in the process of reprioritising both the scope of planned works and the timeframes involved and processes are being improved to eliminate the need for carryovers of this magnitude in the future.

As a result, the proposed \$25M in loan funds is no longer required and it is proposed to defer any future borrowings until 2023/24.

To account for these changes in 2022/23, the following adjustments are required:

Operating Expenditure	Interest on External Borrowings		(\$875,000)
Loan Capital	Principal Repayments on External Borrowing		(\$884,000)
Capital Income	New External Loan Funds		(\$25,000,000)
Reserve	Bulk Water Reserve	Transfer from Reserve	\$23,241,000
		Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated to account for the remaining cash component of this project, as per below.

		2023/24 to 2032/33
Operating Expenditure	Interest on External Borrowings	(\$6,856,400)
Loan Capital	Principal Repayments on External Borrowing	(\$10,733,900)
Reserves	Bulk Water Reserve (Transfer to Reserve)	(\$17,590,300)
	Impact on Cash Surplus	\$0

Impact on Bulk Water Reserve

The required changes above will result in \$17,641,500 being transferred from the Bulk Water reserve in the 2022/23 financial year. The projected balance as at 30 June 2023 will decrease to \$6,934,300 which is short of the internal reserves policy target of 6 months operating expenditure or \$13,299,400.

Retail Water Reporting Unit

(QBR2) Income & Expenses - Retail					
	Original Budget 2022/23	2021/22 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2022/23	Actual YTD
Operating Income					
Water Sales	3,088,000	0	0	3,088,000	734,800
Interest Income / Sundry	11,200	0	0	11,200	2,600
Total Operating Income	3,099,200	0	0	3,099,200	737,400
Operating Expense					
Administration Expenses	2,144,100	0	60,000	2,204,100	522,300
Fleet Hire Expenses	86,400	0	0	86,400	21,600
Salaries and Wages	495,600	0	0	495,600	123,800
Operations Purchases	155,800	0	0	155,800	42,900
Depreciation and Amortisation	294,600	0	0	294,600	67,100
Total Operating Expense	3,176,500	0	60,000	3,236,500	777,700
Operating Result	(77,300)	0	(60,000)	(137,300)	(40,300)
Less Depreciation	294,600	0	0	294,600	67,100
Operating Result Excl. Non Cash	217,300	0	(60,000)	157,300	26,800
Add: Capital Income	0	0	0	0	0
Less: Capital Expenses	1,628,100	1,260,100	(853,000)	2,035,200	11,500
Transfer from/(to) Reserve	1,410,800	1,260,100	(793,000)	1,877,900	(15,300)
Net Cash Movement	0	0	0	0	0

Retail Water Write Off

Council adopted a report for the waiver of retail water customer accounts effected by the February/March 2022 flood event at the Ordinary Meeting in August 2022 [Resolution 50/22].

An additional budget of \$60,000 is required for this purpose.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Write-Offs		\$60,000
Reserves	Retail Water Reserve	Transfer from Reserve	\$60,000
		Impact on Cash surplus	\$0

Richmond Hill 100 Upgrade

Following a selective tender run through Local Government Procurement, three tenders were received for the project involving the construction of approximately 1000m of 100mm pipeline in Richmond Hill. The tenders were all significantly higher than the pre-tender estimate of approximately \$300,000.

The pre-tender estimate was based on construction costs of previous construction contracts and did not have sufficient allowance to account for the recent significant increases in material and labour costs. The lowest cost tender has withdrawn their tender and the other two tenders are not considered value for money for Council. A revised project budget estimate of \$810,000 has been developed based on the tenders. The project will be re-tendered as an open tender.

To account for this change in 2022/23, the following adjustment is required:

Capital Expenditure	Contractors and Materials	CE – Retic-RH	\$497,000
Reserves	Retail Water Reserve	Transfer from Reserve	\$497,000
		Impact on Cash Surplus	\$0

Smart Metering Project - Supply and Installation of ~2,100 Digital Smart Meters and Supporting Software

An Expression of Interest (EOI) for the provision and installation of smart metering on the Rous County Council retail water supply network has recently closed and submissions are being assessed. Preliminary information from respondents indicate significant delays in supply of digital water meters which will cause delays to the delivery of the project. At this stage a Request for Tender is expected to be issued to selected vendors in late 2022 with award of contract in April 2023. The bulk of the installation work is expected to be completed in 2023/24.

It is recommended that \$468,400 is retained in this budget for 2022/23 and the remaining \$600,000 is deferred to 2023/24.

To account for this change in 2022/23, the following adjustment is required:

Capital Expenditure	Materials and Contractors	CE – S-Meters	(\$600,000)
Reserves	Retail Water Reserve	Transfer to Reserve	(\$600,000)
		Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated as per below.

		2023/24
Capital Expenditure	Contractors and Materials	\$600,000
Reserves	Bulk Water Reserve (Transfer from Reserve)	\$600,000
	Impact on Cash Surplus	\$0

Backflow Devices Project - Installation of ~1,600 backflow devices to Rous customers

Council has recently awarded a tender for supply of backflow devices for an amount of \$237,539.46 excluding GST. The backflow devices are expected to be delivered and paid for before March 2023. The installation of backflow devices across the Rous County Council retail water supply network will be undertaken in conjunction with the roll-out of smart metering which will result in significant efficiency gains and cost savings for Council however the timing of installation is linked to the smart metering contract which as detailed in the smart meter budget commentary above is expected to be awarded in April 2023 with the bulk of installations expected to occur in 2023/24.

It is recommended that \$250,000 is retained in this budget for 2022/23 and the remaining \$750,000 is deferred to 2023/24.

To account for this change in 2022/23, the following adjustment is required:

Capital Expenditure	Contractors and Materials	CE – S-Backflow	(\$750,000)
Reserves	Retail Water Reserve	Transfer to Reserve	(\$750,000)
		Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated as per below.

		2023/24
Capital Expenditure	Contractors and Materials	\$750,000
Reserves	Bulk Water Reserve (Transfer from Reserve)	\$750,000
	Impact on Cash Surplus	\$0

Impact on Retail Water Reserve

These required changes above will result in a \$793,000 transfer to the Retail Water reserve in the 2022/23 financial year. The projected balance as at 30 June 2023 will increase to \$1,136,100 which is short of the internal reserves policy target of 8 months operating expenditure or \$2,157,700.

Flood Mitigation Reporting Unit

(QBR52) Income & Expenses - Flood					
	Original Budget 2022/23	2021/22 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2022/23	Actual YTD
Operating Income					
Grants and Contributions	1,052,700	0	(5,400)	1,047,300	227,600
Interest Income / Sundry	8,900	0	0	8,900	6,200
Total Operating Income	1,061,600	0	(5,400)	1,056,200	233,800
Operating Expense					
Administration Expenses	211,400	0	0	211,400	53,600
Building/Depot Expenses	9,800	0	0	9,800	3,200
Fleet Hire Expenses	74,100	0	0	74,100	18,500
Insurance	4,700	0	0	4,700	0
Salaries and Wages	453,700	0	0	453,700	114,500
Operations Purchases	230,500	79,400	118,600	428,500	43,700
Depreciation and Amortisation	695,300	0	0	695,300	182,800
Total Operating Expense	1,679,500	79,400	118,600	1,877,500	416,300
Operating Result	(617,900)	(79,400)	(124,000)	(821,300)	(182,500)
Less Depreciation	695,300	0	0	695,300	182,800
Operating Result Excl. Non Cash	77,400	(79,400)	(124,000)	(126,000)	300
Add: Capital Income	0	0	0	0	0
Less: Capital Expenses	182,700	0	0	182,700	100,900
Transfer from/(to) Reserve	105,300	79,400	124,000	308,700	100,600
Net Cash Movement	0	0	0	0	0

Preparing Australian Communities – Local Stream Grant

In May 2022, \$250,000 in grant funding was announced by the Federal Government under the Preparing Australian Communities – Local Stream Program. The funding provided is for Richmond and Wilsons Rivers NSW Flood Mitigation Planning project.

This funding will be used to undertake a comprehensive scan of strategic disaster risks and mitigation options for the Richmond River Catchment to enable the development of a community focused disaster risk reduction and resilience strategy and plan. A technical assessment of options will be used to inform future investments that mitigate risks, build resilience, and increase disaster preparedness for Ballina, mid-Richmond, and Lismore communities.

Grant funding of \$165,000 was received in 2021/22. This funding was originally forecast to be received throughout 2022/23 and 2023/24. The forecast for the remaining revenue and expenditure is as follows: -

Financial Year	Revenue	Expenditure
2022/23	\$0	\$50,000
2023/24	\$70,000	\$185,000
2023/24	\$15,000	\$15,000

To account for the revised revenue forecast in 2022/23, the following adjustment is required:

Operating Revenue	Grants and Contributions	GC-PACL Strategic	(\$50,000)
Reserves	Flood Mitigation Reserve	Transfer from Reserve	\$50,000
		Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated to account for the remaining cash component of this project, as per below.

		2023/24	2024/25
Operating Revenue	Grants and Contributions	(\$105,000)	(\$10,000)
Reserves	Flood Mitigation Reserve (Transfer from Reserve)	\$105,000	\$10,000
	Impact on Cash Surplus	\$0	\$0

Richmond River Water Quality Monitoring Grant

In June 2020, RCC engaged Southern Cross University (SCU) for a 3-year project involving the upgrade of water quality data loggers in the lower Richmond River. Funds have been contributed by RCC as well as the Department of Planning and Environment (Coast and Estuaries Grant).

In the first half of 2021/22, RCC completed renewal of the water quality data logger network within the Richmond River Estuary. As part of this renewal, RCC engaged SCU to design, build and operate water quality data loggers which automatically record water the specified water quality parameters and transmit results to a dedicated website. The data loggers consist of 2 in the Tuckean Swamp (Site 1 and Site 2), one at Rocky Mouth Creek (RMC) – these are being installed at sites that have previously been monitored. New sites were established at North Creek and at Bungawalbyn Creek. Two additional sites were also established at high priority sentinel sites in the Richmond River – at Woodburn and Wardell. SCU has completed reporting on Year 1 of operations under the contract.

All loggers were installed and fully operational prior to the February/March 2022 floods. Unfortunately, the loggers suffered extensive damage and require major repair or replacement. SCU has installed lower-specification temporary dataloggers as an interim step whilst replacement is being considered as part of insurance claim. Our insurers have agreed to replace the 4 dataloggers that were destroyed during the floods, and details of this are currently being finalised.

The remaining income and expenditure is forecast to occur in 2022/23 and is to be reinstated under the Australian Accounting Standard AASB 15 Revenue from Contracts with Customers.

To account for this change in 2022/23, the following adjustment is required:

Operating Income	Grants and Contributions	DPIE	\$36,600
Operating Expenditure	Contractors and Materials		\$54,400
Reserves	Flood Mitigation Reserve	Transfer from Reserve	\$17,800
		Impact on Cash Surplus	\$0

Fish Habitat Grant - Coraki Riparian Project

This grant known as the *Coraki Riparian Project* forms part of Rous' commitment to improving water quality of the Richmond River through the current Richmond River Coastal Zone Management Plan and was previously reported to Council as part of the Quarterly Budget Review Statement for the quarter ending 31 December 2021.

A key feature of the project, at Windsor Park south of Coraki village, enhancing access to the river and improving fish habitat through a combination of weed control and tree planting along a 1.2 km riparian zone length. Another feature of the project will be improved amenity of existing walking tracks.

The project involves working with First Nations landowners at the site (Bogal Local Aboriginal Land Council and Bandjalang Aboriginal Corporation) and other community stakeholders and will benefit the Richmond River estuary as a whole. Rous will be coordinating work on this project and prepare a restoration plan and oversee onsite works which are due to commence early in 2022.

Grant funding of \$24,000 was received in 2021/22 with \$8,000 in grant funding and \$64,200 in operating expenditure to be reinstated under the Australian Accounting Standard AASB 1058 Revenue from Contracts with Customers with this funding recognised on receipt of funds.

To account for this change in 2022/23, the following adjustment is required:

Operating Revenue	Grants and Contributions	DPI – Coraki Restoration Project	\$8,000
Operating Expenditure	Contractors and Materials		\$64,200
Reserves	Flood Mitigation Reserve	Transfer from Reserve	\$56,200
		Impact on Cash Surplus	\$0

Impact on Flood Mitigation Reserve

These required changes above will result in a \$124,000 transfer from the Flood Mitigation reserve in the 2022/23 financial year. The projected balance as at 30 June 2023 will decrease to \$803,200 which is beyond the internal reserves policy target of 5 months operating expenditure or \$782,300.

Weed Biosecurity Reporting Unit**(QBR52) Income & Expenses - Weeds**

	Original Budget 2022/23	2021/22 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2022/23	Actual YTD
Operating Income					
Grants and Contributions	1,607,300	0	293,600	1,900,900	769,300
Interest Income / Sundry	11,100	0	0	11,100	3,000
Total Operating Income	1,618,400	0	293,600	1,912,000	772,300
Operating Expense					
Administration Expenses	338,700	0	0	338,700	84,000
Building/Depot Expenses	13,900	0	0	13,900	4,200
Fleet Hire Expenses	176,900	0	85,000	261,900	48,000
Salaries and Wages	1,105,600	0	631,700	1,737,300	236,200
Operations Purchases	69,800	0	212,400	282,200	59,900
Depreciation and Amortisation	30,500	0	0	30,500	6,700
Total Operating Expense	1,735,400	0	929,100	2,664,500	439,000
Operating Result	(117,000)	0	(635,500)	(752,500)	333,300
Less Depreciation	30,500	0	0	30,500	6,700
Operating Result Excl. Non Cash	(86,500)	0	(635,500)	(722,000)	340,000
Add: Capital Income	0	0	0	0	0
Less: Capital Expenses	43,000	0	27,500	70,500	0
Transfer from/(to) Reserve	129,500	0	663,000	792,500	(340,000)
Net Cash Movement	0	0	0	0	0

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 and has been received with \$16,400 being expensed to 30 June 2022.

The remaining expenditure will occur in 2022/23 and is to be reinstated under the Australian Accounting Standard AASB 15 Revenue from Contracts with Customers.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Salaries and Wages		\$23,500
Reserves	Weed Biosecurity Reserve	Transfer from Reserve	\$23,500
		Impact on Cash Surplus	\$0

NSW Weeds Action Program - New Incursion Parthenium

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 \$10,000 contribution from Council towards a total project cost of \$25,000. 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 remaining expenditure will occur in 2022/23 and is to be reinstated under the Australian Accounting Standard AASB 1058 Income of Not-For-Profit Entities.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Contractors and Materials		\$6,300
Reserves	Weed Biosecurity Reserve	Transfer from Reserve	\$6,300
		Impact on Cash Surplus	\$0

NSW Weeds Action Program – Post Flood Incursion Parthenium and Frog bit

Additional grant funding was announced from the Department of Primary Industries for the post flood response for both the Frogbit and Parthenium weed. \$15,000 in grant funding has been provided with Council to contribute \$1,000 towards a total project cost of \$16,000. This project will involve flood modelling to identify potential high-risk sites for surveying, undertake high risk site surveillance for new incursions and carry out control works.

The remaining expenditure of \$4,100 will occur in 2022/23 and is to be reinstated under the Australian Accounting Standard AASB 1058 Income of Not-For-Profit Entities.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Salaries and Wages		\$4,100
Reserves	Weed Biosecurity Reserve	Transfer from Reserve	\$4,100
		Impact on Cash Surplus	\$0

Miconia – Weed Surveillance and Eradication

In December 2021, Rous received notification from Queensland Department of Agriculture and Fisheries (QDAF) that it had been successful in obtaining further grant funding to assist with surveillance and eradication of Miconia weed (*Miconia calvescens*).

The project involves undertaking an annual survey at identified medium and low risk locations, and completing necessary eradication actions, associated engagement activities, undertaking any required trace works and supplying GPS track files to QDAF.

Key to this project is the employment of a Weed Biosecurity Officer that has been identified as an Aboriginal and Torres Strait Islander (ATSI) role. Existing staff will provide assistance during the first year of the project in order to complete the required milestones by the end of the 2021/22 financial year.

Total funding from QDAF is \$298,000 to be received over a three-year period to 30 June 2024 upon the successful completion of annual milestones. The project is 100% funded by grant funds.

Expenditure from 2021/22 of \$92,600 will now occur in 2022/23 and is to be reinstated under the Australian Accounting Standard AASB 1058 Income of Not-For-Profit Entities.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Salaries and Wages		\$92,600
Reserves	Weed Biosecurity Reserve	Transfer from Reserve	\$92,600
		Impact on Cash Surplus	\$0

Grant Funding - Tropical Soda Apple (Riparian/High Risk Pathways)

In March 2022, Rous was notified of its success in obtaining funding from North Coast Local Land Services (LLS) for the strategic and ongoing control of *Tropical Soda Apple in Riparian/High-Risk Pathways*.

Tropical Soda Apple (*Solanum viarum*) is classified as a state-wide prohibited matter. Infestations have been found near riparian zones of waterways and are considered high risk due to the likelihood of the weeds spreading if not contained. The movement of these weeds is attributable to water flow, the impacts of natural disasters and is further complicated by the difficulties in accessing the sites to undertake control work. Inspections and control works are planned to be undertaken at Gradys Creek, Byrril Creek, Tweed River, Tooloom Creek and Simes/Forest Road.

Funding from LLS is \$42,700 with the project to be completed by 1 March 2023. The grant funding is expected to be received and the expenditure completed by 30 June 2023. Rous will contribute \$5,000 of in-kind funding in the form of staff time for monitoring and reporting.

The remaining grant funding of \$12,800 and expenditure of \$33,600 (less \$30,000 already forecast) will occur in 2022/23 and is to be reinstated under the Australian Accounting Standard AASB 1058 Income of Not-For-Profit Entities.

To account for this change in 2022/23, the following adjustment is required:

Operating Revenue	Grants and Contributions		\$12,800
Operating Expenditure	Contractors and Materials		\$3,600
Reserves	Weed Biosecurity Reserve	Transfer to Reserve	(\$9,200)
		Impact on Cash Surplus	\$0

Tropical Soda Apple (TSA) Engagement

Rous has an existing memorandum of understanding (MoU) with Kempsey Shire Council who operate as an administrator for NSW Department of Primary Industries (DPI) to undertake targeted landholder engagement and control activities for Tropical Soda Apple (*Solanum viarum*).

Whilst the MoU agreement covers the five-year commitment to TSA Engagement, funding on a per year basis is subject to an annual agreement by the two parties. Previously additional funding for this project was provided by North Coast Local Land Services (NCLLS), however as previously reported to Council at the February 2022 meeting [Resolution 5/22] this additional funding is no longer available.

The remaining expenditure of \$11,500 will occur in 2022/23 and is to be reinstated under the Australian Accounting Standard AASB 15 Revenue from Contracts with Customers.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Salaries and Wages		\$11,500
Reserves	Weed Biosecurity Reserve	Transfer from Reserve	\$11,500
		Impact on Cash Surplus	\$0

Tablet Devices for Weed Biosecurity Staff

As council continues to transition towards mobile computing and away from its reliance on paper based corporate administration systems, appropriate field-based hardware is critical to the success of these programs.

It is proposed to fund the purchase of approximately 20 tablet-based computers and associated accessories for this purpose in both the Bulk Water and Weed Biosecurity Reporting Units. The tablets will be used by staff to access SCADA, Safety Systems, Electronic Drawing Management Databases, Weed Biosecurity management and Mapping tools, Environmental and Laboratory data input systems and numerous other packages as they continue to be developed.

It is expected that these devices will benefit staff through access to timely and accurate data in the field, a reduced administration burden, simplified completion of documents, improved compliance and record keeping. The total cost of these devices is estimated at \$47,500.

For the Weed Biosecurity Reporting Unit, the \$27,500 required is proposed to be taken from existing WAP funding.

To account for this change in 2022/23, the following adjustment is required:

Capital Expenditure	Contractors and Materials	CC-IT Computers	\$27,500
Operating Expenditure	Contractors and Materials	WAP	(\$27,500)
		Impact on Cash Surplus	\$0

Early Needs Weed Management Project (Post-Flood)

In June 2022, Rous was notified of its success in obtaining funding from North Coast Local Land Services (LLS) for the strategic inspection and control of regional high priority weeds on flood affected properties and to provide advice to landowners on best practice weed management.

Due to the severity of the recent flood events and the location of high priority weeds in flood affected areas, the dispersal of high priority weeds into areas previously free of those weeds is highly likely.

As most landowners impacted by the floods do not currently have the capacity to effectively manage weed infestations on their land, assistance to manage high priority weeds whilst also providing identification services and 'best practice' control advice for widespread weeds will be vital. This project will deliver landscape scale support for weed management and control activities on lands that have been impacted by the flood events of 2022.

Funding from LLS is \$710,000 with the project to be completed by 31st May 2024. The grant funding is expected to be received and the expenditure completed by this time. Rous will contribute in-kind funding in the form of staff time for education and awareness raising activities.

The remaining grant funding of \$561,600 and expenditure of \$710,000 will occur in 2022/23 and is to be reinstated under the Australian Accounting Standard AASB 1058 Income of Not-For-Profit Entities.

To account for this change in 2022/23, the following adjustment is required:

Operating Revenue	Grants and Contributions		\$280,800
Operating Expenditure	Salaries and Wages		\$150,000
Operating Expenditure	Contractors and Materials		\$130,000
Operating Expenditure	Internal Fleet Expenses		\$35,000
Reserves	Weed Biosecurity Reserve	Transfer from Reserve	\$34,200
Impact on Cash Surplus			\$0

The Long-Term Financial Plan will be updated as per below.

		2023/24
Operating Revenue	Grants and Contributions	\$280,800
Operating Expenditure	Salaries and Wages	\$200,000
Operating Expenditure	Contractors and Materials	\$150,000
Operating Expenditure	Internal Fleet Expenses	\$45,000
Reserves	Bulk Water Reserve (Transfer from Reserve)	\$114,200
Impact on Cash Surplus		\$0

Engagement of Staff for Increased Weed Management Post-Flood

As a result of the recent flood events weed incursions are expected to increase at levels never before experienced in this region. Most of the high priority sites that are managed by RCC have suffered extensive disturbance and movement of these weeds as a result means we currently do not have the capacity to effectively manage both our high priority weed infestations and our roadside weed control programs. In addition to this our education resources need to be replenished as there was a significant amount lost in the floods, as well as new materials to assist landowners with post-flood weed identification and information.

There is a likely risk of RCC not being able to carry out its Local Control Authority functions adequately, which raises the risk to the region that weed infestations will increase substantially and will quickly become unmanageable. By increasing weed biosecurity operations initially, we will significantly reduce these risks as it allows us to target new weed infestations as they germinate.

The total program is budgeted to cost \$1.1M over two financial years and will be funded from WAP grant funding currently held in reserve of \$332,000 and an additional \$768,000 to be transferred from available reserve funds. It is requested to engage two additional Weed Biosecurity Officers and one additional Weed Control team member, as well as necessary vehicles and equipment. \$50,000 that is required for an ATV and Trailer will be detailed in the Fleet Reporting Unit section.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Salaries and Wages		\$350,000
Operating Expenditure	Contractors and Materials		\$100,000
Operating Expenditure	Internal Fleet Expenses		\$50,000
Reserves	Weed Biosecurity Reserve	Transfer from Reserve	(\$500,000)
Impact on Cash Surplus			\$0

The Long-Term Financial Plan will be updated as per below.

		2023/24
Operating Expenditure	Salaries and Wages	\$350,000
Operating Expenditure	Contractors and Materials	\$150,000
Operating Expenditure	Internal Fleet Expenses	\$50,000
Reserves	Weeds Biosecurity Reserve (Transfer from Reserve)	(\$550,000)
Impact on Cash Surplus		\$0

Impact on Weed Biosecurity Reserve

These required changes above will result in a \$663,000 transfer from the Weed Biosecurity reserve in the 2022/23 financial year. The projected balance as at 30 June 2023 will decrease to \$1,811,300 which is beyond the internal reserves policy target of 4 months operating expenditure or \$888,200.

Richmond Water Laboratory (RWL) Reporting Unit

(QBR2) Income & Expenses - Richmond Water Laboratory					
	Original Budget 2022/23	2021/22 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2022/23	Actual YTD
Operating Income					
Water Testing	866,000	0	0	866,000	132,900
Interest Income / Sundry	2,300	0	0	2,300	500
Total Operating Income	868,300	0	0	868,300	133,400
Operating Expense					
Administration Expenses	74,200	0	0	74,200	17,100
Building/Depot Expenses	45,800	0	0	45,800	1,700
Fleet Hire Expenses	16,000	0	0	16,000	4,000
Salaries and Wages	516,100	0	0	516,100	52,700
Operations Purchases	171,400	0	0	171,400	107,000
Depreciation and Amortisation	20,300	0	0	20,300	1,800
Total Operating Expense	843,800	0	0	843,800	184,300
Operating Result	24,500	0	0	24,500	(50,900)
Less Depreciation	20,300	0	0	20,300	1,800
Operating Result Excl. Non Cash	44,800	0	0	44,800	(49,100)
Less: Capital Expenses	50,000	0	0	50,000	0
Transfer from/(to) Reserve	5,200	0	0	5,200	49,100
Net Cash Movement	0	0	0	0	0

The RWL is in the process of being permanently closed as per the decision made at the August 2022 Council meeting [Resolution 60/22]. Operations will cease on 30 November 2022. Future updates will be provided about the financial impacts

Impact on RWL Reserve

Nil.

