



Ordinary meeting business paper

Wednesday, 18 October 2023

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

Rous County Council acknowledges the Traditional Custodians of the land upon which we work and live. We pay our respects to the Elders of the past, present and emerging and acknowledge their continuing connection to Country who will guide us on our shared journey to the future.

3. Apologies and Applications for Leave of Absence or Attendance by Audio-Visual Link by Councillors

4. Confirmation of Minutes of previous meeting..... 1 - 6

Ordinary Council meeting 16 August 2023.

5. Disclosure of Interest

6. Matters of urgency

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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**MINUTES OF THE ORDINARY MEETING OF ROUS COUNTY COUNCIL HELD
WEDNESDAY, 16 AUGUST 2023 AT COUNCIL'S ADMINISTRATION OFFICE, 218-232
MOLESWORTH STREET, LISMORE**

The Chair opened the meeting at 10.06 am.

In attendance:

Councillors

- Cr Robert Mustow, Richmond Valley Council (Chair)
- Cr Sharon Cadwallader, Ballina Shire Council (Deputy Chair) (arrived 10.27am)
- Cr Rod Bruem, Ballina 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

Council Officers:

- Phillip Rudd, General Manager
- Andrew Logan, Group Manager Planning and Delivery
- Helen McNeil, Group Manager People and Performance
- Geoff Ward, Group Manager Corporate and Commercial
- Tom Lloyd, Dams and Treatment Engineering Manager
- Jonathan Patino, Finance Manager
- Noeline Smith, Minute Taker
- Robyn Waldron, Executive Assistant
- Luka Taylor, ICT Support Officer
- Guy Bezrouchko, Project Manager-Relocation and Properties (for Item 12.)

Other attendees:

- Mr Brian Wilkinson (Chair – Rous Audit, Risk and Improvement Committee)

Apologies

- Cr Michael Lyon, Byron Shire Council
- Adam Nesbitt, Group Manager Operations

1 ACKNOWLEDGEMENT OF COUNTRY

Rous County Council acknowledges the Traditional Custodians of the land upon which we work and live. We pay our respects to the Elders of the past, present and emerging and acknowledge their continuing connection to Country who will guide us on our shared journey to the future.

2 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RESOLVED [34/23] (Humphrys/Gordon) that the Minutes of the meeting held 21 June 2023 be approved as presented.

Confirmation of Minutes of previous meeting (Resolution)		
For	Cr Rod Bruem, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	6
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	Cr Lyon, Cr Cadwallader	2
Carried		

3 DISCLOSURE OF INTEREST

Cr Rob and Cr Gordon declared a significant, non-pecuniary interest in *Confidential Item 13.1 Perradenya Estate – update report* and will not be present during discussions on the matter. It was also noted Cr Rob and Cr Gordon did not receive a copy of this confidential report.

Cr Rob and Cr Gordon declared a significant and non-pecuniary interest in *Item 11.1 Proposed changes to ownership – Lismore Levee Scheme* and will not be present during discussions on the matter.

4 MATTERS OF URGENCY

Nil.

5 NOTICES OF MOTION / QUESTIONS WITH NOTICE

Nil.

6 PRESENTATION: BRIAN WILKINSON (ARIC CHAIR): AUDIT RISK AND IMPROVEMENT COMMITTEE - PERFORMANCE REPORT 2022/23

Brian Wilkinson, Chair of the ARIC Committee, presented to Council the ARIC Committee Performance Report 2022/23. The Chair thanked Mr Wilkinson for his presentation.

It was also noted that Mr Wilkinson has resigned from his position as Chair of ARIC after ten years' service. On behalf of Council, the Chair thanked Mr Wilkinson for his time and effort during his role and wished him all the very best for the future.

7 GENERAL MANAGER REPORTS

Nil.

8 GROUP MANAGER CORPORATE AND COMMERCIAL REPORTS

8.1 Preliminary 2022/23 End of Financial Year Summary and Budget Carry Forwards

RESOLVED [35/23] (Bruem/Gordon) that Council:

1. Receive and note the Preliminary 2022/23 End of Year Financial Summary Report, acknowledging it is a preliminary summary prior to end of year adjustments and audit.
2. Approve the funds to be carried forward as detailed in Tables 11 - 12 of the report.