Property Reporting Unit

(QBR2) Income & Expenses - Property					
	Original Budget 2022/23	2021/22 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2022/23	Actual YTD
Operating Income					
Interest Income / Sundry	12,700	0	0	12,700	2,800
Property Income	150,800	0	0	150,800	17,300
Total Operating Income	163,500	0	0	163,500	20,100
Operating Expense					
Administration Expenses	55,600	0	0	55,600	14,200
Building/Depot Expenses	187,600	0	0	187,600	69,600
Salaries and Wages	10,500	0	0	10,500	6,200
Operations Purchases	16,300	0	0	16,300	1,400
Depreciation and Amortisation	42,600	0	0	42,600	12,600
Total Operating Expense	312,600	0	0	312,600	104,000
Operating Result	(149,100)	0	0	(149,100)	(83,900)
Less Depreciation	42,600	0	0	42,600	12,600
Operating Result Excl. Non Cash	(106,500)	0	0	(106,500)	(71,300)
Add: Capital Income	3,372,800	0	0	3,372,800	0
Less: Capital Expenses	2,351,200	141,800	0	2,493,000	63,400
Transfer from/(to) Reserve	(915,100)	141,800	0	(773,300)	134,700
Net Cash Movement	0	0	0	0	0

No budget adjustments are required this quarter.

Impact on Property Reserve

Nil.

Fleet Reporting Unit

(QBR2) Income & Expenses - Fleet					
	Original Budget 2022/23	2021/22 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2022/23	Actual YTD
Operating Income					
Interest Income / Sundry	75,000	0	0	75,000	14,600
Total Operating Income	75,000	0	0	75,000	14,600
Operating Expense					
Fleet Operations	492,900	0	85,000	577,900	150,000
Fleet Hire Income	(926,000)	0	(85,000)	(1,011,000)	(228,000)
Salaries and Wages	118,300	0	0	118,300	26,200
Depreciation and Amortisation	390,000	0	0	390,000	77,000
Total Operating Expense	75,200	0	0	75,200	25,200
Operating Result	(200)	0	0	(200)	(10,600)
Less Depreciation	390,000	0	0	390,000	77,000
Operating Result Excl. Non Cash	389,800	0	0	389,800	66,400
Add: Capital Income	0	0	0	0	0
Less: Capital Expenses	436,300	0	50,000	486,300	97,800
Transfer from/(to) Reserve	46,500	0	50,000	96,500	31,400
Net Cash Movement	0	0	0	0	0

Early Needs Weed Management Project (Post-Flood)

As detailed in the Weeds Biosecurity Reporting Unit section of the report, an additional \$80,000 is to be expensed as an internal fleet expense as part of this project.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Fleet Hire Income	\$35,000
Operating Expenditure	Fleet Hire Expense	\$35,000
	Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated as per below.

		2023/24
Operating Expenditure	Fleet Hire Income	\$45,000
Operating Expenditure	Fleet Hire Expense	\$45,000
	Impact on Cash Surplus	\$0

Engagement of Staff for Increased Weed Management Post-Flood

As detailed in the Weeds Biosecurity Reporting Unit section of the report, \$50,000 is required as part of this program to purchase an ATV and Trailer. An additional \$100,000 is to be expensed as an internal fleet expense as part of this project.

To account for this change in 2022/23, the following adjustment is required:

Operating Expenditure	Fleet Hire Income		\$50,000
Operating Expenditure	Fleet Hire Expense		\$50,000
Capital Expenditure	Fleet – ATV and Trailer		\$50,000
Reserves	Fleet Reserve	Transfer from Reserve	(\$50,000)
		Impact on Cash Surplus	\$0

The Long-Term Financial Plan will be updated as per below.

		2023/24
Operating Expenditure	Fleet Hire Income	\$50,000
Operating Expenditure	Fleet Hire Expense	\$50,000
	Impact on Cash Surplus	\$0

Impact on Fleet Reserve

These required changes above will result in a \$50,000 transfer from the Fleet reserve in the 2022/23 financial year. The projected balance as at 30 June 2023 will decrease to \$1,461,700 which is beyond the internal reserves policy target of 4 months operating expenditure or \$322,600.

Budget Review for the Quarter Ended 30 September 2022					
(QBR3) Capital Budget					
	Original Budget 2022/23	2021/22 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2022/23	Actual YTD
Capital Funding:					
Capital Grants & Contributions	0	0	0	0	0
Internal Restrictions					
- Renewals	5,228,200	4,565,400	(651,300)	9,142,300	1,266,700
- New Assets	14,434,400	5,906,600	(5,828,000)	14,513,000	728,500
External Restrictions					
- Infrastructure	0	0	0	0	0
Other Capital Funding Sources					
- Operating Revenue	0	0	0	0	0
- S64 Contributions	4,223,000	0	0	4,223,000	0
Income from Sale of Assets					
- Plant and Equipment	0	0	0	0	0
- Land and Buildings	2,351,200	0	0	2,351,200	0
Total Capital Funding	26,236,800	10,472,000	(6,479,300)	30,229,500	1,995,200
Capital Expenditure:					
New Assets					
- Plant and Equipment	486,300	0	50,000	536,300	97,800
- Office Equipment	21,000	82,600	0	103,600	17,000
- Inventory (Land)	2,290,000	106,800	0	2,396,800	14,700
- Land and Buildings	1,087,500	550,300	0	1,637,800	106,300
- Infrastructure	17,123,800	5,166,900	(5,878,000)	16,412,700	492,700
Renewals (Replacement)					
- Plant and Equipment	0	0	0	0	0
- Office Equipment	373,300	274,000	47,500	694,800	23,100
- Land and Buildings	61,200	0	0	61,200	48,700
- Infrastructure	4,793,700	4,291,400	(698,800)	8,386,300	1,194,900
Total Capital Expenditure	26,236,800	10,472,000	(6,479,300)	30,229,500	1,995,200

Budget Review for the Quarter Ended 30 September 2022					
(QBR54) Cash & Investments					
	Opening Balances 2022/23	Original Budget 2022/23	2021/22 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2022/23
Unrestricted:					
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
Property	100,000	0	0	0	100,000
Fleet	50,000	0	0	0	50,000
Bulk Water	1,688,900	0	0	0	1,688,900
Total Unrestricted	2,073,700	0	0	0	2,073,700
Externally Restricted:					
Flood Grants	424,800	0	0	(124,000)	300,800
Weeds Grants	437,400	0	0	(135,500)	301,900
Weeds Other	0	0	0	0	0
Bulk Water Grants	1,616,500	0	0	(895,200)	721,300
Bulk Water Other	2,950,000	(2,154,000)	0	0	796,000
Total Externally Restricted	5,428,700	(2,154,000)	0	(1,154,700)	2,120,000
Internally Restricted:					
Flood Mitigation	588,000	(105,300)	(79,400)	0	403,300
Weeds Biosecurity	2,140,500	(129,500)	0	(500,000)	1,511,000
Retail Water	2,914,000	(497,900)	(1,260,100)	(60,000)	1,096,000
Richmond Water Laboratories	252,300	(5,200)	0	0	247,100
Property	1,810,900	915,100	(141,800)	0	2,584,200
Fleet	1,458,200	(46,500)	0	(50,000)	1,361,700
Bulk Water				0	
- Buildings & Structures	738,000	0	0	(738,000)	0
- Assets & Programs	16,440,700	6,293,900	(10,136,700)	(12,544,900)	53,000
- Employee Leave Entitlement	2,339,500	0	0	0	2,339,500
- Electricity	2,610,400	0	0	(2,610,400)	0
- Office Equipment & Computer	1,473,400	(373,300)	(110,000)	(27,500)	962,600
- Greenhouse Gas Abatement	285,800	0	0	0	285,800
Total Internally Restricted	33,051,700	6,051,300	(11,728,000)	(16,530,800)	10,844,200
Total Restricted	38,480,400	3,897,300	(11,728,000)	(17,685,500)	12,964,200

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 2021* and Council's 'Investment' policy. Council's bank statement has been reconciled up to and including 30 September 2022.

Reconciliation

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

Cash at Bank (as per bank statements)	3,274,432
Investments on Hand	36,000,000
Reconciled Cash at Bank & Investments	39,274,432

(QBR5) Contractors

Contractor	Contract Details & Purpose	Contract Value (\$) Excluding GST	Contract Date	Duration of Contract	Budgeted (Y/N)
Bell Invest Trust tas Hybrid Energy Consult Pty Ltd	Smart Metering Project Manager	121,000	14/07/2022	12 mths	Y
Safegroup Automation Pty Ltd	PLC Code and SCADA Integration for NCWTP	52,800	21/07/2022	10 mths	Y
Aust Telecommunications P/L Arrow Voice & Data	Telephony Project Upgrade	74,400	28/07/2022	3 mths	Y
Rugendyke & Bashforth Contracting Pty Ltd	Repairs to Duck Creek Levee	79,400	19/08/2022	24 mths	Y
Australian Valve Group Pty Ltd	Supply of Backflow Devices and Meter Kits	237,500	25/08/2022	8 mths	Y
Aqua Analytics Australia Pty Ltd	Water Loss Management Implementation Plan	54,300	29/08/2022	5 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	\$61,900	Y
Legal Fees	\$1,000	Y

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

Consultancies		
	Corporate & Commercial - RAP Advisory	\$2,400
	Corporate & Commercial - Information Systems Strategy Review	\$7,900
	Corporate & Commercial - Debt Advisory Services	\$200
	Planning & Delivery – Catchment Monitoring Review	\$7,900
	Planning & Delivery – Update Rocky Creek Dam Drawings	\$1,500
	Planning & Delivery – Bulk Water Distribution Modelling	\$18,400
	Planning & Delivery – Dam Safety Management System	\$20,600
	Planning & Delivery – Geotechnical Investigations Coraki Landslip	\$3,000
Legal Fees		
	Planning & Delivery – Developer Contributions	\$1,000

Statement of Expenses for Councillors
Councillor Expenses for the Quarter Ending 30/09/2022 (Q1)

Quarter 1	Other Expenses	Official Business of Council - Travel	Official Business of Council - Professional Development/Training	Total by Councillor (Q1)
Councillor Big Rob	0	0	1,095	1,095
Councillor Bruem	0	0	0	0
Councillor Cadwallader	0	0	2,367	2,367
Councillor Gordon	0	0	0	0
Councillor Humphrys	0	59	0	59
Councillor Lyon	0	0	0	0
Councillor Mustow	0	0	0	0
Councillor Ndiaye	0	615	0	615
Total Per Expense Type	0	675	3,462	4,137

	Q1	Q2	Q3	Q4	Total by Councillor YTD
Councillor Big Rob	1,095	0	0	0	1,095
Councillor Bruem	0	0	0	0	0
Councillor Cadwallader	2,367	0	0	0	2,367
Councillor Gordon	0	0	0	0	0
Councillor Humphrys	59	0	0	0	59
Councillor Lyon	0	0	0	0	0
Councillor Mustow	0	0	0	0	0
Councillor Ndiaye	615	0	0	0	615
Total Per Expense Type	4,137	0	0	0	4,137

Budget 2022/23 FY 48,600

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 (Whole Organisation)	Local Government Bench Mark
1	Operating Performance	2022/23 Budget Review	(821,300)	(752,500)	(137,300)	24,500	(149,100)	(200)	(5,256,000)	(7,091,900)	Surplus
		2021/22 Actual	(1,940,000)	421,300	(11,300)	(313,700)	(179,400)	116,500	4,120,800	2,214,200	
2	Current Ratio	2022/23 Budget Review	5.32	5.84	32.86	2.34	4.65	31.87	0.94	1.91	> 1.5
		2021/22 Actual	8.98	6.12	83.31	4.00	3.35	34.04	3.49	4.08	
3	Debt Service Cover Ratio	2022/23 Budget Review	-	-	-	-	-	-	1.50	1.72	> 2
		2021/22 Actual	-	-	-	-	-	-	2.68	2.60	
4	Own Source Operating Revenue Ratio	2022/23 Budget Review	1%	1%	100%	100%	100%	100%	83%	78%	> 60%
		2021/22 Actual	0%	2%	100%	100%	100%	100%	77%	75%	
5	Building and Infrastructure Renewals Ratio	2022/23 Budget Review	0.22 : 1	-	-	-	1.24 : 1	-	1.66 : 1	1.45 : 1	> 1:1
		2021/22 Actual	0.02 : 1	-	-	-	0.00 : 1	-	0.68 : 1	0.62 : 1	

- Projected result meets or exceeds benchmark.
- Projected result does not meet benchmark.

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 surplus or deficit that Council makes from normal operations (including depreciation) 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 \$5,787,100.

Original Budgeted Deficit	(\$5,787,100)
Projected Year End Result 2022/23	(\$7,091,900)
	(\$1,304,800)

The increase can be attributed to carry over works (\$1.256M) reinstated from 2021/22, operating expenses (\$1.096M), salaries (\$607K) and fleet expenses (\$85K) offset by an increase in interest on investments (\$576K), grant revenue (\$288K) and loan financing costs (\$875K).

Carryovers / Reinstatements	(\$1,256,000)
Expenses	(\$912,700)
Revenue	\$863,900
	(\$1,304,800)

Note: Operating results include depreciation of \$7,813,800 which is non-cash.

Although the local government benchmark is that Council incurs an operating surplus our surplus reserves and the capital nature of our business means it is prudent for us utilise a portion of reserves to fund our operating shortfall rather than recoup additional funding from our constituent councils or borrowings.

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 \$1.91 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.

Although we are not meeting the local government benchmark, we believe our current debt servicing coverage is appropriate and adequate given the size of our borrowings and nature of our business.

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 an above benchmark forecast.*

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	Reporting Unit	Synopsis	Funding Body	Program	Project Length	Total Project Value	Grant Funding	Council Funding	Total Expenditure to Date	Balance of Approved Funds to Spend
2022/23 New Grant Applications Awaiting Determination										
Rous Regional Water Supply Drought Readiness Project Stage 1 - Woodburn Bore 3 Drought Readiness	Bulk	FWP 2060 - drought contingency water supply at existing Woodburn groundwater bore.	DITRDC	Building Better Regions Fund - Infrastructure Projects Stream Round 6	6 mths	481,300	240,650	240,650		
Langs Hill to Broadwater Water Main Augmentation	Bulk	Replacement of drinking water supply to Broadwater with a larger main.	DITRDC	Building Better Regions Fund - Infrastructure Projects Stream Round 6	6 mths	1,942,700	971,350	971,350		
Active Grants That Have Been Previously Reported										
Voluntary House Raising	Flood	Facilitate the voluntary house raising of 2 homes in the Lismore area.	DPIE	Floodplain Management Grants Scheme	12 mths	187,800	187,800	-	60,228	127,551
Coastal Management Plan	Flood	Stage one of the Richmond River Coastal Management program scoping study	DPIE	Floodplain Management Grants Scheme	18 mths	149,997	100,594	49,999	137,345	12,652
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	145,484	54,284
Flood Maintenance 2018-22	Flood	Fourth year of a four year grant. Each year Council approves spending on this project in excess of the required 1:2 (funding per the agreement \$169,200).	DPIE	Floodplain Management Grants Scheme	48 mths	676,800	84,600 p.a.	84,600 p.a.	121,973	162,027
Coraki Riparian Project	Flood	Richmond River coastal riparian project at Coraki	DPIE	Fish Habitat Action Grant	12 mths	112,160	40,000	72,160	-	112,160
Weeds Action Program 2020-25	Weeds	Funding allocated annually	DPIE	North Coast Weeds Action Program 2020-25	12 mths	1,267,500	642,500	625,000	293,012	974,488
WAP New Weed Incursion – Parthenium Weed Rapid Response	Weeds	Rapid response to control prohibited Matter species – parthenium weed	NSW DPI	New Weed Incursion	12 mths	25,000	15,000	10,000	19,411	5,589
North Coast Bushfire Recovery – Delivery of – W1 Tropical Soda Apple Landholder Engagement Project in the North Coast (5 years)	Weeds	Tropical Soda Apple Landholder Engagement and Compliance Program – delivery of 210 property inspections	LLS & DPI	NSW Bushfire Recovery Stimulus	60 mths	236,000	214,000	22,000	157,814	78,186
Tropical Soda Apple (Riparian/High Risk Pathways)	Weeds	Tropical Soda Apple - strategic and ongoing control in high-risk pathways.	LLS	Small Grants Funding	8 mths	47,750	42,750	5,000	17,466	30,284
Active Grants That Have Not Been Previously Reported										
Richmond and Wilsons Rivers NSW Flood Mitigation Planning	Flood	This planning project is anticipated to reduce the risk and improve resilience of the community to floods in the natural environment by conducting a comprehensive scan of strategic disaster risks and mitigation options for the Richmond River Catchment.	DISER	Preparing Australian Communities – Local Stream Program	3 years	250,000	250,000	-	-	250,000
High risk site surveillance for Frogbit and Parthenium	Weeds	Flood modelling, surveillance and control works at identified high risk sites for Frogbit and Parthenium weeds.	DPE	NSW Weeds Action Program – State Priority Weeds Coordination and Response	?	16,000	15,000	1,000	11,907	4,093
Miconia 2022-2024	Weeds	Miconia weed surveillance and control services in Northern NSW	QLD DAF	Miconia Weed Surveillance 2022-2024	36 mths	298,000	298,000	-	31,467	266,533
Early Needs Weed Management	Weeds	Early Needs Weed Management Project	LLS	Early Needs Weed Management Program	24 mths	710,000	710,000	0	1,648	708,352
Natural Resource Management Flood Water Sustainability Project Grant	Water	Emergency Repairs Claim	Public Works Advisory	Northern Rivers March 2022 Flood/Water Sewerage Program	?	1,600,000	1,600,000	0	177,876	1,422,124

Finance

As detailed in the body of the report.

Legal

In accordance with clause 203 of the *Local Government (General) Regulation 2021*, 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 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 2022/23 Operational Plan.

Declassification of Business Activities from Financial Statements

Responsible Officer: Group Manager Corporate and Commercial (Geoff Ward)

Recommendation

That Council resolve to:

1. Declassify the business activities of Land development and Commercial properties;
2. That the declassification be effective from 1 July 2022;
3. Following declassification, only Water activities will be reported in the Special Purpose Financial Statements.

Background

In July 1997 the Office of Local Government (formally the Department of Local Government) released a publication called "Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality". The aim of this document was to assist councils on applying the principle of competitive neutrality as part of the Competition Principles Agreement.

The publication set out a small number of activities which were classified by the Australian Bureau of Statistics as business activities. Council was required therefore to regard these activities as businesses. These activities are:

- Water Supply;
- Sewerage Services;
- Abattoirs;
- Gas Production and Reticulation.

Council was also required to proactively look at other functions to determine whether or not it had any other activities that should be classified as a 'business'.

The publication lists a number of questions to help assist in the determination of business activities. These include but are not limited to:

- Is the activity intended to make a profit?
If the intention is to run the activity at a profit, this suggests a clear business activity link;
- Does the Council bid for external contracts?
An activity that bids for external contracts, is more likely to be considered a business activity than one which is entirely internally focused;
- What economic impact does the activity have?
For example, a small scale activity included as part of a larger scale function may not have a significant impact on the local or regional economy. It may also be inefficient to separate it from the larger function;
- What is the nature of the activity and how important is it to the local community?
Some activities that have a clear community service focus may be extremely difficult to consider as a business activity no matter how large the turnover.

The fact that a function satisfies one or more of the criteria above does not necessarily in and of itself mean that Council is carrying on a business. Council was also required to examine a cost benefit analysis in determining whether or not it discloses and reports on business units.

Once council had determined what activities it would treat as businesses, Council then needed to look at what category of business the activity will fall into for the purposes of competitive neutrality.

The categories are based upon the annual sales turnover (annual gross operating income) of the activity:

- Business activities grossing over \$2M per year had to be treated as Category 1 businesses;
- Businesses under this threshold were Category 2 businesses.

The \$2M threshold was set as a rule of thumb measure of the significance of those activities for the purpose of applying a corporatisation model and pricing requirements.

Council in determining which business units would be created was then required to prepare Special Purpose Financial Reports detailing the operations of the business unit.

In determination of the above criteria, Council determined to classify the following activities as a "Category 2 business":

- Land Development;
- Commercial Properties;

Business activities to be declassified

Council has three business activities being Water, Land Development and Commercial Properties. The current process of reporting on the existing business activities is manual by nature, time consuming to prepare, confusing to the users of the financial statements, and when assessed on the whole adds no benefit to the users of Council's financial statements.

It is contended that the current classification of business activities is no longer relevant to the operation of Council due to a number of significant changes.

Each of the activities proposed to be declassified are reported to Council through the formal Quarterly Budget Review process.

Property Development – Council does not actively seek out new land developments, with Perradenya being the only land development that Council has been involved in. Construction on six stages has taken place over the past 22 years. Revenue is only generated when a stage is sold, which means that it is not uncommon for the development not to generate any revenue for up to 5 years between stages. As this development is nearing completion and Council does not actively compete in the development business, it is proposed to declassify.

Commercial Properties – Council has divested the majority of its commercial properties over the past ten years, with the last investment property (Carrington St) being sold in November 2021. Income generated from the remaining rural properties is less than \$60,000 annually.

By eliminating the Category 2 business activities this will have a reduction in the time taken to complete the financial statements, a reduction in the time taken to audit the financial statements and reduce an area of great complexity from the interpretation of the result of the business activities.

Further, it is not uncommon for Councils to elect to declassify business activities. For example, in 2014, Port Stephens Council declassified the following 4 Category 2 business activities:

- Property development
- Holiday parks
- Civil works
- Newcastle airport

The declassification is to be effective from 1 July 2022, with Category 1 'Business activity' - Water to be the only activity reported in the Special Purpose Financial Statements.

Finance

Each of the activities have approved annual budgets, with revenue and expenditure information reported to Council through Quarterly Budget Reviews and the annual Preliminary Year End report. The declassification of 'Business activities' in the Special Purpose Financial Statements will have no monetary effect on the budget.

Legal

Contained in the body of the report.

Consultation

Consultation has been undertaken with the Office of Local Government, Council's external auditors and staff from several General-Purpose Councils.

Conclusion

The declassification of the Category 2 business activities will assist in the timely and cost-effective completion of Council's financial statements.

Retail water customer account assistance

Responsible Officer: Group Manager Corporate and Commercial (Geoff Ward)

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

Five applications 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.

Table 1

Section 356 (non pensioner)					
Account	Date application received	Nature of leak	Original water charges due	S356 financial assistance to be approved	Adjusted water charges due after approval
10298-10000-8	31-Aug-22	Undetected leak found in the underground pipe near the cattle trough and chicken pan	\$3,556.62	\$1,647.04	\$1,909.58
11797-12000-0	6-Sep-22	Underground pipe broken in the dairy farm area	\$2,814.78	\$1,088.82	\$1,725.96
10063-12000-9	9-Sep-22	Leak located under the slab in garden area. Undermining of concrete slab was required to complete repairs.	\$5,056.52	\$2,769.39	\$2,287.13
11598-11000-2	12-Sep-22	Leak was found under the concrete slab. The cost to dig through concrete and locate the leak was deemed too high. A new system was set up to bypass the existing one and isolate the area.	\$6,481.49	\$3,838.49	\$2,643.00
11663-11000-2	13-Sep-22	Failed solenoid valve/controller caused water to flow freely into the pool and overflowing water was running into the drain.	\$7,057.89	\$4,250.74	\$2,807.15

Finance

The 2022/23 financial year budget allocation for applications made in accordance with the 'Retail Water Customer Account Assistance' policy is \$25,000.

Budget Table S356/S582		
2022/23 financial year budget	\$25,000.00	<u>No. of applications</u>
S356 assistance approved financial year to date	\$4,641.29	1
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	\$13,594.48	5
Proposed S582 assistance approval this Council meeting	\$0.00	
Budget remaining 2022/23 financial year	\$6,764.23	

Legal

This proposal has been assessed against the public notice requirements contained in section 356(3) of the *Local Government Act 1993* as it relates to the granting of financial assistance and determined that no prior public notice is required prior to Council granting the assistance outlined in this report.

Conclusion

The total value of section 356 financial assistance equates to \$13,594.48 by application of Council's '*Retail Water Customer Account Assistance*' policy. It is proposed that Council grant the recommended financial assistance.

Annual Financial Reports and Audit Report for Year Ended 30 June 2022

Responsible Officer: Group Manager Corporate and Commercial (Geoff Ward)

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 2021/22 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 2021/22 Financial Reports was issued on Wednesday, 12 October 2022 and invited both inspection and submissions.
3. Forward a copy of the 2021/22 Audited Financial Reports to the Office of Local Government.
4. Present the 2021/22 Audited Financial Reports to the public at Council's 19 October 2022 meeting.

Background

Council's 2021/22 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.

Richard Watkinson (Thomas Noble and Russell) on behalf of the Audit Office of NSW will attend Council's meeting on 19 October 2022 and present the report on the audit of Council's accounts for the 2021/22 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 12 October 2022.

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 2022 was a surplus of \$2.21M, which includes Capital Income of \$5.63M. This compares to a surplus in 2021 of \$4.32M (including Capital Income of \$5.23M).

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

	2021/22 (\$000's)	2020/21 (\$000's)	2019/20 (\$000's)
Operating Results			
Operating Result (Deficit) before Capital Amounts	(3,418)	(911)	(2,207)
Operating Result Adjusted for Non-Cash Items (Depreciation, Impairment)	2,213	4,324	2,384
Performance Measures			
Unrestricted Current Ratio (Benchmark: > 1.5x)	4.26 : 1	7.03 : 1	5.24 : 1
Debt Service Cover Ratio (Benchmark: > 2x)	1.42 : 1	1.59 : 1	1.54 : 1
Building & Infrastructure Renewals Ratio (Benchmark: > 100%)	61.95%	90.06%	92.77%
Net Working Capital			
Cash Assets	40,554	49,380	35,193
Plus: Receivables	2,994	2,095	2,598
Less: Payables	(2,907)	(2,440)	(2,386)
Sub Total	40,641	49,035	35,405
Indebtedness	28,960	32,358	21,559
Restrictions			
External	5,428	4,081	3,216
Internal	32,421	43,869	30,548
Total	37,849	47,950	33,764
Equity			
Retained Earnings	247,112	244,899	240,575
Asset Revaluation Reserves	273,921	269,379	269,517
Total Equity (including Revaluations)	521,033	514,278	510,092

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 2021/22 have been significantly impacted by the March 2022 flood events, particularly capital expenditure which was \$20.2M below original budget estimates.

Major Income Statement Movements

Revenue

Bulk water revenue continues to provide the majority of Council's operating revenue at \$21.2M or 63% of total revenue. This increased by 7% compared to last year. Total Kilolitres used during 2021/22 decreased by 8.32% from the prior year predominantly due to the high rainfalls experienced in the second half of the year.

Table 2: Total Bulk Water Sales in Kilolitres

	2021/22	2020/21	2019/20
Bulk Water Charge (nominal per kilolitre)*	\$2.0023	\$1.7157	\$1.6552
Total Bulk Water Sales Income	\$21,215,500	\$19,827,600	\$18,590,100
Bulk Water Consumption in Kilolitres			
Ballina Shire Council	3,675,654	3,988,841	3,690,695
Byron Shire Council	2,427,908	2,610,810	2,623,960
Lismore City Council	3,001,977	3,171,566	3,263,993
Richmond Valley Council	601,307	675,568	710,739
Rous Retail Customers	888,504	1,109,973	906,203
	10,595,350	11,556,758	11,195,590

* 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). However due to issues relating to the first flood event in March 2022 the reading at the end of February 2022 was not available. The charge for 2022/23 was based on the consumption for eleven months to January 2023 annualised for a full year.

Revenue received from retail water customers and filling stations increased by \$52,200 (2.01%) and \$3,600 (1.12%) respectively despite greater than average regional rainfall.

Interest revenue from cash and investments decreased by \$131,400 (37.73%) compared to the previous year. The weighted average return on investments has decreased from 1.15% in 2020/21 to 0.75%, due to the continuing low interest rates.

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 increased by \$2.256M (193%) compared to the previous year, driven by 'one off' funding for the March 2022 flood was received.

Table 3: Developer contributions revenue increased by \$396,000 (7.5%) when compared to 2020/21, with the majority of contributions received from Ballina Shire Council (\$3.2M), Lismore City Council (\$942k) and Byron Shire Council (\$638kM):

Table 3: Developer Contributions

Constituent Council	2021/22 (\$)	ET's 2021/22*	2020/21 (\$)	ET's 2020/21*
Ballina Shire Council	3,241,206	362.43	2,623,967	295.81
Byron Shire Council	638,124	77.40	1,060,825	119.59
Lismore City Council	942,437	104.37	1,221,940	137.73
Richmond Valley Council	363,975	40.70	141,952	16.00
Rous County Council	444,491	54.29	139,402	16.50

TOTAL	5,630,233	639.19	5,188,086	585.63
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* ET = \$8,943 in the 2021/22 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 \$1.09M (11.9%) compared to the previous year. This was largely attributable to additional staff (such as Future Water, Innovation and Change and other project related roles).

Materials and services increased by \$2.33M (25.7%) when compared to 2020/21, with the majority of the increase due to expenses related to the completion of a 'one off' grant for the March 2021 flood.

Generally operational expenditure was in line with budget.

Major Statement of Financial Position Movements

Cash and Investments

Cash and investments have decreased by \$8.82M (17.8%) compared to last year. This is primarily due to the purchase of property and large capital projects.

Infrastructure, Property, Plant and Equipment

Council capitalised \$17.3M of assets during the year. Work continued on the St Helena upgrade with stage 2 (\$7.6M), land (\$3.3M), buildings (\$3.5M), plant and equipment upgrades (\$330,000), information technology upgrades (\$73,000) and flood mitigation upgrades (\$12,000). As at 30 June 2022, \$3.1M remained in 'work in progress'.

The Office of Local Government, through the Local Government Code of Accounting Practice and Financial Reporting Guidelines, has recommended that full revaluations of water infrastructure assets are conducted no later than at five yearly intervals.

APV Pty Ltd were engaged to conduct an independent review of Council's water infrastructure assets. Due to the volume and location of assets across multiple local government areas, the valuers were unable to conduct physical inspections of all assets. Instead, reliance was placed on condition assessment and attribute date maintained within Council's asset management and GIS system. A number of assets from each category were selected for physical inspections.

As a result of the revaluation the carrying amount of the assets was decreased \$8.76M, which was recognised in the asset revaluation reserve. This is a result of a number of factors including revised replacement cost calculations and extended useful life estimates.

Contract Liabilities

Total contract liabilities have decreased by \$769,000 (77%) from the previous year. The majority of this relates to funds Council holds on behalf of the NSW Department of Primary Industries.

Borrowings

Council's net borrowing position decreased by \$3.39M (10%) during the year, as no new loans were sourced.

Reserves Scorecard for Year ending 30 June 2022

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 Reporting Unit. For example, if income ceased the Reporting Unit 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 2022.

Late report

Table 4: Reserves Scorecard for Year Ending 30 June 2022

Internal Reserves Compared to Budget Shocks Target									
The target reserve balance is a percentage of the Reporting Units annual operating expenses. The percentage is based on the reliability of the Reporting Units financial transactions. Where the transactions are reliable the reserve target is a lower percentage than if the transactions are unreliable.									
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								
Reliability Rating	Flood Mitigation	Weeds Bio	Retail Water	RWL	Property	Fleet	Bulk Water Combined	Whole Organisation	
Operating Income	1	1	3	2	1	1	1	1	1
Operating Expense	2	1	3	2	1	1	2	2	2
Capital Income	1	1	1	1	1	1	1	1	1
Capital Expense	1	1	1	1	3	1	2	2	2
Reliability Total (in months)	5	4	8	6	6	4	6	6	6
2021/22 Operating Expense	2,811,900	1,604,000	3,067,700	1,268,500	351,000	906,600	23,031,900	33,041,600	
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	6 over 12
Target Reserve Balance	1,172,000	535,000	2,045,000	634,000	176,000	302,000	11,516,000	16,521,000	
Actual Internal Reserve Balance 30/06/22 (excludes external restricted)	788,300	1,435,900	3,014,000	262,300	1,910,900	1,508,100	26,205,900	35,125,400	
Result	Fail	Pass	Pass	Fail	Pass	Pass	Pass	Pass	Pass
External Reserves	424,800	437,400	-	-	-	-	4,566,500	5,428,700	
Total Reserves	1,213,100	1,873,300	3,014,000	262,300	1,910,900	1,508,100	30,772,400	40,554,100	

The scorecard in Table 4 above, shows that actual internal reserve balances as at 30 June 2022 for all Reporting Units, except Flood Mitigation and Richmond Water Laboratories (RWL), exceed the target reserve balances.

As at 30 June 2022, Flood Mitigation had Natural Disaster Relief and Recovery Arrangements grant funding of approximately \$970,000 outstanding. When these funds are received from the NSW Government through their agent, Public Works Advisory the reserve balance will be greatly improved.

RWL operating results were significantly impacted by the flood events in March 2022 which has culminated in the Council decision to close this Reporting Unit [Resolution 60/22]

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

Governance

- **Finance**

Detailed in the body of this report.

- **Legal**

Detailed in the body of the report

Consultation

Council's *Annual Financial Reports and Audit Report for the year ended 30 June 2022* together with the *Financial Statements year ended 30 June 2022*, were presented to the Audit, Risk and Improvement Committee at its meeting on 17 October 2022.

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 2022
2. Rous County Council 2021/22 Financial Statements for the year ended 30 June 2022

Late report

Rous County Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2022



Late report

Rous County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Rous County Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Late report

Rous County Council

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management made pursuant to Section 413 (2c) 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 19 October 2022.

Robert Mustow
Chairperson
19 October 2022

Sharon Cadwallader
Deputy Chairperson
19 October 2022

Phillip Rudd
General Manager
19 October 2022

Guy Bezrouchko
Responsible Accounting Officer
19 October 2022

Rous County Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
	Income from continuing operations			
22,322	User charges and fees	B2-1	22,501	20,892
2,560	Other revenues	B2-2	2,648	2,397
1,132	Grants and contributions provided for operating purposes	B2-3	3,419	1,163
4,080	Grants and contributions provided for capital purposes	B2-3	5,631	5,235
358	Interest and investment income	B2-4	237	368
179	Other income	B2-5	126	205
1,689	Net gain from the disposal of assets	B4-1	–	315
32,320	Total income from continuing operations		34,562	30,575
	Expenses from continuing operations			
10,270	Employee benefits and on-costs	B3-1	10,191	9,100
11,615	Materials and services	B3-2	11,373	9,043
1,555	Borrowing costs	B3-3	1,520	1,381
7,417	Depreciation, amortisation and impairment of non-financial assets	B3-4	9,063	6,727
5	Other expenses	B3-5	9	–
–	Net loss from the disposal of assets	B4-1	193	–
30,862	Total expenses from continuing operations		32,349	26,251
1,458	Operating result from continuing operations		2,213	4,324
1,458	Net operating result for the year attributable to Council		2,213	4,324
(2,622)	Net operating result for the year before grants and contributions provided for capital purposes		(3,418)	(911)

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 2022

	Notes	2022 \$ '000	2021 \$ '000
Net operating result for the year – from Income Statement		2,213	4,324
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>4,542</u>	<u>3,062</u>
Total items which will not be reclassified subsequently to the operating result		4,542	3,062
Total other comprehensive income for the year		4,542	3,062
Total comprehensive income for the year attributable to Council		6,755	7,386

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

Late report

Rous County Council

Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	3,054	10,880
Investments	C1-2	36,000	38,000
Receivables	C1-4	2,994	2,082
Inventories	C1-5	460	436
Other		614	679
Total current assets		43,122	52,077
Non-current assets			
Investments	C1-2	1,500	500
Receivables	C1-4	–	13
Inventories	C1-5	1,118	1,162
Infrastructure, property, plant and equipment (IPPE)	C1-6	509,348	497,086
Investment property	C1-7	–	795
Intangible assets	C1-8	506	772
Right of use assets	C2-1	34	293
Total non-current assets		512,506	500,621
Total assets		555,628	552,698
LIABILITIES			
Current liabilities			
Payables	C3-1	2,907	2,440
Contract liabilities	C3-2	228	997
Lease liabilities	C2-1	50	312
Borrowings	C3-3	3,605	3,398
Employee benefit provisions	C3-4	2,409	2,225
Total current liabilities		9,199	9,372
Non-current liabilities			
Lease liabilities	C2-1	–	49
Borrowings	C3-3	25,355	28,960
Employee benefit provisions	C3-4	41	39
Total non-current liabilities		25,396	29,048
Total liabilities		34,595	38,420
Net assets		521,033	514,278
EQUITY			
Accumulated surplus	C4-1	247,112	244,899
IPPE revaluation reserve	C4-1	273,921	269,379
Total equity		521,033	514,278

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 2022

	Notes	2022			2021		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		244,899	269,379	514,278	240,575	269,517	510,092
Correction of prior period errors		-	-	-	-	(3,200)	(3,200)
Opening balance		244,899	269,379	514,278	240,575	266,317	506,892
Net operating result for the year		2,213	-	2,213	4,324	-	4,324
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	-	4,542	4,542	-	3,062	3,062
Other comprehensive income		-	4,542	4,542	-	3,062	3,062
Total comprehensive income		2,213	4,542	6,755	4,324	3,062	7,386
Closing balance at 30 June		247,112	273,921	521,033	244,899	269,379	514,278

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 2022

<i>Original unaudited budget 2022 \$ '000</i>		Notes	<i>Actual 2022 \$ '000</i>	<i>Actual 2021 \$ '000</i>
Cash flows from operating activities				
Receipts:				
22,322	User charges and fees		21,904	20,895
358	Interest received		260	564
6,778	Grants and contributions		8,255	7,701
1,173	Other		2,475	2,488
Payments:				
(10,270)	Payments to employees		(9,869)	(9,141)
(11,620)	Payments for materials and services		(10,710)	(8,946)
(1,555)	Borrowing costs		(1,559)	(1,391)
–	Other		191	(560)
7,186	Net cash flows from operating activities	G1-1	10,947	11,610
Cash flows from investing activities				
Receipts:				
–	Redemption of term deposits		38,000	35,000
–	Sale of investment property		850	–
1,686	Sale of real estate assets		7	4,268
2	Proceeds from sale of IPPE		214	165
Payments:				
–	Acquisition of term deposits		(37,000)	(43,000)
(34,353)	Payments for IPPE		(17,193)	(10,142)
(2,525)	Purchase of real estate assets		–	(1,748)
–	Purchase of intangible assets		1	(535)
(35,190)	Net cash flows from investing activities		(15,121)	(15,992)
Cash flows from financing activities				
Receipts:				
–	Proceeds from borrowings		–	13,500
Payments:				
(3,414)	Repayment of borrowings		(3,398)	(2,701)
–	Principal component of lease payments		(254)	(230)
(3,414)	Net cash flows from financing activities		(3,652)	10,569
(31,418)	Net change in cash and cash equivalents		(7,826)	6,187
1,334	Cash and cash equivalents at beginning of year		10,880	4,693
(30,084)	Cash and cash equivalents at end of year	C1-1	3,054	10,880
35,418	plus: Investments on hand at end of year	C1-2	37,500	38,500
5,334	Total cash, cash equivalents and investments		40,554	49,380

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

Rous County Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 19 October 2022. 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 2021 (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*, 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 activities have been included as part of the Consolidated Fund:

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

A1-1 Basis of preparation (continued)

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 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 2022 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 2022. 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.

Functions or activities	Income		Expenses		Operating result		Grants and Contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Bulk Water Supply	27,063	23,068	22,916	18,472	4,147	4,596	1,763	–	397,376	406,088
Commerical Property	116	1,287	296	420	(180)	867	–	–	2,898	3,364
Fleet Operations	96	153	5	47	91	106	–	–	2,364	2,207
Flood Mitigation	1,251	949	3,191	1,946	(1,940)	(997)	502	189	124,197	125,464
Retail Water Supply	3,056	2,620	3,069	3,014	(13)	(394)	–	–	13,388	12,475
Richmond Water Laboratories	955	789	1,268	826	(313)	(37)	–	–	452	749
Weeds Biosecurity	2,025	1,709	1,604	1,526	421	183	1,154	875	2,101	2,351
Other	–	–	–	–	–	–	–	–	12,853	–
Total functions and activities	34,562	30,575	32,349	26,251	2,213	4,324	3,419	1,064	555,629	552,698

B1-2 Components of functions or activities

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.

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

	<i>Timing</i>	2022 \$ '000	2021 \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	22,423	20,840
Total specific user charges		22,423	20,840
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works – section 67	2	31	10
Regulatory/ statutory fees	2	47	42
Total fees and charges – statutory/regulatory		78	52
Total other user charges and fees		78	52
Total user charges and fees		22,501	20,892
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		22,423	20,840
User charges and fees recognised at a point in time (2)		78	52
Total user charges and fees		22,501	20,892

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 revenues

	<i>Timing</i>	2022 \$ '000	2021 \$ '000
Assessment on other councils	2	1,567	1,472
Water testing	2	953	785
Other	2	128	140
Total other revenue		2,648	2,397
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		2,648	2,397
Total other revenue		2,648	2,397

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

		Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
	<i>Timing</i>				
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Weed biosecurity	2	1,154	875	–	–
Flood mitigation	2	369	189	–	–
Water	2	1,751	–	–	–
Previously contributions:					
Bulk supply network	2	12	17	1	47
Flood mitigation	2	133	82	–	–
Total special purpose grants and non-developer contributions – cash		3,419	1,163	1	47
Total special purpose grants and non-developer contributions (tied)		3,419	1,163	1	47
Total grants and non-developer contributions		3,419	1,163	1	47
Comprising:					
– State funding		3,274	1,064	–	–
– Other funding		145	99	1	47
		3,419	1,163	1	47

Developer contributions

		Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
	<i>Notes</i>				
	<i>Timing</i>				
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 64 – water supply contributions	2	–	–	5,630	5,188
Total developer contributions		–	–	5,630	5,188
Total grants and contributions		3,419	1,163	5,631	5,235
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		402	130	–	–
Grants and contributions recognised at a point in time (2)		3,017	1,033	5,631	5,235
Total grants and contributions		3,419	1,163	5,631	5,235

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:

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Unspent grants				
Unspent grants at 1 July	180	35	-	-
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,930	180	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	(180)	(35)	-	-
Unspent grants at 30 June	1,930	180	-	-

Water grants:

- Northern Rivers March 2022 Flood Water/Sewerage Program funding from the Northern Rivers Reconstruction Corporation.

Weed grants:

- Miconia funding from the Queensland Department of Agriculture & Fisheries.
- Tropical Soda Apple landholder engagement program from NSW Department of Primary Industries

Flood grants:

- Preparing Australian Communities

Contributions

Unspent contributions at 1 July	180	152	-	-
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	89	88	-	-
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(46)	(60)	-	-
Unspent contributions at 30 June	223	180	-	-

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.

B2-3 Grants and contributions (continued)

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.

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

	2022 \$ '000	2021 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue user fees and charges	3	1
– Cash and investments	234	367
Total interest and investment income (losses)	237	368

Accounting policy

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

B2-5 Other income

	2022 \$ '000	2021 \$ '000
Fair value increment on investment properties	–	5
Rental income	126	200
Total other income	126	205

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2022 \$ '000	2021 \$ '000
Salaries and wages	7,536	6,664
Employee leave entitlements (ELE)	1,688	1,426
Superannuation	891	810
Workers' compensation insurance	129	127
Fringe benefit tax (FBT)	29	31
Payroll tax	308	237
Training costs (other than salaries and wages)	149	175
Other	150	128
Total employee costs	10,880	9,598
Less: capitalised costs	(689)	(498)
Total employee costs expensed	10,191	9,100

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

	Notes	2022 \$ '000	2021 \$ '000
Raw materials and consumables		5,955	5,426
Contractor and consultancy costs		4,589	2,781
Audit Fees	E2-1	73	81
Councillor fees and associated expenses	E1-2	96	109
Advertising		5	5
Bank fees		1	4
Electricity		24	31
Insurance		291	256
Postage		2	14
Printing and stationery		6	11
Subscriptions and publications		54	52
Telephone		36	36
Internal audit		13	31
Water billing and collection		53	64
Other expenses		56	75
Legal expenses:			
– Other		49	4
Expenses from leases of low value assets		70	63
Total materials and services		11,373	9,043

Accounting policy

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

B3-3 Borrowing costs

	2022 \$ '000	2021 \$ '000
(i) Interest bearing liability costs		
Interest on leases	2	14
Interest on loans	1,518	1,367
Total borrowing costs expensed	1,520	1,381

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

	Notes	2022 \$ '000	2021 \$ '000
Depreciation and amortisation			
Plant and equipment		357	440
Office equipment		169	122
Furniture and fittings		31	33
Land improvements (depreciable)		73	76
Infrastructure:			
– Buildings		210	126
– Water supply network		6,612	4,937
– Flood mitigation assets		683	684
Right of use assets	C2-1	202	202
Intangible assets	C1-8	266	107
Total depreciation and amortisation costs		8,603	6,727
Impairment / revaluation decrement of IPPE			
Infrastructure:			
– Buildings	C1-6	56	–
– Water supply network		404	–
Total gross IPPE impairment / revaluation decrement costs		460	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		460	–
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR INTANGIBLES AND IPP&E		9,063	6,727

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

	2022	2021
	\$ '000	\$ '000
Other		
Contributions and donations	9	–
Total other expenses	9	–

Accounting policy

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

Late report

B4 Gains or losses

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

	Notes	2022 \$ '000	2021 \$ '000
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		168	–
Less: carrying amount of property assets sold/written off		(78)	(81)
Gain (or loss) on disposal		90	(81)
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		45	165
Less: carrying amount of plant and equipment assets sold/written off		(285)	(92)
Gain (or loss) on disposal		(240)	73
Gain (or loss) on disposal of infrastructure			
	C1-6		
Proceeds from disposal – infrastructure		1	–
Less: carrying amount of infrastructure assets sold/written off		(99)	(771)
Gain (or loss) on disposal		(98)	(771)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		–	4,268
Less: carrying amount of real estate assets sold/written off		–	(3,174)
Gain (or loss) on disposal		–	1,094
Gain (or loss) on disposal of investment property			
	C1-7		
Proceeds from disposal – investment property		850	–
Less: carrying amount of investment property sold/written off		(795)	–
Gain (or loss) on disposal		55	–
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		38,000	35,000
Less: carrying amount of term deposits sold/redeemed/matured		(38,000)	(35,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(193)	315

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 16/06/2021 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	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
User charges and fees	22,322	22,501	179	1% F
Other revenues	2,560	2,648	88	3% F
Operating grants and contributions	1,132	3,419	2,287	202% F
Grants & contributions provided for operating purposes were \$2.28M (F) (202%) above the original budget forecast. Restoration works under the Northern Rivers March 2022 Flood Program for water infrastructure assets, accounted for \$1.6M. A number of other smaller grant funded projects were received due to the February/March 2022 flood event.				
Capital grants and contributions	4,080	5,631	1,551	38% F
Grants and Contributions provided for capital purposes resulted in an increase of \$1.5M (F) (38%) above budget. The revenue increase can be attributed to increased receipts for Section 64 Developer Contributions.				
Interest and investment revenue	358	237	(121)	(34)% U
Interest and Investment revenue was \$121k (U) (34%) below the original budget. The original budget for investment interest was based on an average portfolio balance of \$13.4M calculated on an average rate of return of 1.5%. 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 \$41M. However, interest rates remained low resulting in decreased returns.				
Net gains from disposal of assets	1,689	-	(1,689)	(100)% U
Net gain from the disposal of assets was \$1.6M (U) (100%) below the original budget forecast. The expected completion and sale of Perradenya release 7 land development did not progress in 2021/22.				
Other income	179	126	(53)	(30)% U
Rental income resulted in a decrease of \$53k (U) (30%) below budget. Rental income was reduced due to 4 months of no rent due to the February/March flood events. Additionally, Council's investment property was sold in November.				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Expenses				
Employee benefits and on-costs	10,270	10,191	79	1% F
Materials and services	11,615	11,373	242	2% F
Borrowing costs	1,555	1,520	35	2% F
Depreciation, amortisation and impairment of non-financial assets	7,417	9,063	(1,646)	(22)% U
Depreciation expense exceeded budget by \$1.6M (U) (22%) when compared to the original budget. The increase is attributed to the revaluation of infrastructure assets, capitalising of St Helena 600 assets in the previous year and the impairment of flood effected assets.				
Other expenses	5	9	(4)	(80)% U
Other Expenses were \$4k (F) (80%) above the original budget forecast. An additional two donations were made.				
Net losses from disposal of assets	-	193	(193)	∞ U
Traditionally, Council has not provided a budget for loss on disposal of assets due to the inherent difficulty in estimating proceeds from asset disposal. As a result actual loss on disposal of assets has produced a variance of \$193k (U) (100%). This loss is comprised of loss from the disposal of Infrastructure assets \$99k (U) and Plant, Property & Equipment \$238 (U), offset by \$55k (F) Investment property and \$90 (F) operational land.				
Statement of cash flows				
Cash flows from operating activities	7,186	10,947	3,761	52% F
Cash flows from operating activities was \$3.7M (F) (52%) above the original budget forecast. The majority of the increase relates to additional retail water and filling station sales (\$1.58M) and unanticipated grant funds (\$1.5M) received for restoration works of assets damaged during natural disaster events.				
Cash flows from investing activities	(35,190)	(15,121)	20,069	(57)% F
Cash flows from investing activities was \$20M (F) (57%) below the original budget forecast. This was due to anticipated expenditure on future water projects, pipeline upgrades and the next stage of Council's land development not progress as expected.				
Cash flows from financing activities	(3,414)	(3,652)	(238)	7% U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2022 \$ '000	2021 \$ '000
Cash assets		
Cash on hand and at bank	1,026	267
Cash equivalent assets		
– Deposits at call	2,028	10,613
Total cash and cash equivalents	3,054	10,880

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	3,054	10,880
Balance as per the Statement of Cash Flows	3,054	10,880

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Debt securities at amortised cost				
Term deposits	36,000	1,500	38,000	500
Total financial investments	36,000	1,500	38,000	500
Total cash assets, cash equivalents and investments	39,054	1,500	48,880	500

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

continued on next page ...

C1-2 Financial investments (continued)

- 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.

Late report

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

	2022 \$ '000	2021 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	40,554	49,380
Less: Externally restricted cash, cash equivalents and investments	(5,428)	(4,081)
Cash, cash equivalents and investments not subject to external restrictions	35,126	45,299
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Other	227	821
Specific purpose unexpended grants – general fund	–	176
External restrictions – included in liabilities	227	997
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants (recognised as revenue) – general fund	1,930	4
Other	3,271	3,080
External restrictions – other	5,201	3,084
Total external restrictions	5,428	4,081
Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.		
	2022 \$ '000	2021 \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	35,126	45,299
Less: Internally restricted cash, cash equivalents and investments	(32,421)	(43,869)
Unrestricted and unallocated cash, cash equivalents and investments	2,705	1,430
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Flood Fund	689	802
Weeds Bio Fund	1,410	1,131
Retail Water Fund	2,914	2,564
Richmond Water Laboratories Fund	252	400
Commercial Property Fund	1,811	1,103
Fleet Fund	1,458	1,110
Bulk Fund - Building & structures	738	188
Bulk Fund - Assets & programs	16,441	30,676
Bulk Fund - Employees leave entitlement	2,339	2,264
Bulk Fund - Electricity	2,610	2,587
Bulk Fund - Office equipment & computers	1,473	936
Bulk Fund - Greenhouse gas abatement	286	108
Total internal allocations	32,421	43,869

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

policy of the elected Council.