Preliminary 2022/23 End of Financial Year Summary and Budget Carry Forwards (Resolution)		
For	Cr Rod Bruem, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	6
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	Cr Lyon, Cr Cadwallader	2
Carried		

8.2 Retail Water Bad Debt Write-off

MOVED (Ndiaye/Humphrys):

1. That Council defers the decision until the February 2024 Council meeting with no interest to be applied to the account during that period.
2. Staff to continue to work with the customer for the debt recovery of \$2,500.

On being put to the meeting the Motion was Carried.

RESOLVED [36/23] (Ndiaye/Humphrys):

1. That Council defers the decision until the February 2024 Council meeting with no interest to be applied to the account during that period.
2. Staff to continue to work with the customer for the debt recovery of \$2,500.

Retail Water Bad Debt Write-off (Resolution)		
For	Cr Rod Bruem, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	6
Against	None	0
Abstain	None	
Conflict of Interests	None	0
Absent	Cr Lyon, Cr Sharon Cadwallader	2
Carried		

9 GROUP MANAGER PLANNING AND DELIVERY REPORTS

9.1 Proposed change to ownership - Lismore Levee Scheme

*Cr Gordon and Cr Rob left the meeting at 10.27am.
Cr Cadwallader arrived 10.27am.*

RESOLVED [37/23] (Cadwallader/Bruem) that Council:

1. Acknowledges that the devastating and widespread impact of the 2022 Floods has highlighted the importance of local government partnering and working cooperatively for the benefit of the community.
2. Note that Lismore City Council has been successful in independently securing grant funding under the Northern Rivers Recovery and Resilience Program for upgrade and improvement works to the Lismore Levee Scheme and that Lismore is seeking to engage with Rous regarding consent to undertake those works.

3. Recognising that the historic role of Rous in urban flood mitigation has changed and having regard to the Lismore Levee Scheme asset renewal, replacement and upgrade works independently completed and planned by Lismore City Council, resolve to transfer the Lismore Levee Scheme to Lismore City Council and enable centralised control, ownership, operation and maintenance by that Council as the local government entity serving the community directly benefited by the Scheme.
4. Invite the Lismore City Council Mayor and General Manager to meet with the Rous Chair and General Manager to negotiate and agree next steps.
5. Confirms its commitment to work with Lismore City Council to ensure no delay to any planned upgrade and improvement works for the Lismore Levee Scheme.
6. Write to relevant funding bodies to request financial assistance to affect the transfer of the Lismore Levee Scheme to ensure no cost is borne by either Lismore City Council or Rous.
7. Revoke point 1(b) of resolution [84/22] arising from Council's meeting of 14 December 2022.
8. Authorise the General Manager to affect all necessary actions associated with and ancillary to the implementation of this resolution of Council.
9. Receive a further update before December 2023.

Cr Rob and Cr Gordon returned to the meeting at 10.36am.

Proposed change to ownership - Lismore Levee Scheme (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Sandra Humphrys, Cr Robert Mustow and Cr Sarah Ndiaye	5
Against	None	0
Abstain	None	0
Conflict of Interests	Cr Andrew Gordon and Cr Big Rob	2
Absent	Cr Lyon	1
Carried		

9.2 Lumley Park Bore Retrieval

RESOLVED [37/23] (Bruem/Gordon) that Council:

1. Receive and note the report.
2. Provide an exemption as per Section 55(3)(i) of the *Local Government Act 1993 (NSW)* to carry out services valued at over \$250,000 without going to tender because of the bespoke nature of the work and the extremely limited supplier options.
3. Endorse the continuing engagement of ACS Equip Pty Ltd to a maximum amount of \$415,000 (incl GST), as they have a unique set of skills and equipment required to execute the completion of this task with the Lumley Park Bore.