	2022	2021
	\$ '000	\$ '000
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	2,705	1,430

Late report

C1-4 Receivables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
User charges and fees	668	–	71	–
Accrued revenues				
– Interest on investments	99	–	122	–
– Other income accruals	1,554	–	893	–
Finance lease receivable	6	–	74	13
Government grants and subsidies	171	–	145	–
Sundry debtors	234	–	543	–
Other debtors	262	–	234	–
Total	2,994	–	2,082	13
Total net receivables	2,994	–	2,082	13

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Inventories at cost				
Real estate for resale (refer to (i) below)	85	892	48	936
Stores and materials	375	226	388	226
Total inventories at cost	460	1,118	436	1,162
Total inventories	460	1,118	436	1,162

(i) Real estate development

Residential – undeveloped	85	892	48	936
Total real estate for resale	85	892	48	936

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 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals ¹ \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	Impairment loss / revaluation decrements (recognised in P/L) \$ '000	Transfers \$ '000	Revaluation decrements to equity (ARR) \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	4,704	–	4,704	1,177	1,285	(549)	–	–	(3,477)	–	–	3,140	–	3,140
Plant and equipment	4,508	(3,311)	1,197	–	330	(96)	(357)	–	–	–	–	3,509	(2,435)	1,074
Office equipment	2,021	(1,663)	358	–	73	(6)	(169)	–	–	–	–	2,070	(1,814)	256
Furniture and fittings	755	(401)	354	–	–	(184)	(31)	–	–	–	–	492	(353)	139
Land:														
– Operational land	10,506	–	10,506	–	3,345	(78)	–	–	–	–	4,447	18,220	–	18,220
– Non-depreciable land improvements	2,374	–	2,374	–	–	–	–	–	–	–	576	2,951	–	2,951
– Depreciable land improvements	3,371	(963)	2,408	–	–	–	(73)	–	(168)	–	458	3,594	(969)	2,625
Infrastructure:														
– Buildings	4,555	(2,625)	1,930	–	3,505	–	(210)	(56)	4,069	–	–	13,429	(4,191)	9,238
– Water supply network	486,651	(136,958)	349,693	3,745	3,854	(90)	(6,612)	(404)	(424)	(8,768)	–	499,042	(158,048)	340,994
– Flood mitigation	136,393	(12,831)	123,562	12	–	(9)	(683)	–	–	–	7,829	144,757	(14,046)	130,711
Total infrastructure, property, plant and equipment	655,838	(158,752)	497,086	4,934	12,392	(1,012)	(8,135)	(460)	–	(8,768)	13,310	691,204	(181,856)	509,348

(1) 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 2020 ¹			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals ¹ \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	Transfers \$ '000	Revaluation increments to equity (ARR) ¹ \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	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
Land:												
– 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	(887)	2,360	–	–	–	(76)	124	–	3,371	(963)	2,408
Infrastructure:												
– 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
Total infrastructure, property, plant and equipment	644,262	(153,541)	490,721	5,884	5,431	(944)	(6,418)	(650)	3,062	655,838	(158,752)	497,086

(1) 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. Flood mitigation assets have been indexed for 2022 based on indexation rates provided by an independent valuer. Operational land and non-depreciable land improvements have been indexed for 2022 based on rates provided by the Valuer General.

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

	2022 \$ '000	2021 \$ '000
Owned investment property		
Investment property on hand at fair value	–	795
Total owned investment property	–	795
At fair value		
Opening balance at 1 July	795	790
Disposals during year	(795)	–
Net gain/(loss) from fair value adjustments	–	5
Closing balance at 30 June	–	795

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 part of other income.

C1-8 Intangible assets

Intangible assets are as follows:

	2022 \$ '000	2021 \$ '000
Software		
Opening values at 1 July		
Gross book value	1,787	1,145
Accumulated amortisation	(1,015)	(908)
Net book value – opening balance	772	237
Movements for the year		
Purchases	–	642
Amortisation charges	(266)	(107)
Closing values at 30 June		
Gross book value	1,787	1,787
Accumulated amortisation	(1,281)	(1,015)
Total software – net book value	506	772
Total intangible assets – net book value	506	772

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 ten 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 \$312,000 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

	<i>Administration building \$ '000</i>	<i>Total \$ '000</i>
2022		
Opening balance at 1 July	293	293
Adjustments due to re-measurement of lease liability	(57)	(57)
Depreciation charge	(202)	(202)
Balance at 30 June	34	34
2021		
Opening balance at 1 July	562	562
Adjustments due to re-measurement of lease liability	(67)	(67)
Depreciation charge	(202)	(202)
Balance at 30 June	293	293

(b) Lease liabilities

	<i>2022 Current \$ '000</i>	<i>2022 Non-current \$ '000</i>	<i>2021 Current \$ '000</i>	<i>2021 Non-current \$ '000</i>
Lease liabilities	50	-	312	49
Total lease liabilities	50	-	312	49

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

	<i>< 1 year</i> \$ '000	<i>1 – 5 years</i> \$ '000	<i>> 5 years</i> \$ '000	<i>Total</i> \$ '000	<i>Total per Statement of Financial Position</i> \$ '000
2022					
Cash Flows	50	–	–	50	50
2021					
Cash Flows	312	52	–	364	361

(d) Income Statement

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

	<i>2022</i> \$ '000	<i>2021</i> \$ '000
Interest on lease liabilities	2	14
Interest income from sub-leasing right of use assets	3	7
Depreciation of right of use assets	202	202
Expenses relating to low-value leases	70	63
	277	286

(e) Statement of Cash Flows

Total cash outflow for leases	157	230
	157	230

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.

C2-1 Council as a lessee (continued)

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.

Late report

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).

	2022 \$ '000	2021 \$ '000
(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)	30	79
Total income relating to operating leases for investment property assets	30	79
Operating lease expenses		
Direct operating expenses that generated rental income	8	9
Direct operating expenses that did not generate rental income	6	4
Total expenses relating to operating leases	14	13
Repairs and maintenance: investment property		
Other	10	11
Total repairs and maintenance: investment property	10	11
(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)	70	113
Total income relating to operating leases for Council assets	70	113
Other leased assets expenses		
Other	48	37
Total expenses relating to other leases assets	48	37
(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	55	54
Total undiscounted lease payments to be received	55	54

C2-2 Council as a lessor (continued)

(b) Finance leases

	2022 \$ '000	2021 \$ '000
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	52	76
Total Income relating to finance leases	52	76

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

< 1 year	6	74
1–2 years	–	13
Total lease payments receivable	6	87
Unearned finance income	–	1
Net investment in the lease	12	86

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Goods and services	1,251	–	608	–
Capital creditors	809	–	1,224	–
Accrued expenses:				
– Borrowings	241	–	280	–
– Salaries and wages	136	–	–	–
Accrued expenses	463	–	328	–
Other	7	–	–	–
Total payables	2,907	–	2,440	–

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 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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Funds held on behalf of other entities	228	–	926	–
Contributions received prior to performance obligation being satisfied	–	–	71	–
Total contract liabilities	228	–	997	–

Significant changes in contract liabilities

Council occasionally holds funds on behalf of other government entities.

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Loans – secured	3,605	25,355	3,398	28,960
Total borrowings	3,605	25,355	3,398	28,960

(a) Changes in liabilities arising from financing activities

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	32,358	(3,398)	–	–	–	–	28,960
Lease liability (Note C2-1b)	361	(311)	–	–	–	–	50
Total liabilities from financing activities	32,719	(3,709)	–	–	–	–	29,010

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

(b) Financing arrangements

	2022 \$ '000	2021 \$ '000
Total facilities		
Bank overdraft facilities ¹	100	100
Credit cards/purchase cards	110	110
Total financing arrangements	210	210
Undrawn facilities		
– Bank overdraft facilities	100	100
– Credit cards/purchase cards	110	110
Total undrawn financing arrangements	210	210

(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

	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
	\$ '000	\$ '000	\$ '000	\$ '000
Annual leave	833	–	695	–
Long service leave	1,515	41	1,486	39
TIL	61	–	44	–
Total employee benefit provisions	2,409	41	2,225	39

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

	2022	2021
	\$ '000	\$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,701	1,546
	1,701	1,546

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

IPPE 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.

Late report

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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 the finance team under policies approved by the Councillors.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- 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 a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks 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 cash and investments.

(a) Market risk – interest rate and price risk

	2022 \$ '000	2021 \$ '000
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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	401	494
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(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.

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.

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

Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses, 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.

	Not yet overdue \$ '000	Overdue debts				Total \$ '000
		0 - 30 days \$ '000	31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2022						
Gross carrying amount	2,804	–	–	–	190	2,994
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	26.00%	1.65%
ECL provision	–	–	–	–	49	49
2021						
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%
ECL provision	–	–	–	–	28	28

(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.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in:			Total cash outflows \$ '000	Actual carrying values \$ '000
			≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000		
2022							
Payables	0.00%	–	1,859	–	–	1,859	2,907
Borrowings	6.02%	–	4,955	17,864	12,744	35,563	28,960
Total financial liabilities		–	6,814	17,864	12,744	37,422	31,867
2021							
Payables	0.00%	–	2,440	–	–	2,440	2,440
Borrowings	6.02%	–	4,955	19,184	16,378	40,517	32,358
Total financial liabilities		–	7,395	19,184	16,378	42,957	34,798

D2-1 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

Fair value hierarchy

All assets and liabilities measured at fair value are 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: Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Recurring fair value measurements									
Investment property C1-7									
Commercial property		31/10/21	30/06/21	–	795	–	–	–	795
Total investment property				–	795	–	–	–	795
Infrastructure, property, plant and equipment C1-6									
Buildings		30/06/18	30/06/18	–	–	9,238	1,930	9,238	1,930
Land		30/06/18	30/06/18	–	–	18,220	10,506	18,220	10,506
Non-depreciable land improvements		30/06/17	30/06/17	–	–	2,951	2,374	2,951	2,374
Depreciable land improvements		31/12/21	30/06/17	–	–	2,625	2,408	2,625	2,408
Water infrastructure: water distribution assets		31/12/21	30/06/17	–	–	166,313	175,531	166,313	175,531
Water infrastructure: dams and treatment assets		31/12/21	30/6/17	–	–	174,681	174,161	174,681	174,161
Flood mitigation infrast.		30/06/20	30/6/20	–	–	130,711	123,562	130,711	123,562
Total infrastructure, property, plant and equipment				–	–	504,739	490,472	504,739	490,472

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.

Council sold its only listed Investment property during the year. At present there are no other building assets classified as Investment property.

D2-1 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 2021/22 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 net 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 unit 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.

D2-1 Fair value measurement (continued)

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 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% 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 31 December 2021 and \$20.0 million per annum for 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. 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 2022 was \$62,627.35. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA, and covers the period ended 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$49,806.24.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$18,911.76 as at 30 June 2022.

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	5.5% 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 2022.

E People and relationships

E1 Related party disclosures

E1-1 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:

	2022	2021
	\$ '000	\$ '000
Compensation:		
Short-term benefits	336	321
Post-employment benefits	24	23
Other long-term benefits	25	3
Total	385	347

E1-2 Councillor and Mayoral fees and associated expenses

	2022	2021
	\$ '000	\$ '000
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	14	17
Councillors' fees	69	81
Councillors' (incl. Chairperson) expenses	13	11
Total	96	109

E2 Other relationships

E2-1 Audit fees

	2022 \$ '000	2021 \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	73	81
Remuneration for audit and other assurance services	73	81
Total Auditor-General remuneration	73	81
Non NSW Auditor-General audit firms		
Total audit fees	73	81

Late report

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2022 \$ '000	2021 \$ '000
Net operating result from Income Statement	2,213	4,324
Add / (less) non-cash items:		
Depreciation and amortisation	8,603	6,727
(Gain) / loss on disposal of assets	193	(315)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	–	(5)
– Revaluation decrements / impairments of IPP&E direct to P&L	460	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(899)	503
(Increase) / decrease of inventories	13	(11)
(Increase) / decrease of other current assets	65	(123)
Increase / (decrease) in payables	643	103
Increase / (decrease) in accrued interest payable	(39)	(10)
Increase / (decrease) in other accrued expenses payable	271	(664)
Increase / (decrease) in other liabilities	7	(6)
Increase / (decrease) in contract liabilities	(769)	913
Increase / (decrease) in employee benefit provision	186	174
Net cash flows from operating activities	10,947	11,610

F2-1 Commitments

Capital commitments (exclusive of GST)

	2022 \$ '000	2021 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	257	83
Plant and equipment	26	197
Infrastructure	6,603	12,940
Land development	106	157
Total commitments	6,992	13,377

Details of capital commitments

Council has committed to progressing the St Helena 600 upgrade.

F3-1 Events occurring after the reporting date

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 2022, 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 2022 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.

Late report

F4 Statement of developer contributions as at 30 June 2022

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.

F4-1 S64 contributions

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash \$ '000					
S64								
S64 contributions	-	5,630	-	-	(5,630)	-	-	-
Total	-	5,630	-	-	(5,630)	-	-	-

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021	Indicators 2020	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(2,765)	(9.56)%	(4.92)%	(8.08)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	28,931				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	25,512	73.82%	78.85%	81.07%	> 60.00%
Total continuing operating revenue ¹	34,562				
3. Unrestricted current ratio					
Current assets less all external restrictions	39,194	4.26x	7.03x	5.24x	> 1.50x
Current liabilities less specific purpose liabilities	9,199				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	7,358	1.42x	1.59x	1.54x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5,172				
5. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	40,554	19.01 months	25.80 months	18.31 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,133				

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

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

End of the audited financial statements

Rous County Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

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

Late report

Rous County Council

General Purpose Financial Statements

for the year ended 30 June 2022

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

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

Late report

Late report

Rous County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Rous County Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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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 2022

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 19 October 2022.

Robert Mustow
Chairperson
19 October 2022

Sharon Cadwallader
Deputy Chairperson
19 October 2022

Phillip Rudd
General Manager
19 October 2022

Guy Bezrouchko
Responsible Accounting Officer
19 October 2022

Rous County Council

Income Statement of water supply business activity

for the year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Income from continuing operations		
User charges	22,470	20,882
Interest and investment income	212	336
Grants and contributions provided for operating purposes	1,763	18
Other income	139	155
Total income from continuing operations	24,584	21,391
Expenses from continuing operations		
Employee benefits and on-costs	8,431	7,354
Borrowing costs	1,520	1,381
Materials and services	7,787	7,006
Depreciation, amortisation and impairment	8,221	5,911
Net loss from the disposal of assets	22	666
Other expenses	9	–
Total expenses from continuing operations	25,990	22,318
Surplus (deficit) from continuing operations before capital amounts	(1,406)	(927)
Grants and contributions provided for capital purposes	5,632	5,235
Surplus (deficit) from continuing operations after capital amounts	4,226	4,308
Surplus (deficit) from all operations before tax	4,226	4,308
Surplus (deficit) after tax	4,226	4,308
Plus accumulated surplus	124,007	119,699
Plus/less: Correction of error	–	–
Plus adjustments for amounts unpaid:		
Less:		
Closing accumulated surplus	128,233	124,007
Return on capital %	0.0%	0.1%
Subsidy from Council	184	–
Calculation of dividend payable:		
Surplus (deficit) after tax	4,226	4,308
Surplus for dividend calculation purposes	4,226	4,308
Potential dividend calculated from surplus	2,113	2,154

Rous County Council

Income Statement of Land

for the year ended 30 June 2022

	2022 Category 2 \$ '000	2021 Category 2 \$ '000
Income from continuing operations		
Net gain from the disposal of assets	–	771
Total income from continuing operations	–	771
Expenses from continuing operations		
Materials and services	45	43
Calculated taxation equivalents	28	28
Total expenses from continuing operations	73	71
Surplus (deficit) from continuing operations before capital amounts	(73)	700
Surplus (deficit) from continuing operations after capital amounts	(73)	700
Surplus (deficit) from all operations before tax	(73)	700
Less: corporate taxation equivalent (26%) [based on result before capital]	–	(182)
Surplus (deficit) after tax	(73)	518
Plus accumulated surplus	446	(282)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	28	28
– Corporate taxation equivalent	–	182
Closing accumulated surplus	401	446
Subsidy from Council	73	–

Late report

Rous County Council

Income Statement of Commercial Property

for the year ended 30 June 2022

	2022 Category 2 \$ '000	2021 Category 2 \$ '000
Income from continuing operations		
Interest and investment income	10	–
Net gain from the disposal of assets	55	–
Other income	106	186
Total income from continuing operations	171	186
Expenses from continuing operations		
Employee benefits and on-costs	20	19
Materials and services	217	213
Depreciation, amortisation and impairment	67	57
Net loss from the disposal of assets	2	–
Calculated taxation equivalents	3	3
Total expenses from continuing operations	309	292
Surplus (deficit) from continuing operations before capital amounts	(138)	(106)
Surplus (deficit) from continuing operations after capital amounts	(138)	(106)
Surplus (deficit) from all operations before tax	(138)	(106)
Surplus (deficit) after tax	(138)	(106)
Plus accumulated surplus	2,080	2,183
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	3	3
Add:		
Closing accumulated surplus	1,945	2,080
Subsidy from Council	138	106

Rous County Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

	2022 \$ '000	2021 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	2,597	10,310
Investments	31,197	33,780
Receivables	2,340	1,536
Inventories	316	326
Other	614	679
Total current assets	37,064	46,631
Non-current assets		
Right of use assets	34	293
Investments	1,500	500
Receivables	–	661
Inventories	226	226
Infrastructure, property, plant and equipment	378,528	372,402
Intangible assets	507	769
Total non-current assets	380,795	374,851
Total assets	417,859	421,482
LIABILITIES		
Current liabilities		
Contract liabilities	–	30
Lease liabilities	50	312
Payables	2,629	1,645
Borrowings	3,605	3,398
Employee benefit provisions	2,409	2,225
Total current liabilities	8,693	7,610
Non-current liabilities		
Lease liabilities	–	49
Borrowings	25,355	28,960
Employee benefit provisions	41	39
Total non-current liabilities	25,396	29,048
Total liabilities	34,089	36,658
Net assets	383,770	384,824
EQUITY		
Accumulated surplus	128,232	124,007
Revaluation reserves	255,538	260,817
Total equity	383,770	384,824

Rous County Council

Statement of Financial Position of Land

as at 30 June 2022

	2022 Category 2 \$ '000	2021 Category 2 \$ '000
ASSETS		
Current assets		
Receivables	293	293
Inventories	85	13
Total current assets	378	306
Non-current assets		
Inventories	1,152	1,432
Total non-current assets	1,152	1,432
Total assets	1,530	1,738
LIABILITIES		
Current liabilities		
Payables	458	631
Total current liabilities	458	631
Non-current liabilities		
Borrowings	671	661
Total non-current liabilities	671	661
Total liabilities	1,129	1,292
Net assets	401	446
EQUITY		
Accumulated surplus	401	446
Total equity	401	446

Rous County Council

Statement of Financial Position of Commercial Property

as at 30 June 2022

	2022 Category 2 \$ '000	2021 Category 2 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	137	173
Investments	1,773	1,030
Receivables	10	76
Total current assets	1,920	1,279
Non-current assets		
Receivables	-	13
Investment property	-	795
Total non-current assets	-	808
Total assets	1,920	2,087
LIABILITIES		
Current liabilities		
Payables	38	7
Total current liabilities	38	7
Total liabilities	38	7
Net assets	1,882	2,080
EQUITY		
Accumulated surplus	1,882	2,080
Total equity	1,882	2,080

Note – Significant Accounting Policies

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (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. 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 – 25% (20/21 26%)

Note – Significant Accounting Policies (continued)

Land tax – the first \$822,000 of combined land values attracts **0%**. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,026,000 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 Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

Achievement of substantial compliance to the DPIE – 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 25% (20/21 26%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the '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 25% is/is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges 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'.

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

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 3.57% at 30/6/22.

Note – Significant Accounting Policies (continued)

(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.

Late report

Rous County Council

Special Purpose Financial Statements
for the year ended 30 June 2022

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Rous County Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Rous County Council

Special Schedules

for the year ended 30 June 2022

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Rous County Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a	2021/22 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	Buildings	180	368	187	85	4,877	7,772	5.0%	43.0%	40.0%	12.0%	0.0%
	Council works depot	830	1,659	646	405	4,361	5,657	0.0%	45.0%	35.0%	20.0%	0.0%
	Sub-total	1,010	2,027	833	490	9,238	13,429	2.9%	43.8%	37.9%	15.4%	0.0%
Water supply network	Water supply network	7,580	15,175	2,941	2,159	340,994	499,042	49.0%	34.0%	16.0%	1.0%	0.0%
	Sub-total	7,580	15,175	2,941	2,159	340,994	499,042	49.0%	34.0%	16.0%	1.0%	0.0%
Flood mitigation network	Flood mitigation	180	182	523	345	130,711	144,757	20.0%	43.0%	28.0%	9.0%	0.0%
	Sub-total	180	182	523	345	130,711	144,757	20.0%	43.0%	28.0%	9.0%	0.0%
Total – all assets		8,770	17,384	4,297	2,994	480,943	657,228	41.7%	36.2%	19.1%	3.1%	0.0%

(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 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	4,934	61.95%	90.06%	92.77%	>= 100.00%
Depreciation, amortisation and impairment	7,965				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	8,770	1.81%	1.37%	1.42%	< 2.00%
Net carrying amount of infrastructure assets	484,083				
Asset maintenance ratio					
Actual asset maintenance	2,994	69.68%	97.14%	84.86%	> 100.00%
Required asset maintenance	4,297				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	17,384	2.65%	4.24%	4.02%	
Gross replacement cost	657,228				

(*) 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.

Mr Phillip Rudd
General Manager
Rous County Council
PO Box 230
LISMORE NSW 2480

Contact: Gearoid Fitzgerald
Phone no: 02 9275 7392
Our ref: D/1821

XX October 2022

Dear Mr Rudd

Draft Management Letter on the Final Phase of the Audit for the Year Ended 30 June 2022

The final phase of our audit for the year ended 30 June 2022 is complete. This letter outlines:

- matters of governance interest we identified during the current audit
- unresolved matters identified during previous audits
- matters we are required to communicate under Australian Auditing Standards.

We planned and carried out our audit to obtain reasonable assurance the financial statements are free from material misstatement. Because our audit is not designed to identify all matters that may be of governance interest to you, there may be other matters that did not come to our attention.

For each matter in this letter, we have included our observations, risk assessment and recommendations. The risk assessment is based on our understanding of your business. Management should make its own assessment of the risks to the organisation.

We have kept management informed of the issues included in this letter as they have arisen. A formal draft of this letter was provided on 14 October 2022. This letter includes management's formal responses, the person responsible for addressing the matter and the date by which this should be actioned.

The Auditor-General may include items listed in this letter in the Report to Parliament. We will send you a draft of this report and ask for your comments before it is tabled in Parliament.

If you would like to discuss any of the matters raised in this letter, please contact me on 9275 7392 or Mr Richard Watkinson from Thomas Noble & Russell on 02 6626 3000.

Yours sincerely

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

cc: Cr Keith Williams, Chair
Mr Brian Wilkinson, Chair of the Audit, Risk and Improvement Committee

Late report

Final management letter

for the year ended 30 June 2022

Rous County Council

Late report







We have rated the risk of each issue as 'Extreme', 'High', 'Moderate' or 'Low' based on the likelihood of the risk occurring and the consequences if the risk does occur.

The risk assessment matrix used is based on principles within the risk management framework in [TPP12-03 'Risk Management Toolkit for the NSW Public Sector'](#).

This framework may be used as better practice for councils.

		CONSEQUENCE			
		Low	Medium	High	Very high
LIKELIHOOD	Almost certain	M	M	H	E
	Likely	L	M	H	H
	Possible	L	M	M	H
	Rare	L	L	M	M

The risk level is a combination of the consequences and likelihood. The position within the matrix corresponds to the risk levels below.

RISK LEVELS	MATRIX REFERENCE
 Extreme:	E
 High:	H
 Moderate:	M
 Low:	L

For each issue identified, the principles within the consequence and likelihood tables, which are based on the principles within [TPP12-03](#) have been used to guide our assessment.

Consequence levels and descriptors

When assessing the consequence of each issue, we have regard to the length of time the issue remains unresolved. The lack of timeliness in resolving issues may indicate systemic issues and/or poor governance practices, which warrant an increase in the consequence level. As such, unresolved or unaddressed issues from prior periods are re-assessed annually. This re-assessment may lead to an increase in the risk rating adopted.

Consequence level	Consequence level description
Very high	<ul style="list-style-type: none"> Affects the ability of the entire entity to achieve its objectives and may require third party intervention; Arises from a fundamental systemic failure of governance practices and/or internal controls across the entity or across a critical/significant part of the entity; or May result in an inability for the auditor to issue an audit opinion or issue an unqualified audit opinion, and/or significant management workarounds and substantive tests of details was required in order to issue an unqualified opinion.
High	<ul style="list-style-type: none"> Requires coordinated management effort at the executive level; Arises from a widespread failure of governance practices and/or internal controls affecting most parts of the entity or across a significant/important part of the entity (eg. as demonstrated through a lack of timely resolution of unresolved/repeat issues); or May result in an inability for the auditor to issue an unqualified audit opinion, and/or significant management workarounds and substantive tests of details was required in order to issue an unqualified opinion.
Medium	<ul style="list-style-type: none"> Requires management effort from areas outside the business unit; or Arises from ineffective governance practices and/or internal controls affecting several parts or a key part of the entity (eg. as demonstrated through a lack of timely resolution of unresolved/repeat issues).
Low	<ul style="list-style-type: none"> Can be managed within normal management practices; or Arises from isolated ineffective governance practices and/or internal controls affecting a small part of the entity that are largely administrative in nature.

Likelihood levels and descriptors

When assessing the likelihood of each issue, we have regard to the length of time the issue remains unresolved because the longer the risk remains unresolved the greater the chance the weakness could be exploited, or an adverse event or events could occur. As such, unresolved or unaddressed issues from prior periods are reassessed annually. This reassessment may lead to an increase in the risk rating adopted.

Likelihood level	Frequency	Probability
Almost certain	The event is expected to occur in most circumstances, and frequently during the year	More than 99 per cent
Likely	The event will probably occur once during the year	More than 20 per cent and up to 99 per cent

Possible	The event might occur at some time in the next five years	More than 1 per cent and up to 20 per cent
Rare	The event could occur in exceptional circumstances	Less than 1 per cent

Late report

Summary of issues

Issue	Detail	Likelihood	Consequence	Risk assessment
Prior year matters not resolved by management				
1	<u>Procurement - lack of segregation of duties in procurement process</u>	Almost Certain	Medium	⊖ Moderate
2	<u>Corporate Governance - conflicts of interest register</u>	Almost Certain	Medium	⊖ Moderate
3	<u>Completeness of contracts register</u>	Possible	Medium	⊖ Moderate
4	<u>Purchase orders approved after goods or services have been received (confirming orders)</u>	Almost Certain	Medium	⊖ Moderate
5	<u>Absence of an asset renewal policy</u>	Likely	Low	⬇ Low


Appendix

Review of matters raised in prior management letters that have been addressed

Late report

Prior year matters not resolved by management

Issue 1: Procurement - lack of segregation of duties in procurement process

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Almost Certain	Medium	Yes	Operational	 Moderate

Observation

The same employee has the ability to raise and authorise purchase orders as well as receive goods.

Implications

Lack of segregation of duties increases the risk of fraud and error.

We acknowledge that management have implemented a procurement compliance review process requiring supervisors to review a minimum quantity of purchase orders per quarter, as well as implementing cost centre budget reviews to mitigate some of the risk.

Recommendation

Management should ensure segregation of duties is enforced in key areas of risk in the procurement process. Where this cannot be achieved, additional controls need to be implemented to prevent fraud and error.

Management response

Agree.

An internal working group has been established to facilitate the changes in Microsoft Dynamics NAV and the change in process will be documented as a procedure.

Due to the February/March 2022 flood events impacting Council, the timeframe for the recommendation to be actioned has been delayed.

Person responsible:


Finance Manager

Date (to be) actioned:

Original action date: 31 March 2022

Revised action date: 30 September 2022

Issue 2: Corporate Governance - conflicts of interest register

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Almost Certain	Medium	No	Governance	 Moderate

Observation

The Council does not maintain a conflict-of-interest register.

Implications

Employees may have unrecorded conflicts of interests that could influence, or be perceived to influence, their behavior or decisions in the course of their work at the Council.

Recommendation

Declared conflicts should be recorded in a central register and be reviewed by an independent officer for appropriate action to manage the conflicts.

Management response

Agree.

This recommendation will be finalised in conjunction with the review of Council's Code of Conduct, Code of Conduct Procedures and delegations, which must be completed within the first 12 months following the local government elections. In the interim, Council has in place controls to ensure conflicts of interest are declared within high-risk areas such as procurement, recruitment and decision-making by its governing body such as mandatory declarations and internal and external staff training.

A revised Code of Conduct and Code of Conduct Procedures were adopted by Council at its June 2022 meeting.


Person responsible:

Governance and Risk Manager

Date (to be) actioned:

Original action date: 4 December 2022

Issue 3: Completeness of contracts register

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Possible	Medium	No	Governance / Operational / Reporting	 Moderate

Observation

Our review of Council's contract management framework identified that:

- Council does not have a documented contract management policy and procedure
- the contracts register does not include all procurement contracts (those below the Government Information (Public Access) Act reporting threshold of \$150,000 or are not class 2 or class 3 contracts)
- the contracts register does not contain details of other contracts Council is a party to, including revenue contracts with customers, leasing contracts and loan agreements.

Implications

Without a robust contract management framework, there is an increased risk that:

- contracts are entered into and managed in a manner which does not facilitate Council operations
- obligations under the contracts are not performed and/or monitored properly
- potential inefficiencies may arise in financial reporting and accounting for revenue and leases under AASB 15 *Revenue with contracts with customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* as additional manual procedures and registers are required to be maintained.

Recommendation

Management should:

- develop a documented contract management policy and procedure
- implement a central contracts register which contains all contracts where Council is a party to allow for appropriate governance and oversight.

Management response

Agree.

Will be included in phased implementation of improvements to procurement and contracts / contractor management processes in response to Procure to Pay internal audit and other identified improvements.

Due to the vacancy up to January 2022 in the role of Procurement Advisor (successor of Procurement and Properties Coordinator role) and the February/March 2022 flood events impacting Council, the timeframe for the recommendation to be actioned has been delayed.

Person responsible:


Governance and Risk Manager

Date (to be) actioned:

Original action date: 30 June 2022

Revised action date: 31 December 2022

Issue 4: Purchase orders approved after goods or services have been received (confirming orders)

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Almost Certain	Medium	Yes	Operational	 Moderate

Observation

Purchase orders created in Navision are approved electronically by a staff member with appropriate delegated authority. This is an important internal control.

Prior years audit testing identified 6 out of 29 samples where the purchase order was raised on or after the date of the invoice.

Current year audit testing has identified 4 out of 29 samples where the purchase order was raised on or after the date of the invoice.

This indicated that a portion of purchase orders were raised and approved after the Council had committed to the expenditure transaction and goods or services had been received (confirming orders).

We also identified a further 5 instances where purchase orders were raised after invoice dates, but due to the nature of these expenses (including utilities or various direct debit arrangements), Council's current practice is to raise the purchase order on receipt of invoice. This is not considered in Council's Procurement Policy.

Implications

Non-compliance with Council's procurement procedure, including procuring and authorising purchases without pre-approved purchase orders, increases the risk of loss or misappropriation of Council assets. This may include the purchase of goods outside of prescribed delegation limits or the purchase of goods which are not bona fide purchases for Council.

Further, without an approved purchase order being created prior to ordering goods or services, there is a risk that Council's committed costing system may be materially misstated.

Recommendation

Council should implement procedures to ensure confirming orders are not recurring. This may involve:

- providing further training to staff so they are aware of Council's procurement procedures
- performing monthly exception reporting using the procurement system to identify the extent of confirming orders
- analysis of the underlying causes of confirming orders and consider whether these can be addressed
- providing letters to suppliers requesting they do not provide goods without a valid purchase order
- considering whether the accepted practice of raising confirming orders in certain circumstances remains appropriate. The Procurement Policy should be updated to reflect the specific situations in which this is acceptable and also to ensure consistency of application.

Management response

Partially Agree.

Improvements to procurement compliance review procedures have been undertaken by Management.

Staff with a financial delegation are already provided with NAV training which has been expanded to address better practice procurement principles;

Monthly PO compliance reports and reviews are already conducted - refer to Council's 'Procurement and Contractor Compliance' Procedure;

Council's 'Procurement' Procedure is currently undergoing review in order to update the exceptions relating to the payment of utilities, insurance, and engagements covered by an existing contract.

Management considers that issuing letters to suppliers places a disproportionate administrative burden on staff for little value or recourse if the supplier chooses not to observe the request. We therefore do not propose to adopt this particular recommendation.

Person responsible:

Governance and Risk Manager


Date (to be) actioned:

Original action date: 30 June 2022

Revised action date: 31 August 2022

Late report

Issue 5: Absence of an asset renewal policy

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Likely	Low	No	Governance	 Low

Observation

The 'Local Government Code of Accounting Practice and Financial Reporting' requires Councils to classify asset additions into 'asset renewals' and 'new asset' components.

Council currently does not have a policy or any other guidance to assist Council's staff to determine if asset additions are 'asset renewals' or 'new assets'.

Implications

This may result in inaccurate classification in the financial statement and also impacts on the infrastructure asset performance indicators in the Report on Infrastructure Assets within the Special Schedules.

Recommendation

Council should develop and implement an 'asset renewal policy' to provide guidance to staff around the appropriate identification of assets as new assets or asset renewals with particular attention to assets which may be 'part renewal' and 'part new asset'.

Management response

Agree.

Council has an existing Asset Capitalisation policy, which includes asset renewal guidance.

The existing policy is being reviewed and updated to reflect useful life changes identified in the recent water infrastructure revaluation. During this review the classification will be expanded for renewal of assets and new assets to be more descriptive in the existing policy.

The Finance Manager is the staff member responsible for all financial asset information in the financial reporting system. The Finance Manager utilises the Asset Capitalisation policy, along with, budget submission forms to classify the capital expenditure as an asset renewal or new assets.

Person responsible:

Finance Manager

Date (to be) actioned:





Original action date: 31 March 2022

Revised action date: **31 August 2022**

Appendix

Review of matters raised in prior management letters that have been addressed

The issues in this appendix were raised in previous management letters. For each of these issues, we have determined how management has addressed the issue in the current year.

Prior issues raised	Risk assessment	Assessment of action taken	Recommendation
Fraud prevention awareness	 Moderate	<p>Management have implemented 2 of the 3 recommendations.</p> <p>Management believe annual attestations by staff of fraud awareness is not required and is dealt with through staff attestation of having read and understood the Code of Conduct.</p> <p>Matter has been addressed by management</p>	Nil as matter has been addressed
Quality control review of financial statements	 Moderate	Matter has been addressed by management	Management should consider preparing and submitting Pro-forma Financial Statements for ARIC to review as part of the ongoing year-end process
IPP&E - valuation of assets	 Moderate	Matter has been addressed by management	Nil as matter has been addressed by management
Lack of formal documented procedure for verifying the validity of accounts payable Masterfile change requests	 Low	Management formalised a Standard Operating Procedures (SOP) document to include audit recommendations	Nil as matter has been addressed by management

Deferral of developer contributions: The Buttery

Responsible Officer: Group Manager Planning and Delivery (Andrew Logan)

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 Buttery Limited* in relation to their proposed water service connection.

Background

The purpose of the report is to recommend to Rous County Council ('Council') that it approve the deferral of the bulk water developer contributions payable by *The Buttery Limited* in relation to their proposed water service connection.

The Buttery Limited made application to Council for a water service connection to supply the existing residential rehabilitation centre located at 346 Lismore Road, Bangalow.

The connection request was internally assessed, and a letter sent to the applicant in July 2022 advising the water supply works would incur developer contributions.

The assessed developer contributions payable are \$76,454.56 (2022/23) (8.26 equivalent tenements) based on the *Water Directorate Equivalent Tenement Guidelines* for 27 short term accommodation bedrooms and 421m² of office space.

In August 2022, *The Buttery Limited*, wrote to Council requesting a deferral of bulk water developer contributions payable in relation to the proposed water service connection ([Attachment 1](#)).

Council's Development Servicing Plan for Bulk Water Supply 2016 (the 'Plan') 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 Buttery Limited is a non-profit, community-based organisation registered with the Australian Charities and Not-for-profits Commission. The organisation's Australian Business Number is 53130812994. The publicly available information on the organisation, from the Australian Charities and Not-for-profits Commission website, is included in [Attachment 1](#).

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 the organisation's positive contribution to the community 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 Council staff and *The Buttery Limited*.

Conclusion

It is recommended that the developer contributions, otherwise payable to Council, be deferred in accordance with clause 2.5 of the Development Servicing Plan, in relation to the proposed water service connection at 346 Lismore Road, Bangalow for *The Buttery Limited*.

Attachment

1. Letter from The Buttery Limited, including Australian Charities and Not-for-profits Commission Information Form



THE BUTTERY
ENRICHING LIVES

05 August 2022

Your ref:SC/SC: D22/14791

General Manager
Rous County Council
PO Box 230
Lismore NSW 2480

**Application for exemption – Developer Contribution
Bulk Water connection at 346 Lismore Road, Binna Burra NSW 2478**

The Buttery currently has an application before Council for connection of the abovementioned site to bulk water mains.

The Buttery has been providing residential rehabilitation services to vulnerable people in need of drug and alcohol and mental health services from this site for nearly 50 years. During this time the site has been serviced by a water bore under the regulation of a water quality management plan. The ongoing viability of the aquifer is unable to be determined and therefore, connection to water mains represents the best option to enable The Buttery to sustainably maintain its community service operations into the future.

Developer contributions for the water mains connection has been quoted by Council's engineer at \$76,454.56 (8.6 Equivalent Tenements). As a company limited by guarantee that is registered with the Australian Charities and Not-for-Profits Commission (ACNC) as a Public Benevolent Institution we are writing to request Council to defer the developer contributions pursuant to clause 2.5 of Rous County Council's 2016 Bulk Water Development Servicing Plan. Please find attached copy of the ACNC confirmation of The Buttery's status as a non-profit, charitable organisation.

The connection to water mains is critical to the ongoing viability of The Buttery's Binna Burra site and the delivery of its life saving programs, providing a significant and positive contribution to the greater Northern Rivers community.

We look forward to your favourable response so that we can progress our water connection application.

Yours faithfully,

THE BUTTERY

Leone Crayden

Chief Executive Officer

The Buttery Limited

✔ Charity is registered.

✔ Charity reporting is up to date.

Charity details

ABN:	53130812994
Address:	346 Lismore Rd Binna Burra NSW, 2479, Australia
Email:	info@buttery.org.au
Address For Service email:	info@buttery.org.au
Website:	buttery.org.au
Phone:	02 6687 1111
Charity Size:	Large
Who the charity helps:	Aboriginal and Torres Strait Islander people Adults - aged 25 to under 65 Adults - aged 65 and over Families Females Financially disadvantaged people Gay, lesbian, bisexual, transgender or intersex persons Males Migrants, refugees or asylum seekers People at risk of homelessness/ people experiencing homelessness People from a culturally and linguistically diverse background People in rural/regional/remote communities People with chronic illness (including terminal illness) People with disabilities Pre/post release offenders and/or their families Unemployed persons Veterans and/or their families Victims of crime (including family violence) Victims of disaster Youth - 15 to under 25
Date established:	1 January 2008
Last reported:	9 December 2021
Next report due:	31 December 2022
Financial year end:	30/06

Summary of activities

The Buttery provided support and treatment services to people affected by mental health conditions and substance use disorders

Charity programs

Residential Rehabilitation
Substance abuse

Community Outreach Programs
Human services

Where the charity operates

States: New South Wales

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.](#)

People

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.

<p><u>Andrew Lockhart</u> Role: Director Associated charities →</p>	<p><u>Elizabeth Enter</u> Role: Director Associated charities →</p>	<p><u>Ian McKay</u> Role: Director Associated charities →</p>	<p><u>Jenna Bateman</u> Role: Director Associated charities →</p>
<p><u>Jonathon Dunlop</u> Role: Director Associated charities →</p>	<p><u>Kara Goodsell</u> Role: Director Associated charities →</p>	<p><u>Leone Crayden</u> Role: Other Associated charities →</p>	<p><u>Rosemary Warnock</u> Role: Director Associated charities →</p>






Documents

Annual reporting

Title	Due date	Date received	Download
Annual Information Statement 2023	31 December 2023	Not yet submitted	—
Financial Report 2023	31 December 2023	Pending	—
Annual Information Statement 2022	31 December 2022	Not yet submitted	—
Financial Report 2022	31 December 2022	Pending	—
Annual Information Statement 2021	31 January 2022	9 December 2021	View AIS
Financial Report 2021	31 January 2022	9 December 2021	Download
Annual Information Statement 2020	31 January 2021	11 February 2021	View AIS
Financial Report 2020	31 January 2021	11 February 2021	Download
Annual Information Statement 2019	31 January 2020	25 February 2020	View AIS
Financial Report 2019	31 January 2020	25 February 2020	Download
Annual Information Statement 2018	31 March 2019	10 January 2019	View AIS
Financial Report 2018	31 March 2019	10 January 2019	Download
Annual Information Statement 2017	31 January 2018	22 January 2018	View AIS
Financial Report 2017	31 January 2018	22 January 2018	Download
Annual Information Statement 2016	31 January 2017	28 November 2016	View AIS
Financial Report 2016	31 January 2017	28 November 2016	Download
Annual Information Statement 2015	31 January 2016	21 January 2016	View AIS

Title	Due date	Date received	Download
Annual Information Statement 2014	31 January 2015	30 December 2014	 View AIS
Financial Report 2014	31 January 2015	30 December 2014	 Download
Annual Information Statement 2013	31 March 2014	31 October 2013	 View AIS
Financial Report 2013	No due date	Not required	—

Documents

Title	Date	Reporting year	Download
Governing Document	13 January 2022	—	 Download
Annual Report	13 January 2021	2020	 Download
Annual Report	25 February 2020	2019	 Download
Annual Report	10 January 2019	2018	 Download
Annual Report	21 December 2018	2017	 Download

History

The charity's subtype history

Purpose	Start date	End date
Public Benevolent Institution (PBI)	1 January 2014	—
2012 Public benevolent institution	3 December 2012	31 December 2013
2012 Another purpose beneficial to the community	3 December 2012	31 December 2013

Registration status history

Effective date	Status
3 December 2012	Registered

Enforcement action history

No enforcement actions.

Enforcement action refers to the exercise of powers under the [ACNC Act](#).

Adoption of the Rous Regional Demand Management Plan 2023-2026

Responsible Officer: Group Manager Planning and Delivery (Andrew Logan)

Recommendation

That Council:

1. Receive and note the 33 public submissions lodged during the public exhibition period outlined in the report.
2. Adopt the '*Rous Regional Demand Management Plan (2023-2026)*' and the supporting document that provides background information to the Plan, '*Regional Demand Management Plan Review and Update - Background Information and Recommended Plan Components*' as presented at Council's workshop held on 20 July 2022.

Background

Following consideration of the draft Rous Regional Demand Management Plan (2023-2026) (RDMP) at the 17 August 2022 Council meeting, the draft RDMP was placed on public exhibition on Council's website from 18 August to 12 September 2022.

The exhibition of the document was promoted through Council's social media channels, website and through each constituent council's communication team. Council received 33 submissions on the draft RDMP which are summarised in **Table 1** (*refer end of report*).

The majority of respondents generally supported most components of the Draft RDMP with one respondent not supporting the draft RDMP. Many of the submissions raised common themes; additional information on these themes is provided below.

Consultation

Submission themes and Rous County Council (Rous) comments

1. Expenditure on demand management

Some submissions suggested that the RDMP should be more ambitious, and expenditure be increased.

The background information provided with the RDMP compares Rous expenditure on demand management with other North Coast water utilities (Coffs Harbour City Council, Clarence Valley Council, Tweed Shire Council). Rous's historical and proposed future budget expenditure is higher than the average compared to the other local water utilities (total, per property and per ML basis).

The planned expenditure in the RDMP is for Rous only, with additional expenditure by the constituent councils on related programs such as water loss management and smart metering (with potentially high capital and operating expenditure).

While additional expenditure by Rous (e.g., through rebates) may reach more customers, the proposed level of expenditure reflects several considerations including learnings from the previous plan, resourcing, and responsible expenditure of public funds. The key focus of this RDMP in terms of residential and non-residential customer programs, is to pilot programs that will identify targeted and more successful incentives for future demand management programs.

The outcomes of these pilot programs will determine recommended longer term programs and associated expenditure.

The RDMP budget also reflects the resources currently available within Rous and the constituent councils to deliver the RDMP successfully.

2. Rainwater tank rebates

Many submissions did not agree with the phasing out of rainwater tank rebates.

Rainwater tanks provide opportunities for reduction in demand during normal climatic conditions (i.e., when the tanks are refilled by rain) and have not been considered as a drought response in the RDMP. During dry periods, the effectiveness of rainwater tanks diminishes (as they can run dry) but larger tanks are able to store more water for prolonged dry periods. The effectiveness of rainwater tanks in reducing demand is most noticeable when tanks are connected to internal uses (which are not significantly varied by climate) and when there is sufficient rainfall to keep water in the tanks. A rainwater tank does not provide any potable water savings unless it is replacing the potable water supplied by Rous, so discretionary uses such as outdoor watering with tank water result in reduced potable water reduction benefit.

The NSW Government's mandatory BASIX requirements will address any demand reduction opportunities from rainwater tanks in new developments and house renovations, therefore Rous rebates would only be available to existing houses on a voluntary basis.

While water saving behaviour is often exhibited by property owners who rely on tank water, the tanks installed in a reticulated water supply area, such as the Rous regional supply area that are connected to internal uses, are required to include a potable water top up (for when a low water level is reached). In this way, the tank never runs dry and the property owner is relying on the potable water supply for internal uses during drier periods. This diminishes the effectiveness of rainwater tanks in contributing to a culture of water conservation and can give the impression that the rainwater tank supply is limitless.

Rainwater tank installations require sufficient area for the tank and pipe work and the amount of water captured would depend on the area of roof draining to the tank. Tanks are also required to include first-flush systems so that some of the volume is not available for use. Many existing urban houses/lots may not be suitable for installation of a tank for water supply, particularly if plumbing retrofit is required to connect to internal uses.

Expected potable water savings with various rainwater tanks sizes, roof area, first flush volume and usage assumptions has been estimated in the RDMP for the purposes of the cost-benefit analysis. Previous studies reported in the RDMP background information conclude that water use of houses with rainwater tanks is highly variable with water savings dependent on many factors, not simply the tank volume and connections. The analysis and evaluation of water meter data before and after installing a rainwater tank (by Rous as part of a 2020 rebate survey) reiterated the complexities of water consumption, demand and identifying opportunities to maximise water savings associated with rainwater tanks.

Expansion of the rebate program to properties not connected to water mains is not expected to assist in potable demand reduction as these properties would still rely on water trucks in dry periods (when the tanks are empty).

Rainwater tank rebates have been a key component of Rous' demand management program since 2003 with over 2,100 tank rebates provided in the period to June 2022. The RDMP recognises that rainwater tank rebates have been popular, but they do not generally provide value for money for Rous and the community, as they are ineffective during extended dry periods and they are not suitable for all customers.

The current rebate program requires a contribution from the property owner of between \$745 and \$19,450 (based on 21/22 records) depending on the tank size, proposed use and installation requirements. The RDMP includes pilot programs to identify a broader range of effective residential customer incentives in terms of customer engagement, water efficiency and cost-effectiveness. A broader rebate program is expected to reach a larger section of the community that the current rainwater tank rebate program is missing (e.g. lower socio-economic groups, renters, multi-unit dwellings, houses with limited outdoor area etc.).

The RDMP budget includes the existing budget for tank rebates in 2022/23 (\$65,000), gradually reducing to \$20,000 in 2025/26 with expenditure directed to other components of the RDMP including education and non-residential programs over years 2 to 4 of the program. Rainwater tank rebates have not been ruled out for the future - the residential pilot program may conclude that rainwater tank rebates are recommended, and this would then be included in the next review of the RDMP.

3. Review of current demand management practice

One submission noted that experience from overseas was not considered in the development of the RDMP.

The review of current practice in demand management was limited to NSW and south-east Queensland examples as:

- The climate, hydrology and water resources are similar to the Rous situation. Many of the overseas examples are from very dry areas with limited water resources.
- Rous operations are guided by NSW legislation and jurisdictions where other regulatory models are not directly comparable e.g., water supply in other Australian states is delivered by state government agencies rather than local government. Non-metropolitan water utilities in NSW such as Rous and its constituent councils are also local councils providing the full range of local government services and are less supported by other levels of government in demand management actions.
- The baseline demand of NSW water users is different to (generally lower than) other Australian states and other parts of the world once leaks are taken into account.
- Rous' customer base, water demand and revenue are much lower than many water utilities in metropolitan NSW, other states and overseas examples.
- There is limited large scale development in the Rous region compared to major cities which limits the opportunities for diversification of water resources and water conservation through development controls.
- Water losses in many overseas examples are very high compared to the Rous region and the overseas actions are therefore not always applicable.

4. Voluntary behaviour change approach

A few submissions suggested that a "voluntary" approach to water conservation was not strong enough.

The behaviour change concept which is based on identifying and supporting individuals/households to implement water conservation initiatives, recognises that any changes would be more successful and sustained with this approach. There are already regulatory (mandatory) mechanisms in place to encourage water conservation (e.g. BASIX, pricing, drought restrictions) and technological approaches driven by this regulation and market incentives (e.g. WELS). The behaviour change approach recognises that these measures have been in place for many years and have been effective but are outside of Rous' control.

The RDMP reflects Rous' responsibilities and recognises that Rous has limited influence over State Government policy and constituent council areas of responsibility, such as dual reticulation and water loss management. As stated in the RDMP, Rous will continue to work with and support constituent councils (where and when appropriate) to deliver this work.

5. Climate change

Some submissions suggested that climate change needed to be considered further in the development of demand management programs.

Supply-side solutions and climate change resilience are being addressed through Rous' Future Water Project 2060. The RDMP recognises that demand management should be a key part of future supply arrangements but cannot fully address the predicted impacts of climate change on water resources. The RDMP aims to increase customer resilience to climate change by influencing water use behaviour and providing support to reduce water consumption. Rous will continue to liaise with other levels of government in developing strategies to adapt to climate change, particularly in relation to water extraction, catchment management and managing the competing demands for water resources.

6. Security of supply and drought level of service

Some submissions commented that Rous had modified drought levels of service without community input.

The level of service (5:10:10 rule) adopted for the Future Water Project 2060 is based on NSW Government guidelines for assessing water supply security. Under this design rule, the total time spent in drought restrictions should be no more than 5% of the time, restrictions should not need to be applied in more than 10% of years and when they are applied, the water supply system should be able to provide 90% of the unrestricted dry year water demand (i.e. 10% reduction in demand) through a repetition of the worst recorded drought commencing at the time restrictions are introduced.

This level of service recognises that it will be harder for the community to limit demand in droughts with restrictions due to demand hardening - already reduced demand due to successful water conservation measures. Previous NSW Government guidelines suggested a 5:10:20 rule, which required a 20% reduction in demand with restrictions, but this is no longer considered achievable and has been reduced to 10% in line with current NSW Government guidance. Refer *Assuring future urban water security*. NSW. Draft December 2013.

Drought restrictions will be reviewed as part of the update of the Rous Regional Drought Management Plan (in progress). Modified levels of service such as more frequent or severe restrictions may be considered by Rous as part of the regular review of the Future Water Project 2060, based on the availability of additional water supplies and ongoing secure yield assessments which will consider any new data on climate change. However, any lowering of this level of service may result in inefficient drought practices and costly emergency supplies or running out of water.

7. Water recycling

Some submissions suggested that the RDMP should include more water recycling initiatives.