Lumley Park Bore Retrieval (Resolution)		
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
Abstain	None	0
Conflict of Interests	None	0
Absent	Cr Lyon	1
Carried		

10 INFORMATION REPORTS (COVER REPORT)

RESOLVED [39/23] (Rob/Cadwallader) that the following information reports be received and noted:

1. Investments – July 2023
2. Water production and consumption – July 2023
3. Retail Water Customer Account Assistance
4. Debt write-off information summary
5. Overview - Local Government NSW Water Conference 26-28 June 2023
6. Audit Risk and Improvement Committee – meeting update
7. Operational Plan 2022-2023 Scorecard - (Y1-Q4) 01 April 2023 to 30 June 2023
8. Tenders awarded by the General Manager under Delegation
9. Annual Report: Rous Regional Demand Management Plan 2023-2024
10. Reports/actions pending

Information reports (cover report) (Resolution)		
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
Abstain	None	0
Conflict of Interests	None	0
Absent	Cr Lyon	1
Carried		

11 CONFIDENTIAL MATTERS

Cr Rob and Cr Gordon left the meeting at 10.47am.

MOVED TO CLOSED COUNCIL

RESOLVED [40/23] (Humphrys/Cadwallader) that Council move into Closed Council with the press and public excluded from the meeting based on the grounds detailed below:

Report	Perradenya Estate – update report
Grounds for closure	Section 10A(2) (g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege.

The meeting moved to Closed Council at 10.48am.

Cr Rob and Gordon returned to the meeting at 11.04am.

RESUME TO OPEN COUNCIL

RESOLVED [41/23] (Cadwallader/Ndiaye) that the meeting resume to Open Council.

The meeting moved to Open Council at 11.05am.

Resumption to Open Council (Resolution)		
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
Abstain	None	0
Conflict of Interests	None	0
Absent	Cr Lyon	1
Carried		

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

12 PERRADENYA ESTATE - UPDATE REPORT

RESOLVED [42/23] (Bruem/Cadwallader) that Council:

1. Receive and note the report.
2. Take all necessary steps outlined in the report to finalise the Perradenya Land Development. If any prior resolution is inconsistent with this resolution, that outstanding resolution is deemed to be revoked.
3. Authorise the General Manager to take all steps outlined in the report to finalise the Perradenya Land Development.

Perradenya Estate - update report (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Sandra Humphrys, Cr Robert Mustow and Cr Sarah Ndiaye	5
Against	None	0
Abstain	None	0
Conflict of Interests	Cr Andrew Gordon and Cr Big Rob	2
Absent	Cr Lyon	1
Carried		

13 CLOSE OF BUSINESS

There being no further business the meeting closed at 11.08 am.

2024 Council meeting schedule

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

That Council determine its meeting schedule for 2024 with meetings to be held on the third Wednesdays commencing 10.00am at the Rous County Council Administration Office on:

- 14 February
- 17 April
- 19 June
- 14 August
- October (to be determined following 14 September LG Elections)
- 11 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 2024 will be scheduled for:

- 14 February
- 17 April
- 19 June
- 14 August
- 16 October
- 11 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):

- 13 March
- 15 May
- 17 July
- September (date TBA - Councillor induction workshop following LG Elections).
- 13 November

Annual Financial Reports and Audit Report for year ended 30 June 2023

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

Report Author: Finance Manager (Jonathan Patino)

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 2022/23 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. Advertise the presentation of the draft 2022/23 Financial Reports to the public from 20 October 2023 for seven days and invite both inspection and submissions.
3. Forward a copy of the 2022/23 Audited Financial Reports to the Office of Local Government.
4. Present the 2022/23 Audited Financial Reports to the public at Council's 13 December 2023 meeting.

Background

Council's 2022/23 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 18 October 2023 and present the report on the audit of Council's accounts for the 2022/23 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.

Provided Council accepts the financial reports as presented in this report, then the public advertising in the prescribed format will occur from 20 to 27 October 2023. Council at its next meeting can then publicly present the 2022/23 financial reports.

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 2023 was a surplus of \$4.20M, which includes Capital Income of \$5.17M. This compares to a surplus in 2022 of \$3.36M (including Capital Income of \$5.63M).