Ballina and Byron Shire Councils are responsible for effluent management including dual reticulation schemes in their Local Government Areas. Although Byron and Ballina Shire Councils continue to expand non-potable recycled water connections to new residential developments, the high cost of connection and approval along with other challenges, limit the feasibility of retrofitting existing properties that the recycled water rebate in the previous RDMP

was originally intended to target. Further consideration is required to determine a rebate that incentivises the expansion of recycled water to existing residential connections and provides positive return on investment for both the council and the customer.

Following these challenges, the recycled water rebate was reallocated to support non-residential connections through the Sustainable Water Partner Program as the return on investment would be greater with higher water consuming businesses. Although a small number of businesses have connected and others have expressed interest, there is often difficulty with being able to provide eligible businesses certainty around the rebate amount before they commence works, particularly given the total costs are often only known on completion of the project.

These challenges have driven a focus to continue expanding connections to new residential builds (through recycled water as part of BASIX where applicable in Ballina Shire) and reallocation of rebates for non-potable recycled water (provided by Rous) to support business connections (where feasible) through the Sustainable Water Partner Program. Rous will continue to promote recycled water connections (where available in Ballina and Byron shires) as part of non-residential demand management programs.

The Rous Future Water Project 2060 will continue to investigate water recycling options including indirect potable reuse (wastewater treatment plants to Wilsons River Source, Emigrant Creek Dam or aquifer recharge) and direct potable reuse.

8. Previous submissions provided by the Institute of Sustainable Futures

Some submissions recommended that Rous adopt the recommendations of previous submissions provided by the UTS' Institute of Sustainable Futures.

Rous is working within its area of authority, accounting for our regional context, governance arrangements and the responsible expenditure of public funds. Considering these factors, the RDMP proposes a suite of actions to determine the most appropriate direction to achieve demand management outcomes. As part of this, the assumptions of existing and proposed programs, including that proposed by the Institute of Sustainable Futures will be considered. The outcomes of these investigations will inform what demand management initiatives return the most significant reduction in demand, are cost-effective and best suited to our regional context and customer base.

Conclusion

Having considered the public submissions received, the '*Rous Regional Demand Management Plan (2023-2026)*' and '*Regional Demand Management Plan Review and Update - Background Information and Recommended Plan Components*' are recommended to Council for adoption without alteration.

Table 1: Summary of submissions received

Submission - Ref No.		Date received	Themes / summary	Response from Rous
1	D22/19251	29/08/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Water loss management for Rous and constituent councils and actively monitoring and reporting on water loss programs across all councils. • Ongoing and increased rainwater tank rebates for reasons related to social impact, value of generating neighbourhood discussions and independent storage. • Community education (including recycled water) and retrofit programs. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates and water recycling above.</p>
2	D22/19434 (First submission)	31/08/2022	<ul style="list-style-type: none"> • Rous must have a position on optimum number of humans residing in its regions of supply. Rous must acknowledge that a reduction in possible water sources has occurred. • In support of demand pricing, water use efficiency programs, progressing renewable desalination at Byron, trialling water reuse technologies and investigating renewable energy powered atmospheric water generation. • Opposed to new dam. 	<p>Management of growth in the region is the responsibility of the NSW Government and local councils rather than Rous as a single purpose water supply authority.</p> <p>Support of proposed demand management initiatives is noted.</p>
3	D22/20417	11/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Demand management to defer new infrastructure. • Expansion of rainwater tank rebates, recycled water, smart metering, coordination with councils regarding leak detection and education. • Increased water costs for non-residential users. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates and water recycling above.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
4	D22/20418	11/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Demand management to defer new infrastructure. • Smart metering, expansion of programs, rainwater tank rebates (including rural properties), education (value of water and recycled water), leak repairs, recycled water (both potable and non-potable), retrofitting of residential and non-residential customers, increasing water literacy. • Engagement with Institute for Sustainable Futures. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates water recycling above.</p>
5	D22/20420	11/09/2022	<p>Comments:</p> <ul style="list-style-type: none"> • Plan needs to go further. Dissatisfied with reliance on voluntary change. • The plan needs to acknowledge and incorporate the severe and unpredictable nature of climate change and subsequent influences on more serious demand management measures and responses from the population. • Suggests consulting with the community on 5:10:10 rule. • Need to acknowledge that Rous cannot commit to providing water for a demand that has no endpoint. • Supports expansion of rebates for rainwater tanks and water bladders including for all new developments (mandatory). 	<p>Support of proposed demand management initiatives is noted.</p> <p>Management of growth in the region is the responsibility of the NSW Government and local councils rather than Rous as a single purpose water supply authority.</p> <p>Refer comments on voluntary behaviour change approach, climate change and rainwater tank rebates above.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
6	D22/20421	11/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • A well-considered RDMP for long term water security, protection of First Nations Heritage and flora and fauna conservation. • Continued and expanded rainwater tank rebates and program promotion. Strongly disagrees with any phasedown of this program. • Rous to support constituent councils with leakage management. • Recycled water expansion and rebates. • Community education and engagement. • Strategic guide for water restrictions. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates and water recycling above.</p>
7	D22/20424	11/09/2022	<p>Comments:</p> <ul style="list-style-type: none"> • Does not support plan, states it is unsatisfactory and inadequate to address global climate change issues. • Does not support individuals choosing their own reasons to change water consumption behaviours – states that this approach reflects a lack of leadership. • Rous is demonstrating a lack of support / leadership for recycled water. • Nil overseas references or references outside an Australian context – this is a narrow approach. • Seeking more robust plan inclusive of pricing, mandatory water conservation requirements and promotion / ownership. Dissatisfied with voluntary model. • Supports major review of proposed plan. 	<p>Refer comment on voluntary behaviour change approach, climate change and review of current demand practice above.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
8	D22/20426	11/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Demand management for reduced water abstraction, delivery, and consumption. • The aims, elements and strategies of the RDMP are sensible and the budget is reasonable and well-justified. • Suggests enhanced education and increased expenditure in demand management. • Water loss management is critical and should be a high priority. • Strong support for rainwater harvesting through BASIX, education and subsidies for tanks – this should remain in future Rous RDMPs. • Supports collection and analysis of data to enable setting of targets. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates above.</p>
9	D22/20428	11/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Water conservation through ambitious RDMP. • More tank rebates. • Complementary behaviour change and education. • Improved data collection (including smart metering) and standardisation across the region. • Recycled water rebates. • “Fixing the leaks” – maybe Rous could support councils with technology and staff. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates water recycling above.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
10	D22/20429	12/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Demand management as a tool central to IWCM to decrease water consumption in the context of climate change. • Multiple water supply sources. • Expansion of this plan to increase maintenance, rebates, education in the context of total whole of life costs and climate change. • Consider demand management in the context of future planning and modelling. • Rainwater tank rebates should be retained and extended to small tanks for multi-residential developments. • Suggests further consideration of climate change risk in the RDMP including garden/tree rebate for water changes. • Endorses approach of the NSW Institute for Sustainable Futures. • Suggests further opportunities for public feedback, involvement, education and consultation to support public exhibition. • Supports accurate data and wider range of expert advice. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Suggested approaches to water efficient gardens would be considered as part of the behaviour change program and review of residential incentives.</p> <p>Refer comment on rainwater tank rebates and climate change above.</p> <p>The behaviour change pilot program proposed in the RDMP may partly address concerns raised about “democratic public involvement”. Segments of the community would be involved in developing future residential programs.</p>
11	D22/20430	12/09/2022	<p>Comments:</p> <ul style="list-style-type: none"> • Supports Demand Management as a tool central to IWCM. • Urges expansion of this plan to increase maintenance, rebates, education in the context of total whole of life costs and climate change. • Endorse approach of the NSW Institute for Sustainable Futures. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on expenditure above.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
12	D22/20444 (word version) D22/20445 (pdf version)	12/09/2022	<p>Comments:</p> <ul style="list-style-type: none"> • Supports demand management as a tool central to IWCM and to decrease water consumption. • Suggests testing rainwater tank rebate scheme in the proposed incentive pilots. • Rainwater tank rebates should be retained and extended to small tanks for multi-residential developments. • Encourages promotion and education of recycled water. • Encourages prioritisation of smart metering in residential and commercial properties. • Suggests reducing the need for water supply infrastructure. Opposed to Dunoon Dam. • Suggests encouraging drought resilient green spaces. • Endorses approach of the NSW Institute for Sustainable Futures including retrofit program and community consultation around "Level of Service." • Supports education, engagement and opportunities for public participation and data accuracy. • Recommends fast-tracking delivery and expenditure to realise benefits sooner. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates water recycling and expenditure above.</p> <p>Suggested approaches to expansion of native vegetation would be considered as part of the behaviour change program and review of residential incentives.</p> <p>The behaviour change pilot program proposed in the RDMP may partly address concerns raised about "democratic public involvement". Segments of the community would be involved in developing future residential demand management programs.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
13	D22/20446	12/09/2022	<p>Comments:</p> <ul style="list-style-type: none"> • Need for a publicity officer to actively educate the community. • Recycled water inadequately addressed in RDMP. <p>In support of:</p> <ul style="list-style-type: none"> • Enhanced community involvement and active education. • Continued and expanded rainwater tank rebates to include properties not connected to mains water. • Investigating alternative cost-effective residential customer incentives. • Smart metering. • Improved data collection and standardisation across the region as well as informing customers of consumption data (smart metering). • Enhanced promotion of recycled water where available. • Education including coinciding information with the deployment of smart meters. • Reducing need for water supply infrastructure. Against the Dunoon Dam proposal. • Endorse approach of the NSW Institute for Sustainable Futures including community consultation around "Level of Service." 	<p>The RDMP includes a new education resource and facility in addition to development of education/ engagement tools which would address concerns about education/publicity.</p> <p>The behaviour change pilot program proposed in the RDMP may partly address concerns raised about limited community involvement. Segments of the community would be involved in developing future residential programs.</p> <p>Refer comment on rainwater tank rebates, water recycling, expenditure, current practice in other jurisdictions and drought level of service above.</p>
14	D22/20449	12/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Long term RDMP to assist long-term future water supplies and defer new water sources. • Continued rainwater tank rebates. • Smart metering. • Water loss management across all LGAs. • Expansion of recycled water. 	<p>Refer comment on rainwater tank rebates and recycling above.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
15	D22/20450 (Second submission)	12/09/2022	Comments: <ul style="list-style-type: none"> • Against reduction in rainwater tank rebates. • Rous needs to make comment on regional human population targets, as recognition of total consumption and influence on demand management planning. 	Management of growth in the region is the responsibility of the NSW Government and local councils rather than Rous as a single purpose water supply authority. Refer comment on rainwater tank rebates above.
16	D22/20466	12/09/2022	Comments: <ul style="list-style-type: none"> • In support of reducing water demand and addressing leaks. • Rainwater tanks should be a condition consent of all developments and used to encourage greater awareness around water efficiency. • Prioritise water loss management and leaks. • In support of revisiting demand predictions following the impacts of the floods. • Dunoon Dam is a risk to First Nations sites and Koala habitat. 	Support of proposed demand management initiatives is noted. Refer comment on rainwater tank rebates above. It is acknowledged that the floods may impact on the region's population. Demand forecasts will be reviewed by Rous and will be updated in accordance with the Rous Future Water Project 2060 actions with more accurate data collected through the RDMP implementation.

Submission - Ref No.		Date received	Themes / summary	Response from Rous
17	D22/20467	12/09/2022	<p>Comments:</p> <ul style="list-style-type: none"> Public exhibition period was too short with limited publicity. Co-design approach to demand management - people or community are equal partners in design, with decision-making power. Concerns around phasing out rainwater tank rebates based on the experience of one drought, 2019-2020. Accompany rebate program with robust engagement through smart-metering or workshops. Encourages co-design approach for tank sizing, rebate amount and education program. Concerned that only high-water using businesses are targeted in the SWPP. Encouraging a co-design approach to non-residential water saving programs and not solely focusing on high water users. Co-design approach to education role including reflecting this in the position title. In support of smart metering but is seen as afterthought in the RDMP. 	<p>The behaviour change pilot program proposed in the RDMP may partly address concerns raised about limited community involvement. Segments of the community would be involved in developing future residential programs.</p> <p>Refer comment on rainwater tank rebates above.</p> <p>The RDMP proposes the expansion of the Sustainable Water Partnership Program to a wider range of businesses, not just the highest water users.</p> <p>Smart metering is a key component of Rous' demand management program for its customers and has also been implemented by Ballina Shire Council and a pilot program has been undertaken by Byron Shire Council as discussed in the Rous background information. Rous has committed to working with the constituent councils to encourage implementation of smart metering across the region.</p>
18	D22/20469	11/09/2022	<p>Comments:</p> <ul style="list-style-type: none"> Supports incentives for rainwater tank rebates. Supports water loss management. Supports smart-metering and increased water literacy. Supports diverse water sources. Supports consideration of long-term sustainability, cost effectiveness, environment and indigenous rights. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates above.</p>
19	D22/20472	11/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> Continuation and expansion of rainwater tank rebates. Smart-metering and leakage management. Water literacy including for school children. <p>An extra dam is destructive and futile.</p>	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates above.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
20	D22/20473	11/09/2022	In support of: <ul style="list-style-type: none"> Continuation of rainwater tank rebate. Use of spring water. Smart metering. Recycled water for potable use. 	Support of proposed demand management initiatives is noted. Refer comment on rainwater tank rebates and water recycling above.
21	D22/20480	11/09/2022	In support of: <ul style="list-style-type: none"> Recycled water. Encourage rainwater tanks. Avoiding Dunoon Dam proposal. Improving water delivery infrastructure. Education. 	Support of proposed demand management initiatives is noted. Refer comment on rainwater tank rebates and water recycling above.
22	D22/20481	11/09/2022	Areas to continue or improve: <ul style="list-style-type: none"> Water loss management and leakage reduction. Recycled water. Increased tank rebates. Smart metering. Community acceptance of water restriction levels. No new dam. 	Support of proposed demand management initiatives is noted. Refer comment on rainwater tank rebates, water recycling and security of supply and drought level of service above.
23	D22/20482	11/09/2022	In support of: <ul style="list-style-type: none"> Adoption of the demand management plan Expanded rainwater tank rebates. Education. Water recycling is becoming cheaper.	Support of proposed demand management initiatives is noted. Refer comment on rainwater tank rebates and water recycling above
24	D22/20483	11/09/2022	Comments: <ul style="list-style-type: none"> In support of recycling wastewater, redirecting greywater to toilet systems and water capture. Highlights that large corporations would be involved in the building of a new dam, leaving locals out. 	Refer comment on water recycling above
25	D22/20484	9/09/2022	Technology and intelligent thinking is enough to avoid the dam.	Noted

Submission - Ref No.		Date received	Themes / summary	Response from Rous
26	D22/20485	11/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Measures to help water supply and a researched RDMP. • Rainwater tank rebates. • Smart-metering, recycled water, education. • Demand management initiatives to avoid the Dunoon Dam. • Obtain advice from the Institute for Sustainable Futures. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates and water recycling above.</p>
27	D22/20486	11/09/2022	<p>Comments:</p> <ul style="list-style-type: none"> • No more dams needed if everyone has a rainwater tank. • Fix the leaks and water wastage. • People need to be educated. • No garden watering without a rainwater tank. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates above.</p>
28	D22/20487	11/09/2022	<p>Comments:</p> <ul style="list-style-type: none"> • Does not want taxpayers money invested in a dam. • In support of water efficiency, shorter showers and using tanks. • Seeking more communication between LGAs and Rous and more working together. • Recycled water as part of the solution. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates and water recycling above.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
29	D22/20488	12/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Rous prioritising demand management and protection of environmental and cultural heritage rather than considering the proposal for the Dunoon Dam. • Engaging with constituent councils to reuse reclaimed sewage water for public toilets, watering public parks and encourage commercial business connections. • Engaging with councils to create high grade reclaimed water as potable water at each council's sewage plants to ensure local supply during natural disasters. • Subsidising rainwater tanks by rebates. A) New subdivisions to be required to have rainwater tanks and councils to encourage retrofitting. B) Rainwater tank for alternative drinking water supply. • Rous working with councils to fund leak detections. • Desalination plants. • Considering recent State of the Environment Report as a guiding document. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates and water recycling above.</p> <p>The Rous Future Water Project 2060 includes investigating desalination options as a new water source.</p>
30	D22/20489	12/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Use of recycled water. <p>Against:</p> <ul style="list-style-type: none"> • Dunoon Dam and resulting habitat loss, heavy traffic and disruption to commuters. 	<p>Refer comment on water recycling above.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
31	D22/20490	12/09/2022	<p>Comments:</p> <p>The plan does not satisfactorily meet the expectations of a demand management plan because it does not scope the potential for:</p> <ul style="list-style-type: none"> • Improved water efficiency. • Demand management options to reduce demand or quantify the reductions. • Level of expenditure. This is too small to have a meaningful impact, relative to future supply options. • Increased expenditure and a region-wide approach could increase take-up levels beyond those historically experienced. • The plan and previous response to my submission talk about a regional approach to overcome the disjointed nature of these activities. • Level of service issues not acknowledged – “a change in the level of service would result in a change in the sustainable yield by several hundred mega-litres per year.” • It is not a costed plan for investment in water efficiency and does not form a comparison with proposed supply options. 	<p>The RDMP and background documentation provide consideration of a range of options based on past experience in the region. The residential pilot program will consider measures for inclusion in the next review of the RDMP.</p> <p>Refer comments on expenditure, security of supply and drought level of service above.</p> <p>The RDMP recognises the need for effective water efficiency options and proposes pilot programs to identify these.</p>

Submission - Ref No.		Date received	Themes / summary	Response from Rous
32	D22/20491	12/09/2022	<p>Comments:</p> <ul style="list-style-type: none"> • Put into effect all the suggestions from NSW Institute for Sustainable Futures. • Does not support phaseout of rainwater tanks. • Need to scrutinise level of service & secure yield in the Northern Rivers. • Need to consult with community around willingness to pay, and to assess whether water consumers were willing to trade off the change in level of service and the reduction in yield for the value of deferring future investment. • Rous to actively support LGAs to use purple pipes where they exist and to encourage more recycled water across the region. • In support of an ambitious and visionary RDMP. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates, water recycling and security of supply and drought levels of service above.</p>
33	D22/20492	12/09/2022	<p>In support of:</p> <ul style="list-style-type: none"> • Working with LGAs to fix leaks. • Smart meters. • Education program for residential and non-residential customers. • “Every Drop Counts Program” offered through Sydney Water - water audits in schools and hospitality sector. • Diverting SWPP earmarked for business and tourism to rainwater tank rebates, though schools and health care facilities should be supported. • Primary and secondary school education. <p>Does not support:</p> <ul style="list-style-type: none"> • Phase out of rainwater tank rebates. • Including education and aged care facilities in the same category as tourism facilities and shops for the SWPP – tourism facilities and shops should not be given water saving plans or rebates as they are able to undertake their own and should not be subsidised by Rous. 	<p>Support of proposed demand management initiatives is noted.</p> <p>Refer comment on rainwater tank rebates above.</p> <p>The RDMP includes a new education resource and facility in addition to development of education/ engagement tools which addresses comments on education programs.</p>

Establishing an engagement space at the Molesworth Street premises

Responsible Officer: Group Manager Planning and Delivery (Andrew Logan)

Recommendation

That Council:

1. Agree to not sub-let the former NRMA space on Level 2 Molesworth Street for the remainder of Rous' approximate 18 months on the site.
2. Approve the use of a portion of the budget allocation for the former RCEIC for 2022/23 to establishing this new space in the shopfront area on Level 2 as an engagement space across Rous's respective service delivery areas.

Background

The *Rous Cultural Environmental and Information Centre* (RCEIC) that was established in the Lismore Visitor Information Centre sought to provide a focal point for Rous engagement across all service delivery areas including engagement with First Nations communities. It was also intended to be a starting point for Rous in this education/engagement field, for a defined period of time, to gain experience in operating an education and engagement space of this nature and to allow us to build education and engagement activities over time.

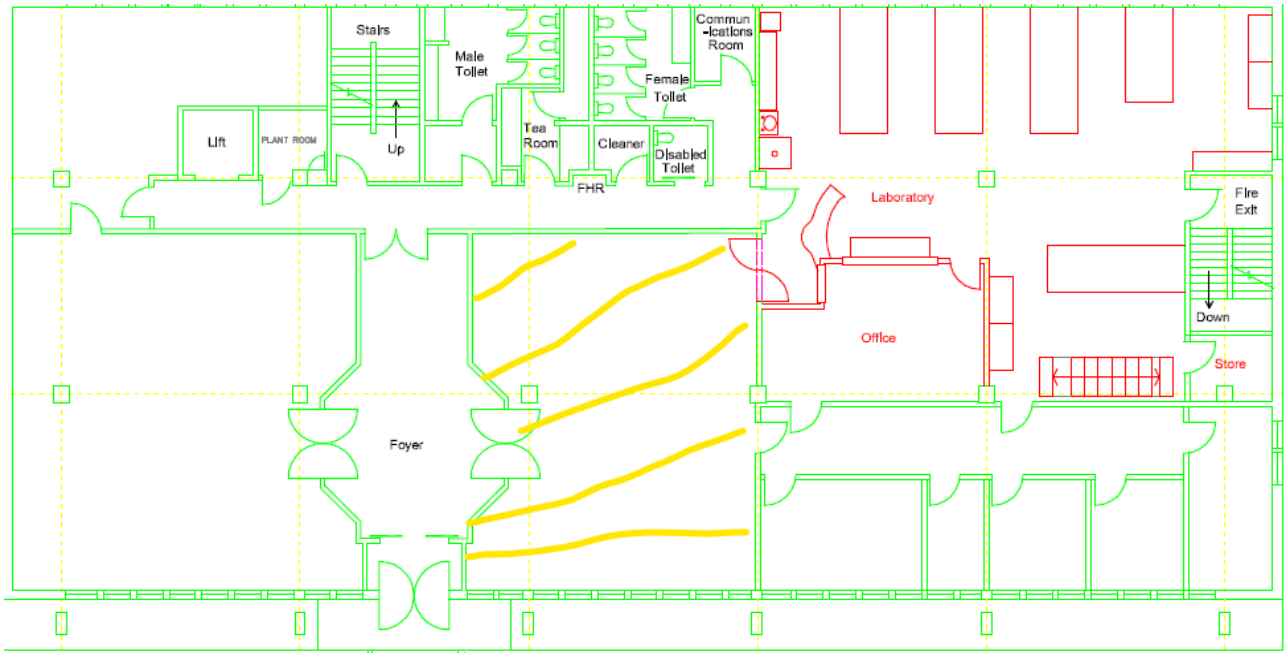
Clearly the loss of the centre through the devastating floods of February and March 2022 has impacted on the planned rollout of community education/engagement activities and there is now work to be undertaken to reconsider or reframe these engagement strategies.

An opportunity has been identified at the Molesworth Street premises to recreate some of the engagement opportunities that the RCEIC provided – in a low risk and low cost way. The shopfront area on Level 2 (that was previously sublet to NRMA) provides an easily accessible and welcoming space that is suitable for creating an engagement area for stakeholders and the broader community.

The plan is to establish a 'passive' information and resource centre that is open for stakeholders and the general public to access resources. The area will feature the following:

- display panels (recovered from the RCEIC but after cleaning are still in reasonable condition and appropriate for use);
- artwork of local Widjabul artist Sheldon Harrington Jnr on the walls (recovered from the RCEIC but after cleaning is still in reasonable condition and appropriate for use);
- tables and chairs in the centre of the room for use by the broader community and to allow hosting of organised and informal meetings;
- printed collateral would be displayed and made available on shelving;
- a television screen to be installed to showcase the video content that was previously 'curated' for the RCEIC.

The area that is proposed to be used is the front open area of the former NRMA space on Level 2.



This area is very accessible and welcoming and is a good workable space for these purposes.

By providing 'passive' content, the security risks are low, as it shall be a user guided experience and there is no need for the area to be staffed at all times. The space would be open whenever the building is open. However, it is also proposed that a number of hot desks with docking stations be setup so that staff could also work from this space when convenient. Laptops would be removed whenever the area was not staffed.

In addition to the signage panels that profile the respective Rous service delivery areas, additional opportunities include the ability to:

- showcase the priority weed biosecurity issues in this post-flood context
- distribute weed biosecurity capacity building guidance material
- access to key landholder guides for waterways
- make available information for the Future Water Project
- showcase video content on a screen.

Of key significance is the low-key nature of the entry to this space. By providing the opportunity for First Nations community members (and the broader community) to 'drop in' in an informal setting, reduces the barriers to visitation and can build trust. Development of this space in this way shall provide the Reconciliation Liaison Officer with an informal but comfortable space within which to build relationships with First Nations stakeholders and conduct events/activities.

Governance

• **Integrated Planning and Reporting**

This space will assist Rous to deliver on a series of objectives in relation to the Key Theme No. 2 - *External relationships*. It will do this by providing enhanced opportunities to build community understanding of the breadth of functions and results that Council delivers, and by providing a further avenue to maintaining strong relationships with others to promote positive business, environment and community outcomes. It will also provide a suitable space to positively engage with our First Nations communities in delivering against the objectives of our Reconciliation Action Plan.

Finance

It is not planned to sub-let the Rous leased areas on Level 2 for the approximate 18-month period that Rous will remain at the Molesworth Street premises. At commercial rates, this is likely to equate to forgone lease fees of approximately \$40,000 over this period.

Estimated costs of establishing this temporary space are in the order of \$10,000. There would be some costs for carpet, television screen, workstations and furniture, however this shall be done in a low cost way. This can be accommodated from the funds originally allocated to operation of the RCEIC.

Legal

There are no legal issues associated with operation of this space.

Consultation

This proposal has been prepared and considered by staff across the organisation including the Leadership Team. Rous will inform our constituent councils of the opening of this area should they see opportunities for engagement across our respective for the flood mitigation service delivery areas.

Conclusion

This Molesworth Street office Level 2 space provides us with an opportunity to provide an informal education and engagement space at low risk and at low cost. As it would only be for the remaining time that Rous is a tenant in this building, it will provide us with this opportunity to trial different approaches for a limited period. Importantly, it would allow our approach to First Nations engagement to grow 'organically' with a dedicated space as well as provide an additional meeting room when required. The space could be established and operational quickly and for a small investment. It is consistent with all of the objectives that were endorsed by Council for the RCEIC. Operation of this space is a temporary arrangement only as our future focus for engagement will be at Gallans Road.

Investment Report - September 2022

Responsible Officer: Group Manager Corporate and Commercial (Geoff Ward)

Recommendation

That Council receive and note the Investments for September 2022.

Background

Clause 212 of the *Local Government (General) Regulation 2021* and Council's 'Investments' policy require that a report detailing Council's investments be provided. This report has been prepared as at 30 September 2022.

Finance

RBA cash rate

At the RBA's 7 September 2022 meeting, it was decided to increase the cash rate by 50 basis points to 2.35%. The Board is committed to returning inflation to the 2–3 per cent range over time. September's increase in interest rates is designed to achieve this goal and they have stated further increases are likely to be required over the period ahead. The 90-day average bank bill swap rate (BBSW) has increased to 3.09%.

Cash and Investment Portfolio as at 30 September 2022

As at 30 September 2022 the Cheque Account had a balance of \$605,710 and other funds invested in by Council has a balance \$38,668,722. The total portfolio balance as at 30 September 2022 is \$39,274,432.

Weighted Average Return for September 2022

The weighted average return on funds invested for the month of September 2022 was 1.99%. This represents an increase of 51 basis point compared to the July 2022 result (1.48%) and is 110 basis points below Council's benchmark (the average 90-day BBSW rate of 3.09%) (Refer: Graph D2 - Attachment D).

Interest Earned for September 2022

Total interest revenue of \$60,401.54.

Interest earned compared to the original budget is \$131,097 above the pro-rata budget (Refer: Attachment A).

Ethical Holdings as at 30 September 2022

Current holdings in Ethical Financial Institutions equals \$11,998,904 or 31.03% of the total portfolio. The assessment of Ethical Financial Institutions is undertaken using www.marketforces.org.au which is an affiliate project of the Friends of the Earth Australia (Refer: Graph D4 - Attachment D).

Legal

Investments are to be made in accordance with section 625 of the *Local Government Act 1993*, clause 212 of the *Local Government (General) Regulation 2021* and Council's 'Investments' policy.

Council has been advised of minor breaches to our investment policy. These were brought to our attention by NSW Treasury Corporation and were the result of errors in the existing process. The workpapers were not designed to analyse both the portfolio limits and single entity exposure limits as needed. The investment procedure has since been updated to include a comprehensive analysis of all investment options to ensure all future investments comply with Council's Investment policy. Staff are investigating the breach and will furnish a report to the Audit Risk and Improvement Committee regarding the matter.

Conclusion

A report on investments is required to be submitted to Council. As at 30 September 2022, cash and investments total \$39,274,432 and the average rate of return is estimated at 1.99%.

Attachments

- A. Investment analysis
- B. Investment by type
- C. Investment by Institution
- D. Total funds invested - comparisons
- E. Summary of indebtedness

Funds Invested With	S & P Local Long Term Rating	Product Name	Ethical ADIs	Lodgement Date	Maturity Date	% of Portfolio	30 Sept 22 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		6.90	2,668,722.02	1.95	5,399.07	14,111.05
Bank of Queensland	BBB+	TD	Yes	20/10/2020	18/10/2022	1.29	500,000.00	0.80	328.77	1,008.22
Commonwealth Bank of Australia	AA-	TD	No	5/10/2021	4/10/2022	2.59	1,000,000.00	0.36	295.89	907.40
Westpac Banking Corporation	AA-	TD	No	12/10/2021	11/10/2022	1.29	500,000.00	0.40	164.38	504.11
Westpac Banking Corporation	AA-	TD	Yes	19/10/2021	18/10/2022	2.59	1,000,000.00	0.46	378.08	1,159.45
Westpac Banking Corporation	AA-	TD	No	26/10/2021	25/10/2022	1.29	500,000.00	0.49	201.37	617.53
Judo Bank	BBB-	TD	Yes	2/11/2021	1/11/2022	1.29	500,000.00	1.01	415.07	1,272.88
Summerland Credit Union	UNRATED	TD	Yes	9/11/2021	6/12/2022	1.29	500,000.00	0.65	267.12	819.18
AMP Bank	BBB	TD	No	16/11/2021	8/11/2022	1.29	500,000.00	1.00	410.96	1,260.27
AMP Bank	BBB	TD	No	16/11/2021	15/11/2022	1.29	500,000.00	1.00	410.96	1,260.27
ME Bank	BBB+	TD	No	23/11/2021	22/11/2022	2.59	1,000,000.00	0.65	534.25	1,638.36
Auswide Bank Ltd	BBB+	TD	Yes	30/11/2021	29/11/2022	2.59	1,000,000.00	0.80	657.53	2,016.44
Judo Bank	BBB-	TD	Yes	30/11/2021	22/11/2022	1.29	500,000.00	1.10	452.05	1,386.30
AMP Bank	BBB	TD	No	30/11/2021	29/11/2022	1.29	500,000.00	1.00	410.96	1,260.27
Westpac Banking Corporation	AA-	TD	No	7/12/2021	6/12/2022	2.59	1,000,000.00	0.58	476.71	1,461.92
ING Bank Aust Ltd	A	TD	No	7/12/2021	13/12/2022	2.59	1,000,000.00	0.60	493.15	1,512.33
Westpac Banking Corporation	AA-	TD	No	4/1/2022	4/1/2023	1.29	500,000.00	0.68	279.45	856.99
National Australia Bank Limited	AA-	TD	No	11/1/2022	10/1/2023	2.59	1,000,000.00	0.65	534.25	1,638.36
Commonwealth Bank of Australia	AA-	TD	Yes	18/1/2022	18/1/2023	2.59	1,000,000.00	0.50	410.96	1,260.27
Westpac Banking Corporation	AA-	TD	No	16/2/2022	16/2/2023	2.59	1,000,000.00	0.95	780.82	2,394.52
Westpac Banking Corporation	AA-	TD	Yes	22/2/2022	22/2/2023	2.59	1,000,000.00	0.88	723.29	2,218.08
Westpac Banking Corporation	AA-	TD	Yes	23/2/2022	7/3/2023	2.59	1,000,000.00	0.94	772.60	2,369.32
Westpac Banking Corporation	AA-	TD	Yes	23/2/2022	14/3/2023	2.59	1,000,000.00	0.94	772.60	2,369.32
Westpac Banking Corporation	AA-	TD	No	23/2/2022	28/3/2023	1.29	500,000.00	0.94	386.30	1,184.66
ING Bank Aust Ltd	A	TD	No	1/3/2022	28/2/2023	2.59	1,000,000.00	0.80	657.53	2,016.44
Westpac Banking Corporation	AA-	TD	No	8/3/2022	8/3/2023	2.59	1,000,000.00	1.00	821.92	2,520.55
ING Bank Aust Ltd	A	TD	No	5/4/2022	4/4/2023	2.59	1,000,000.00	1.68	1,380.82	4,234.52
Bank of Queensland	BBB+	TD	Yes	19/4/2022	19/4/2023	2.59	1,000,000.00	1.90	1,561.64	4,789.04

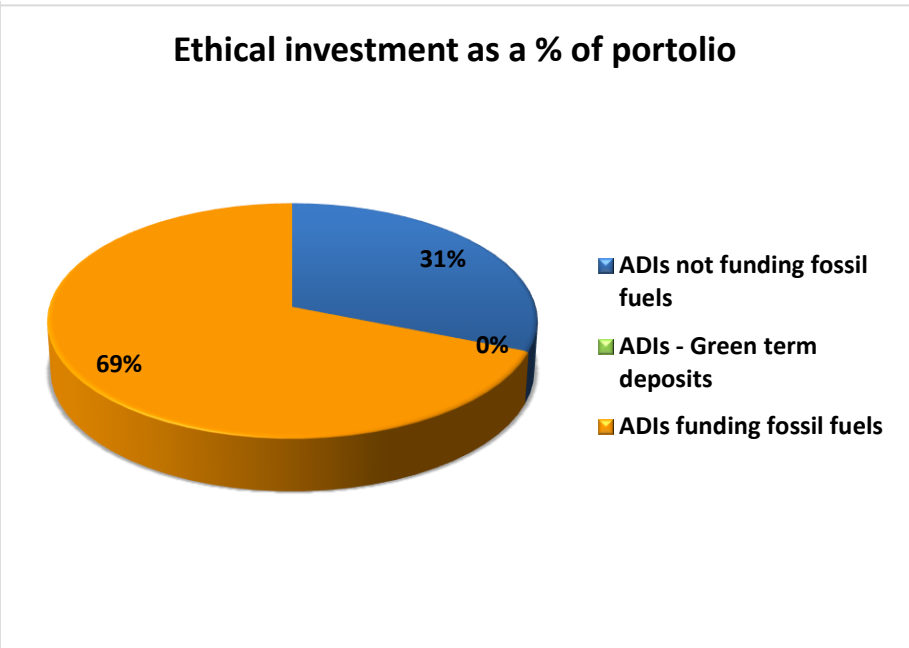
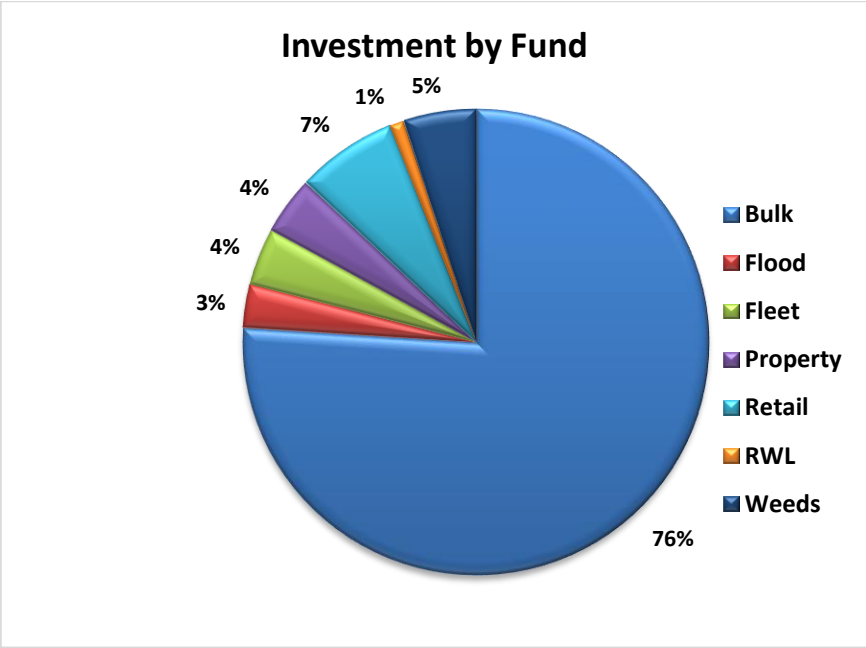
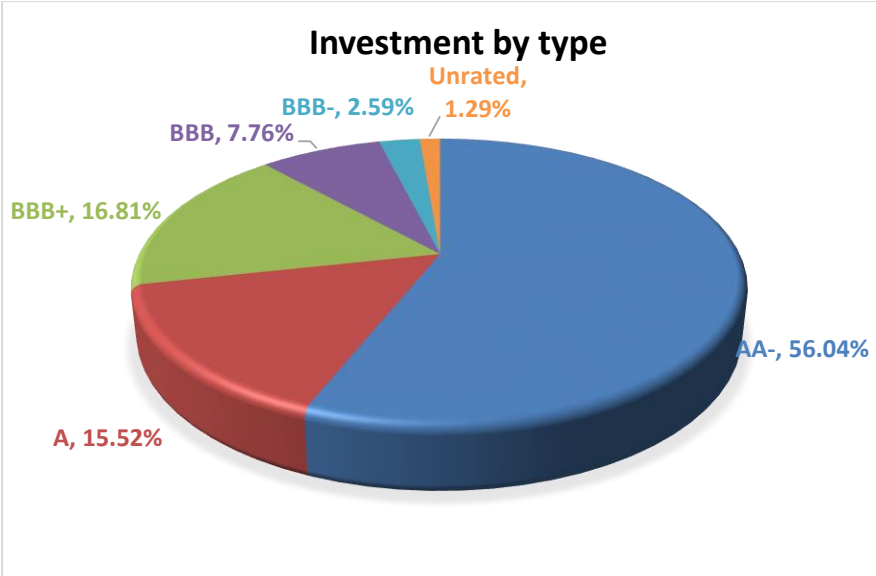
MyState Bank Limited	BBB+	TD	Yes	29/4/2022	2/5/2023	2.59	1,000,000.00	2.60	2,136.99	6,553.42	
Commonwealth Bank of Australia	AA-	TD	No	29/4/2022	2/5/2023	2.59	1,000,000.00	2.72	2,235.62	6,855.89	
Commonwealth Bank of Australia	AA-	TD	No	3/5/2022	2/5/2023	2.59	1,000,000.00	2.74	2,252.05	6,906.30	
Commonwealth Bank of Australia	AA-	TD	No	10/5/2022	10/5/2023	2.59	1,000,000.00	3.01	2,473.97	7,586.85	
Bank Of Queensland	BBB+	TD	Yes	31/5/2022	6/6/2023	2.59	1,000,000.00	3.20	2,630.14	8,065.75	
Commonwealth Bank of Australia	AA-	TD	No	14/6/2022	13/6/2023	2.59	1,000,000.00	3.89	3,197.26	9,804.93	
Commonwealth Bank of Australia	AA-	TD	No	28/6/2022	28/6/2023	2.59	1,000,000.00	3.95	3,246.58	9,956.16	
ING Bank Aust Ltd	A	TD	No	29/6/2022	4/7/2023	3.88	1,500,000.00	4.00	4,931.51	15,123.29	
ING Bank Aust Ltd	A	TD	No	30/6/2022	30/6/2023	3.88	1,500,000.00	4.05	4,993.15	15,312.33	
Bank of Queensland	BBB+	TD	Yes	2/8/2022	1/8/2023	1.29	500,000.00	3.85	1,582.19	3,164.38	
Westpac Banking Corporation	AA-	TD	No	23/8/2022	23/8/2023	5.17	2,000,000.00	4.13	6,789.04	8,825.75	
AMP Bank	BBB	TD	No	13/9/2022	13/9/2023	1.29	500,000.00	4.30	1,060.27	1,060.27	
AMP Bank	BBB	TD	No	20/9/2022	19/9/2023	2.59	1,000,000.00	4.50	1,356.16	1,356.16	
MyState Bank Limited	BBB+	TD	Yes	27/9/2022	26/9/2023	1.29	500,000.00	4.62	253.15	253.15	
MATURED TDs									884.93	4,749.18	
							100.00	38,668,722.02	1.9903	60,401.54	165,621.87

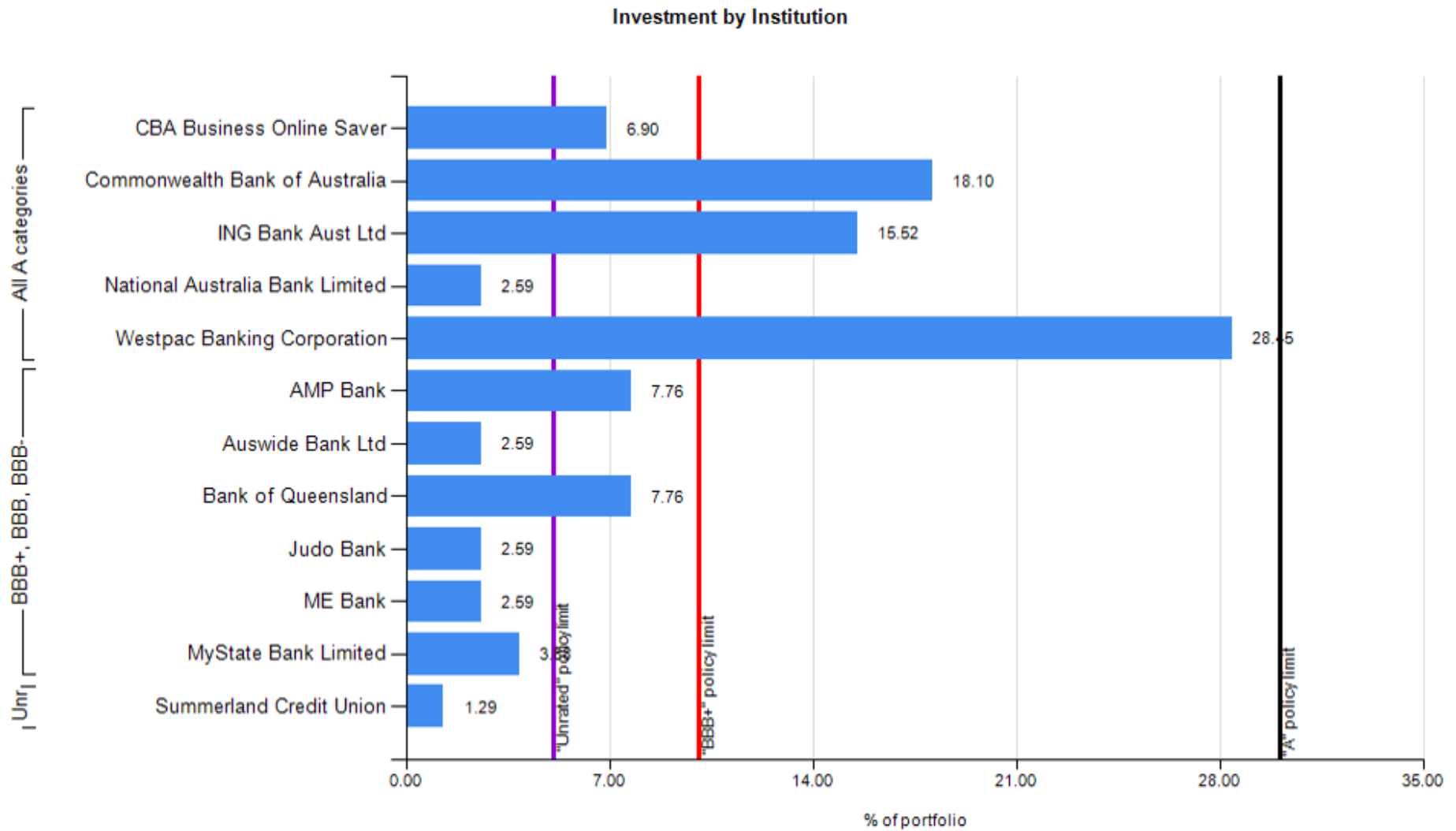
Total Investment Holdings

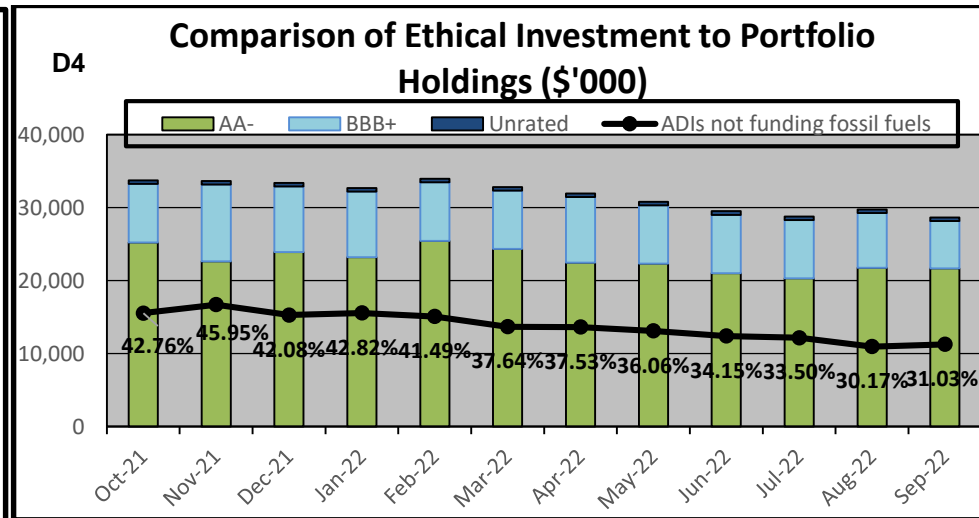
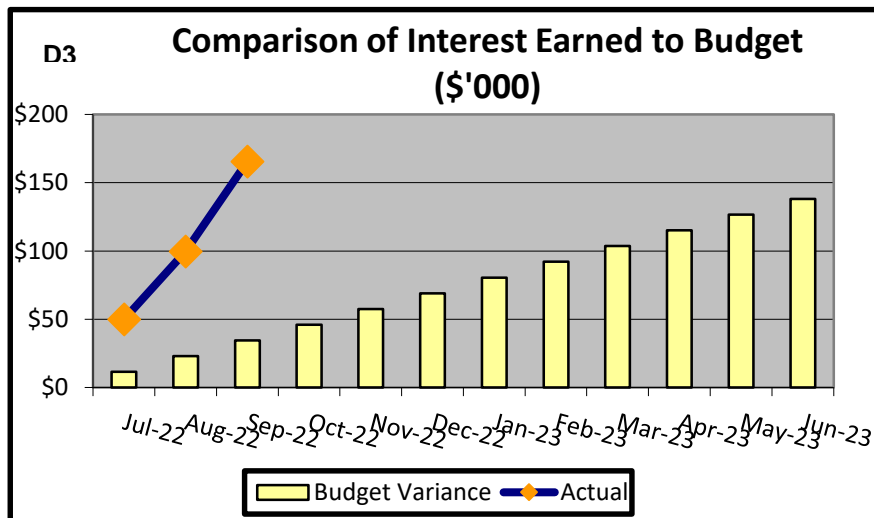
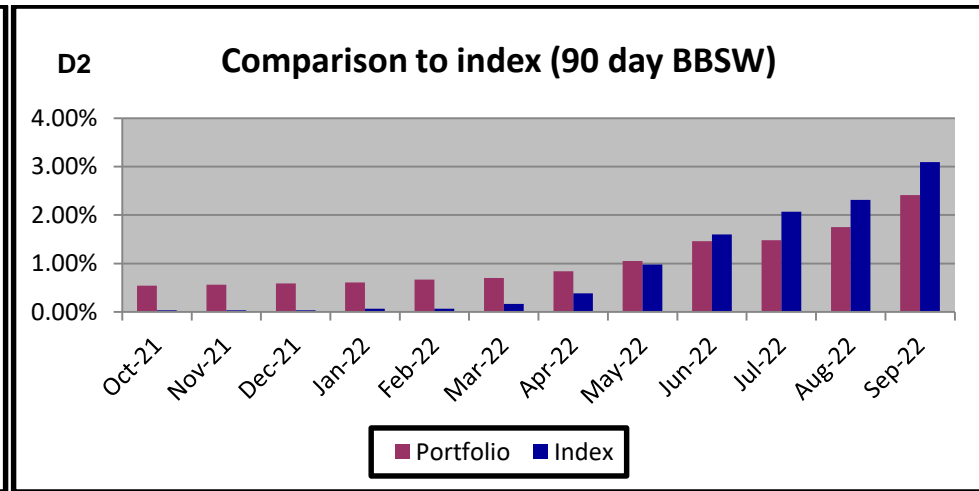
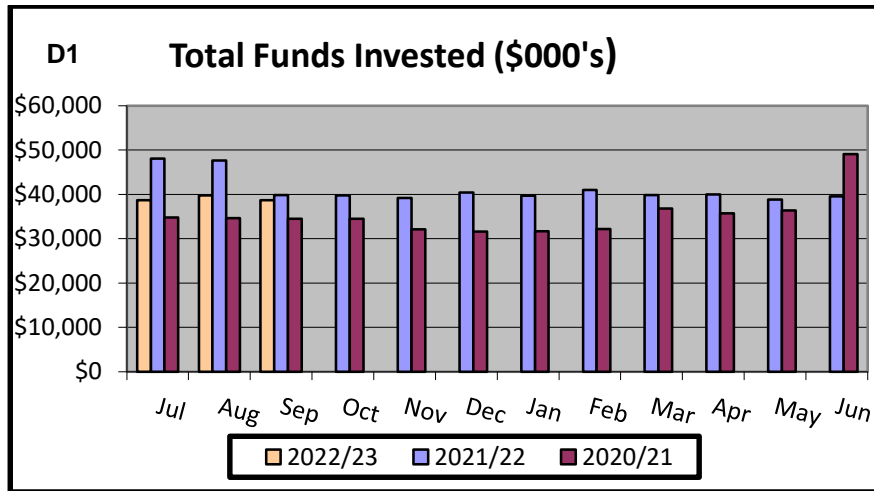
100.00	38,668,722.02	60,401.54	165,621.87
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Total YTD Interest	165,621.87
Budget Interest @ 30 September 2022	34,525.00
Budget variance	131,096.87

(Excludes Cheque Account)







Summary of indebtedness as at 30 September 2022

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	\$ 1,659,984	\$ 2,285,450	\$ 6,894,998	\$ 6,555,091	\$ 6,145,783	\$ 6,126,457	\$ 518,038	\$ 30,185,799
Interest Incurred LTD	\$ 1,666,148	\$ 2,218,202	\$ 7,370,525	\$ 7,296,608	\$ 7,615,062	\$ 7,762,533	\$ 358,352	\$ 34,287,430
Principal Outstanding	\$ 340,016	\$ 714,550	\$ 3,105,002	\$ 3,444,909	\$ 3,854,217	\$ 3,873,544	\$ 12,981,962	\$ 28,314,202
Interest Outstanding	\$ 29,554	\$ 80,212	\$ 461,378	\$ 576,552	\$ 753,428	\$ 768,009	\$ 3,669,452	\$ 6,338,585

Demand Management Status Report and Scorecard 2021/2022

Responsible officer: Group Manager Planning and Delivery (Andrew Logan)

Recommendation

That Council receive and note:

1. The progress and outcomes of demand management deliverables for the 2021-2022 financial year (final year of the current plan) including budget expenditure.
2. Successes, challenges, and learnings of the Regional Demand Management Plan 2019-2022.