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

	2022/23 (\$000's)	2021/22 (\$000's)	2020/21 (\$000's)
Operating Results			
Operating Result (Deficit) before Capital Amounts	(971)	(2,268)	(911)
Operating Result Adjusted for Capital Revenue	4,205	3,363	4,324
Performance Measures			
Unrestricted Current Ratio (Benchmark: > 1.5x)	4.02 : 1	4.26 : 1	7.03 : 1
Debt Service Cover Ratio (Benchmark: > 2x)	1.71 : 1	1.65 : 1	1.59 : 1
Building & Infrastructure Renewals Ratio (Benchmark: > 100%)	97.05%	61.95%	90.06%
Performance Measures (including Capital Revenue)			
Debt Service Ratio (Benchmark: > 2x)	2.71:1	2.73:1	2.81:1
Net Working Capital			
Cash Assets	37,772	40,554	49,380
Plus: Receivables	4,326	2,994	2,095
Less: Payables	(3,598)	(2,907)	(2,440)
Sub Total	38,500	40,641	49,035
Indebtedness	25,355	28,960	32,358
Restrictions			
External	4,755	5,428	4,081
Internal	30,288	32,421	43,869
Total	35,043	37,849	47,950
Equity			
Accumulated Surplus	252,467	248,262	244,899
IPPE Revaluation Reserve	330,325	273,921	269,379
Total Equity (including Revaluations)	582,792	522,183	514,278

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. 8

Major Income Statement Movements

Revenue

Bulk water revenue provides the majority of Council's operating revenue at \$22.8M or 63% of total revenue. This increased by 7.5% compared to last year. Total Kilolitres used during 2022/23 decreased by 1.64% from the prior year.

Table 2: Total Bulk Water Sales in Kilolitres

	2022/23	2021/22	2020/21
Bulk Water Charge (nominal per kilolitre)*	\$2.1579	\$2.0023	\$1.7157
Total Bulk Water Sales Income	\$22,808,100	\$21,215,500	\$19,827,600
Bulk Water Consumption in Kilolitres			
Ballina Shire Council	3,658,201	3,675,654	3,988,841
Byron Shire Council	2,311,496	2,427,908	2,610,810
Lismore City Council	2,979,799	3,001,977	3,171,566
Richmond Valley Council	593,244	601,307	675,568
Rous Retail Customers	878,868	888,504	1,109,973
	10,421,608	10,595,350	11,556,758

* 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 in the previous year relating to the March 2022 flood events 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 February 2023. The data in the table above has been annualised for the full year.

Revenue received from retail water customers increased by \$86,900 to \$2.7M (3.29%) while revenue received from filling stations decreased by \$17,000 (-5.26%).

Interest revenue from cash and investments increased by \$948,400 to \$1.2M (408.73%) compared to the previous year. The weighted average return on investments has increased from 0.75% in 2021/22 to 4.08%, due to the increased cash rate.

Council receives operating grants and contributions from various sources. The revenue received each year is influenced by the nature and extent of Council's improvements program and general economic activity. Grants and contributions decreased by \$1.65M (-18.25%) compared to the previous year, driven by 'one off' funding for the March 2022 flood that was previously received.

Table 3: Developer contributions revenue increased by decreased by \$454,576 (-8.0%) when compared to 2021/22, with the majority of contributions received from Ballina Shire Council (\$2.49M), Lismore City Council (\$1.16M) and Byron Shire Council (\$810K):

Table 3: Developer Contributions

Constituent Council	2022/23 (\$)	ET's 2022/23*	2021/22 (\$)	ET's 2021/22*
Ballina Shire Council	2,492,980	271.76	3,241,206	362.43
Byron Shire Council	810,264	88.32	638,124	77.40
Lismore City Council	1,161,849	128.09	942,437	104.37
Richmond Valley Council	579,670	62.63	363,975	40.70
Rous County Council	130,894	15.00	444,491	54.29
TOTAL	5,175,657	565.79	5,630,233	639.19

* ET = \$9,256 in the 2022/23 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 \$1.18M to \$11.4M (11.57%) compared to the previous year. This was largely attributable to additional staff employed for project related works and increases in award rates and superannuation.