Background

This report provides a summary of progress against actions and key performance indicators for the concluding year (2021/2022) of the Regional Demand Management Plan (RDMP) 2019-2022. It covers significant achievements, challenges and learnings over this four-year term, and outcomes that informed the new Regional Demand Management Plan 2023-2026.

The Demand Management Program experienced both notable successes and significant challenges during 2021/2022. The first half of this year saw the continuation of strengthening partnerships with our business community to scope, investigate and implement water efficiency projects. Broader community engagement was also a focus by leveraging media to promote water saving, sustainability and behaviour change messages to residential water-users during the month of October for National Water Week and Water Night 2021.

Conversely, the second part of this year saw program progress and engagement with business partners significantly impacted by Covid19 restrictions and associated staff shortages from November onward (many businesses had significantly reduced capacity to be involved in projects as they were managing staff availability, absences or had no staff at all). These issues dovetailed with the consecutive catastrophic floods experienced across our region in late February 2022 and a shift in priorities for many in our community.

As of June 2022, our region continues to experience higher than average rainfall associated with La Niña. Although, water efficiency is important during wet and dry times, water is seemingly plentiful and abundant, making it difficult to gain traction with messages around the importance of mindful water consumption. Water has been an essential resource for much of the post flood clean-up and recovery. Our community is focused on getting this job done, rather than conserving water. Business partners and our community have reported a great shift in priorities, to focus on essential needs – housing, recovery, rebuilding and operational requirements.

1. Demand Management performance scorecard

The following charts are a snapshot of progress for actions of the RDMP from July 2018 to the end of June 2022, summarising the four-year delivery program.

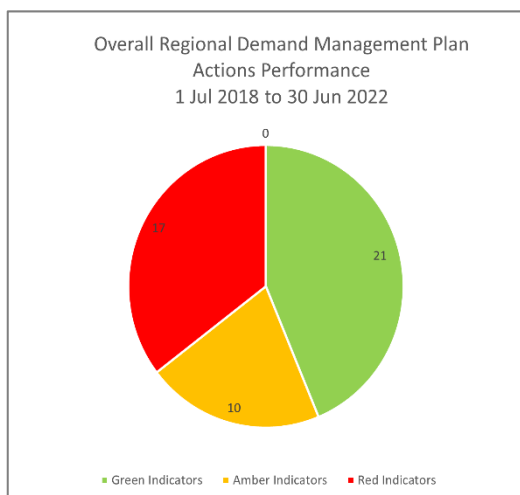


Figure1: Overall performance including collation of activities with joint responsibility between constituent Councils and Rous (48 actions).

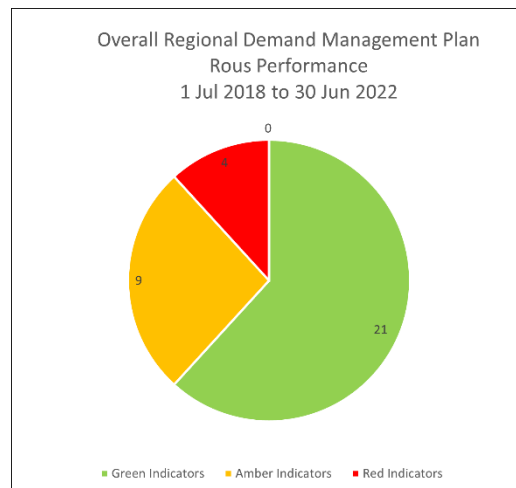


Figure2: Overall performance of activities led by Rous (34 actions).

Key points:

- Progress of demand management initiatives for 2021/2022 have been significantly impacted by restrictions associated with the Covid19 pandemic, followed by major floods during February 2022. Although the performance charts indicate red areas (for actions that have not started or have not happened), these are largely tasks that have had challenges over the four-year term of the delivery program, rather than a direct reflection of tasks that have been influenced by these recent events.
- As stated in the last annual status report (2020/2021), there is momentum in delivering actions that are the responsibility of Rous County Council (Rous) or where Rous is directly involved, including green indicators, where progress was achieved prior to the floods. These areas include:
 - Sustainable Water Partner Program;
 - Residential Rainwater Tank Rebate Program; and,
 - Communications 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.

Although these program areas were hindered by the floods, overall, they are still considered on-track for the four-year Demand Management Program.

- Progress has been made with complementary programs delivered alongside the RDMP, including the Smart Metering Implementation Program for Rous retail customers and water loss management program (WLMP). This is indicative of actions that are within Rous' remit to deliver within the Rous supply network, direct with our customers.
- Meeting key performance indicators for activities that require involvement from each constituent council, continues to be a key challenge and recurring issue of the current RDMP. These actions generally relate to complex projects that will require work / agreement with constituent councils and their various internal business departments. Examples of such activities (red indicators) include tasks such as a regional smart metering approach, consistent regional water billing and developing standardised definitions of connection types. These regional projects involve significant work to review and understand financial, billing, and administrative operations within each constituent council. At this stage, the feasibility, practicalities, and priority of such projects is unknown and will, therefore, be a focus for scoping in the new RDMP.
- As councils direct their limited resources and funding to prioritise post-flood asset audits, maintenance, and reconstruction, it is expected that these region wide projects may be influenced by a shift to critical operational needs. This may be the case for several years.

2. Budget verse actuals 2021/22 to 2018/19 (four-year delivery of the RDMP 2019-2022)

Table 1: Program area budget versus actual for 2021/22 to 2018/19

Program Area	2021/2022			2020/2021			2019/2020			2018/2019		
	Actual	Budget	% Spend	Actual	Budget	% Spend	Actual	Budget	% Spend	Actual	Budget	% Spend
DM General Program	Nil	\$9,600	0%	Nil	\$2,900	0%	\$29,286	\$9,300	315%	\$4,362	\$8,900	49%
DM Monitoring, Reporting & Evaluation	Nil	Nil	Nil	Nil	\$30,000	0%	Nil	\$10,000	0%	Nil	\$10,000	0%
DM Recycled Water (residential only - Byron & Ballina)	Nil	\$45,000	0%	Nil	\$30,000	0%	Nil	\$20,000	0%	\$20,000	\$20,000	100%
DM Residential Rainwater Tank Rebate Programs	\$106,510*	\$65,000	164%	\$107,685	\$90,000	120%	\$115,067	\$65,000	172%	\$73,739	\$65,000	113%
DM Com. Education Program	\$39,998	\$49,900	80%	\$43,438	\$48,900	89%	\$8,862	\$47,700	19%	\$41,025	\$42,000	98%
DM Smart Metering	Nil	Nil**	0%	Nil	\$10,000	0%	\$6,400	\$48,200	13%	\$26,777	\$30,000	89%
DM Sustainable Water Partner Program	\$28,901	\$90,000	32%***	\$68,819	\$82,000	84%	\$5,392	\$80,000	7%	\$16,406	\$55,500	30%
DM Water Loss Program Leakage	Nil	Nil	Nil	Nil	Nil	NA	\$40,003	\$40,000		\$58,000	\$50,000	
TOTAL DM Programs ONLY	\$175,409	\$269,500	65%	\$219,942	\$293,800	75%	\$205,010	\$320,200	64%	\$240,309	\$281,400	85%
Administration costs not included in projects	\$73,772	\$71,600	103%	\$53,354	\$31,500	169%	\$26,376	\$79,800	33%	\$75,730	\$92,900	82%
TOTAL including administrative costs	\$249,181	\$341,100	73%	\$273,296	\$325,300	84%	\$231,386	\$400,000	58%	\$316,039	\$374,300	84%

* The total Rous expenditure for the Residential Rainwater Tank Rebate Program was \$106,510. Income received from constituent Councils (in the form of rebates from outside the Rous supply footprint, mainly Mullumbimby and Casino) was \$7,340. This is the equivalent of approximately 7% of total program costs for 2021/2022. Following the 2019/2020 drought, annual uptake of the rebate program has remained relevantly consistent.

** There was nil budget for smart metering as this is progressing as a separate project - Smart metering Implementation for Rous Retail Customers, with a \$1.1 million budget.

*** The Sustainable Water Partner Program was significantly impacted by the Covid19 Pandemic and the February floods, as explained below.

Note: Administrative costs reflect staff time.

The key aspects of the 2021/2022 demand management budget included:

- Significantly reduced expenditure against the Sustainable Water Partner Program resulting from the February floods. Actual expenditure (32%) reflects works undertaken in the first half of the financial year. In terms of planned works, more than 60% of the total budget was allocated, though this work was paused following the floods during the second part of the financial year. The remaining budget (40%) was earmarked for generating projects with new business partners (including 11 public pools) and preparing water saving plans. However, this work did not transpire as businesses struggled with staffing issues related to Covid19 restrictions and were then hit by the floods. These businesses are at various stages of operation, non-operation or in some cases remain closed. For at least one location, Trinity Catholic College, this pool is closed indefinitely.
- Nil expenditure against program areas that are dependent on the work of constituent councils or have shifted in their delivery intent such as recycled water. For status details, refer to the Recycled Water update below.
- Overspend on the Rainwater Tank Rebate Program, with percentage expenditure at 164%. This reflects the demand and uptake in the community for rainwater tank rebates.
- Underspend against Communications and Education Program reflects the decision to pull back on planned communications and promotions following the floods.

Further explanation and commentary is provided against each program area in the following sections.

3. 2021/2022 Program Area Commentary

General Demand Management Program

This budget was planned to bolster program areas that had a forecast overspend, including the Sustainable Water Partner Program and Communications and Education component. This planned expenditure did not eventuate and as a result, this allocation was not spent.

Recycled Water (Ballina and Byron Shires)

The following recycled water connections were identified during 2021/2022.

Byron Shire Council

- Habitat Stage 3 (multi-residential) and stage 4 (commercial precedent);
- Keats Street (multi-residential);
- Byron Bay Bowling Club (non-residential);
- Ingenia Holiday Park (non-residential).

Byron Shire Council is leading delivery of these projects including ensuring compliance with their own Recycled Water Policy, planning and approvals. Expenditure by Rous to support these connections (through rebates) is dependent on the progress of this work and Byron Shire Council's engagement with these enterprises.

Ballina Shire Council

- Ballina car wash (non-residential).

Rous is leading engagement with this business, however, this project is conditional on the outcome of a risk assessment and amendment of Ballina Shire Council's S60 approval to cover any high-pressure spray activity e.g., commercial roof washing and manual car washing bays.

Background – why are non-residential recycled water connections a focus

The budget for recycled water under the RDMP was initially intended to incentivise (through rebates) retrofitting of recycled water to existing residential properties. However, 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 led to relevant members of the Regional Water Supply Liaison Committee agreeing to continue to focus on expanding connections to new residential builds and reallocate rebates for recycled water (provided by Rous) to support non-residential business connections through the Sustainable Water Partner Program. It was agreed that this approach, targeting high water consuming businesses, was more strategic as the return on investment (including rebate amount) to retrofit recycled water is more attractive, considering potable water consumption and the associated costs charged to non-residential customers.

Rainwater Tank Rebate Program

Expenditure reflects the number of approved rainwater tank rebate applications for 2021/2022.

The Rainwater Tank Rebate Program received fewer applications in comparison to previous years with 111 applications compared with 116 in 2020/2021 and 139 in 2019/2020 (a drought year). This year (2021/2022, a flood year) represented an average number of applications over the four-year delivery of the RDMP. Expenditure reflects this and was slightly less than the previous year.

Table 2: Comparison of rainwater tank rebate data for 2017/18 to 2021/22.

Year	Applications received	Applications approved	Volume storage approved	Rebate amount approved	Cost per ML storage
2021/2022	111	99	0.868 ML	\$106,510	\$122,707/ML
2020/2021	116	104	0.937 ML	\$107,685	\$115,000/ML
2019/2020	139	125	1.142 ML	\$115,067	\$100,000/ML
2018/2019	74	69	0.391 ML	\$73,739	\$188,590/ML
2017/2018	40	36	0.588 ML	\$39,936	\$67,918/ML

Internal connections for 2021/22 remain on trend in comparison to previous years with between 30-40% of applications opting to connect internal fixtures including toilets and washing machines.

Communications and engagement

Expenditure against the Communications and Education Program reflects expenses associated with key communications and engagement resources, promotions and projects including:

- Web-based water efficiency resources, tools and collateral through our partnership with leading water education group, The Water Conservancy (founded by WSAA);
- Regional promotions, advertising and sponsorship; and,
- Ideation, creation and production of a water conservation social media campaign.
 - This project will deliver a social media campaign and digital marketing strategy to engage residential water users in the value of water, how we connect with water and why we should/how we can conserve it. This will be new territory for Rous and an opportunity to determine the value of digital marketing strategies to engage our community through creative concepts, marketing tactics and a media spend budget.

The launch date of this campaign has been delayed due to the floods (and subsequent trauma and mental health issues in our community) and continuous wet weather experienced on the north coast. The revised timeline is to launch coinciding with National Water Week, October 2022.

In relation to delivered communications, 2021/2022 saw the Demand Management Program and activities promoted via radio, local TV news, newspapers, email and social media (Rous and constituent council platforms).

National Water Week, coinciding with Water Night, was a highlight of the demand management communications and engagement strategy in 2021/2022. Throughout October 2021, Rous delivered a social media campaign to promote key water saving actions and behaviours to residential water users and encourage involvement in the Water Night Challenge (with industry partners from The Water Conservancy and event ambassador Costa Georgiadis). This campaign resulted in the following outcomes:

- Rous radio interview with ABC North Coast.
- Media release published in the Echo newspaper (<https://www.echo.net.au/2021/10/water-night-coming-tomorrow/>) and Community Connect magazine (distributed to residents of the Ballina Shire).
- EDM (Electronic Direct Mail) sent to 300 recipients of our Rainwater Tank Rebate Program.
- Schools engagement with ten regional primary and secondary schools.
- Networking with four regional NSW councils who were also supporting Water Night.
- Social media campaign including short videos. Social media was also shared by our constituent councils at Byron, Ballina, Lismore and Richmond Valley.
- Sharing social media videos featuring Water Night ambassador Costa Georgiadis.

Rous committed to planting 10 trees for every registration to Water Night in our region. Across our bulk water supply footprint there were 64 registrations, representing 21% of all NSW registrations to the national event.

The Sustainable Water Partner Program also generated media interest. This year the Beach Hotel recycled water project gained local media traction through a media release, NBN News interview and two interviews on local radio stations, ABC and ZZZ FM.

Smart metering

Byron Shire Council and Ballina Shire Council continue to implement their own smart metering pilots, whereas Rous is leading a smart metering implementation project for Rous retail customers. Rous has committed \$1.1 million over two years for this program. It is running alongside the delivery of the RDMP, hence the nil budget expenditure against this activity.

Although this is a different approach to the regional based proposal included in the RDMP, Rous envisages co-benefit opportunities for the constituent councils.

Sustainable Water Partner Program (SWPP)

Utilising existing communication strategies and resources has been a focus to strengthen partnerships and projects with existing businesses of the SWPP during 2021/2022. This work has prioritised progress with:

- the Broadwater Sugar Mill and cogeneration energy plant (Cape Byron Power), located on the same site (ranked 3);
- a second project with Byron Bay High School (ranked 36); and
- continued communications with Reflections Holiday Parks (across eight separate parks, five of which rank in the top 100 regional users).

The 2021/2022 spend for the SWPP reflects progress of projects delivered in partnership with high water consuming businesses (using more than 5 megalitres annually), across the Rous supply footprint. **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 2021/2022

Target business	Regional ranking based on water consumption	Potential potable water saving (megalitres annually)	Project summary
Broadwater Sugar Mill	3	4.00	Turbidity sensor for the Mill's clarifier. This work was completed prior to the February floods. As of June 2022 (post-floods), this site has not returned to normal operations. Smart metering data captured the success of this project before the main water meter serving the site malfunctioned. This issue was resolved by RVC just prior to large scale impacts of the floods which has resulted in uncertainty and on-going issues for business operations since.
Cape Byron Power	3	5.00*	Smart metering implementation project (stage 1). The next stage of this project will utilise smart metering data to inform the identification of water saving projects. As of June 2022, implications of the floods continue to affect business operations. Power is yet to be fully restored onsite. Prior to the floods, this project was also significantly delayed by a malfunctioning water meter as described above.
Byron Bay High School	36	1.12	Stage 2 project, tap upgrades in student amenities complete. This follows the completion of stage 1 in 20/21 - upgrade to irrigation and monitoring for school ag centre.
Ballina Reflections Holiday Parks (x2)	N/A	1.09*	Shaws Bay and River Street sites smart metering implementation (through Ballina Shire Council). Water saving estimates derived from Water Savings Plan December 2020.
		11.21	

** Potential water saving estimates derived from and verified by a specialist water consultant. This is a potential water saving based on leak detection and enhanced visibility of water consumption provided by installed smart meters.*

Progressing engagement with high water consuming businesses and continuing to drive delivery of water saving projects has been a focus of demand management activities during 2021/22. New opportunities were investigated with 11 public pools across Rous' bulk water supply footprint, in addition to a recycled water project with a Ballina based car wash.

Despite initial engagement and interest expressed by these businesses, progress ceased due to their own staffing pressures (businesses had significantly reduced capacity as they were managing staff availability, absences or had no staff at all) and closures related to Covid19 (from November 2021 onward) which were followed by the record breaking floods. As of June 2022, the Broadwater Sugar Mill, Cape Byron Power and approximately half (if not more) of all public pools remain non-operational or have experienced a significant shift in priorities. As a result, no new water saving plans were developed in this period.

The consequent impacts of both Covid19 and the floods reflect the lower than expected budget expenditure for the SWPP. Project progress was significantly impacted and, in many cases, ceased during the last half of the financial year, hence the significant underspend for 2021/2022. It is worth noting that this budget was fully allocated though these external events influenced the execution of planned works. For the completed projects, Rous provided rebates and planning support to the value of \$28,901. This figure broken down represents, 29% to support water efficiency planning costs and 71% on rebates for project delivery. To complete these projects, \$48,168 was contributed by participating businesses.

The Sustainable Water Partner Program has been promoted through various channels and has also received interest from further afield. The program was featured (May 2022) in a non-residential webinar as part of DPIE's scoping for the NSW Water Efficiency Program. This webinar involved water utilities, councils and water industry representatives from across NSW. There has also been interest in showcasing the program in workshops delivered by The Water Conservancy.

During 2023, continued focus will be placed on the completion of a comprehensive water saving plan for Cape Byron Power cogeneration plant. This developing partnership is a flagship project of the Sustainable Water Partner Program. Preliminary works with Cape Byron Power have identified opportunities that will significantly reduce demand on the potable water supply. Actual water savings will be determined upon data collation, analysis, identification and agreement of feasible water saving projects.

Water Loss Leakage Program

Preparation of an on-ground Water Loss Action Plan (Rous supply network) has been considered including detail around specific tasks, responsibilities and timeframes.

During 2022/2023, the focus will be on delivering the most easily achieved tasks linked to the greatest outcomes such as qualifying high priority metering sites, meter install and implementation (end of 2022 timeframe) and trials with active leak detection.

This work follows a resolution at the December 2020 Council meeting to adopt the implementation of the Rous Water Loss Management Plan (WLMP) for immediate action. This program and its implementation will be a focus over four years with a budget of \$1.9M. This is progressing outside the RDMP and as such the 2021/2022 RDMP had nil budget for this item.

4. Successes and learnings, Regional Demand Management Plan (RDMP) 2019-2022

Overall, for the four-year term of the RDMP 2019-2022, the total budget verse actual expenditure (drawn from **Table 1** though not presented in the data) was:

- Total budget: \$1,164,900
- Total expenditure: \$840,670
- Equivalent percentage spend: 72%

The successes and challenges of the Regional Demand Management Plan 2019-2022 mirror many of the experiences and outcomes of the final delivery year, previously highlighted in this report.

Key successes relate to engagement with our local business community to investigate and implement water efficiency projects. Throughout the program, the Sustainable Water Partner Program has engaged more than 30 high water consuming businesses (using >5ML/annually). From this, nine water saving / efficiency projects were completed with a potential annual water saving of 35 megalitres.

Engagement and communication tools continue to evolve and push into areas that are new for Rous, including untapped opportunities through digital media platforms. Social media marketing presents an opportunity to reach a far broader audience than traditional media channels to promote water efficiency messages and themes. We have learnt, however, the timing of these messages needs to be considered in the broader context of climate conditions, local events and community appetite. Although water efficiency is important during wet and dry times, during times when water is seemingly plentiful and abundant, it is difficult to gain traction with messages around the importance of mindful water consumption.

For projects that involve high levels of engagement and rely on voluntary uptake and involvement, mainly the Sustainable Water Partner Program and rebates for recycled water connections, it cannot be underestimated the time required to identify, develop and deliver these projects. The delivery model of such programs means there is heavy reliance on voluntary business commitment and in many cases, significant financial expenditure prior to the business receiving a rebate. Regardless of initial business commitment, intent and goodwill, there are many factors that can influence the progress, execution and completion of these projects. Outside factors can quickly shift and change, influencing business priorities and available funds. Therefore, the only constant factor in delivering such programs is the strength of the partnership between Rous and the business.

For region-wide initiatives, increased focus needs to be placed on listening, learning and applying lessons from each water utility in common areas of delivery, such as water loss management, leakage and smart metering. To gain an accurate understanding of the successes and outcomes of demand management initiatives, focus also needs to be placed on improving monitoring and data collection across customers of each water utility. The new Regional Demand Management Plan 2023-2026 incorporates these learnings.

Conclusion

This report is presented to Council as an update on the status of demand management initiatives against planned outcomes of the final year of the RDMP 2019-2022. It also summaries learnings over the full program timeframe.

External events such as the pandemic and the catastrophic February 2022 floods have influenced the final year of the RDMP. This unprecedented natural disaster has and continues to impact program delivery, mainly engagement with business and residential stakeholders. Based on stakeholder feedback from our business partners and social media commentary received from the public, it is foreshadowed these events will likely have repercussions for the first year, if not more of the new RDMP.

Although outside challenges have impacted progress, momentum continues in delivering actions that are led by Rous including the Sustainable Water Partner Program, Residential Rainwater Tank Rebate Program and communications and engagement activities. Although these program areas were hindered by the floods and implications of Covid19 restrictions, they are still considered on-track overall for the four-year term of the Demand Management Program.

Over this time, a key highlight has been progressing engagement with high water consuming businesses and continuing to drive industry involvement in projects that reduce demand on our potable water supply. This work will continue in 2022/2023 including a cornerstone partner project with Cape Byron Power.

For areas that have experienced challenges, this reflects the issues of meeting key performance indicators for activities where equal commitment and involvement from all councils is required. These activities highlight challenges associated with areas of authority and responsibility of each council (bulk water supply versus local water network) as well as the limited resources and funding each constituent council has for projects outside essential business operations. It is pre-empted that post-flood recovery may only exacerbate this.

Attachment: Appendix 1: Council Report. Demand management showcase 2021-2022

Showcase of demand management activities, media, and promotions 2021/2022

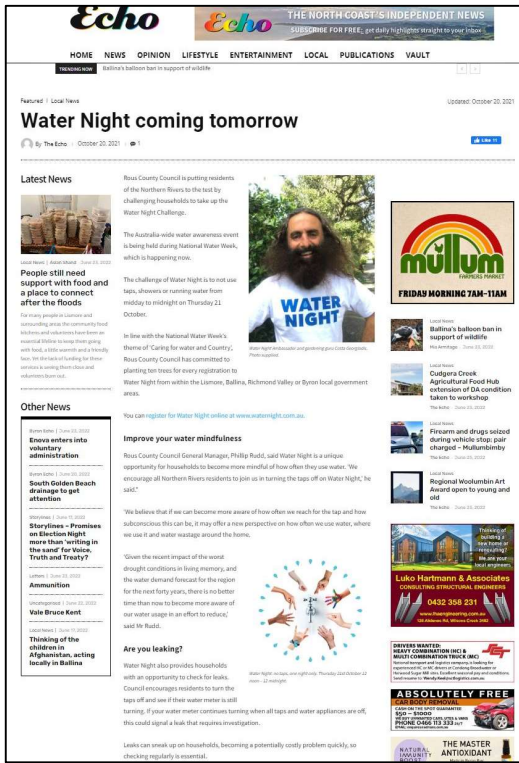


Figure 1: Media article printed in The Echo for National Water Week and Water Night 2021



Figure 2: Example case study, Byron Bay High School.

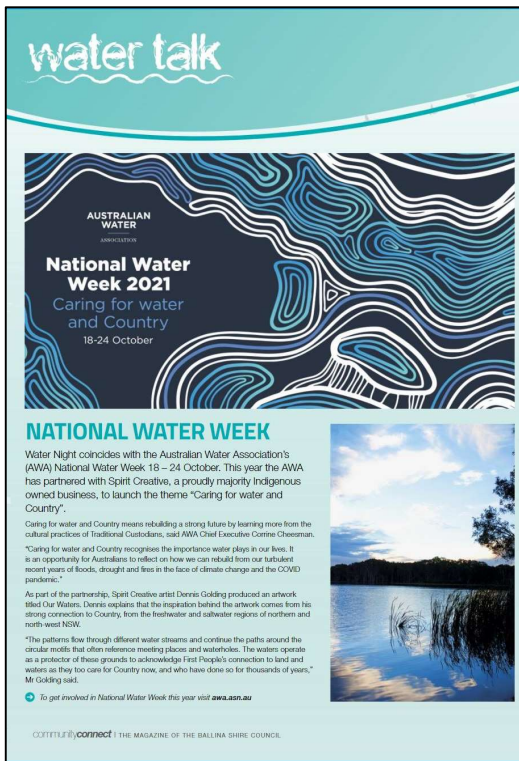


Figure 3: Ballina Community Connect article



Figure 4: Social media example.