Materials and services increased by \$457K to \$10.7M (4.47%) when compared to 2021/22, the majority of the increase was due to planned expenditure and increased pricing on chemicals and electricity costs.

Generally operational expenditure was in line with or under budget.

Major Statement of Financial Position Movements

Cash and Investments

Cash and investments have decreased by \$2.78M (7.08%) compared to last year. This was due to planned expenditures.

Infrastructure, Property, Plant and Equipment

Council capitalised \$10.92M of assets during the year. The major projects in terms of value were the St Helena stage 2 upgrade (\$4.8M), West Coraki levee (\$1.15M) and plant and equipment upgrades (\$1.185M). As at 30 June 2023, \$5.6M 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 assets are conducted at five yearly intervals.

APV Pty Ltd were engaged to conduct an independent review of Council's land and building assets. Due to issues with the data supplied the comprehensive valuation of building assets was deferred until the 2023/24 financial year with land and site improvement assets revalued in 2022/23.

As a result of the revaluation and the indexation of other asset classes the carrying amount of the assets was increased by \$56.40M, which was recognised in the asset revaluation reserve. This is largely due to a significant increase in land values and fair value indexation on water supply and flood mitigation assets.

Contract Liabilities

Total contract liabilities have increased by \$280,000 (122.81%) from the previous year. This relates to funds Council holds on behalf of the NSW Department of Primary Industries.

Borrowings

Council's net borrowing position decreased by \$3.61M (12.45%) during the year, as no new loans were sourced.

Reserves Scorecard for Year ending 30 June 2023

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 2023.

Table 4: Reserves Scorecard for Year Ending 30 June 2023

Internal Reserves compared to Budget Shocks Target									
The target reserve balance is a percentage of the Funds annual operating expenses. The percentage is based on the reliability of the Funds financial transactions. Where the 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	Commercial 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
2022/23 Operating Expense	1,586,311	2,379,775	3,274,832	501,185	366,041	209,933	23,226,769	31,544,800	
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	661,000	793,000	2,183,000	251,000	183,000	70,000	11,613,000	15,772,000	
Actual Reserve Balance 30/06/23 (excludes restricted)	544,323	1,086,524	2,710,315	-	1,605,452	1,142,772	25,927,038	33,016,424	
Result	Fail	Pass	Pass	Fail	Pass	Pass	Pass	Pass	Pass
External Reserves	416,851	771,452	-	-	-	-	3,566,858	4,755,161	
Total Reserves	961,174	1,857,976	2,710,315	-	1,605,452	1,142,772	29,493,896	37,771,585	

The scorecard in Table 4 above, shows that actual internal reserve balances as at 30 June 2023 for all Reporting Units, except Flood Mitigation and Richmond Water Laboratories (RWL), exceed the target reserve balances.

As at 30 June 2023, Flood Mitigation still has significant Natural Disaster Relief and Recovery Arrangements grant funding outstanding. When these funds are received from the NSW Government through their agent, Public Works Advisory the reserve balance will be greatly improved.

RWL ceased operation during the financial year [Resolution 60/22] and as such the remaining reserve balance of \$35,988 was transferred to Bulk Water Reserves.

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

Finance

Detailed in the body of this report.

Legal

Detailed in the body of this report.

Consultation

Council's *Annual Financial Reports and Audit Report for the year ended 30 June 2023* together with the *Financial Statements year ended 30 June 2023*, were presented to the Audit, Risk and Improvement Committee at its meeting on 16 October 2023.

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 Office NSW: Engagement Closing Report for the year ended 30 June 2023
2. Rous County Council 2022/23 Financial Statements for the year ended 30 June 2023

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

Contact: Quentin Wong
Phone no: 02 9275 7454
Our ref: R008-16585809-45965

10 October 2023

Dear Mr Rudd

Engagement Closing Report
Audit for the year ended 30 June 2023
Rous County Council

We have audited the Rous County Council's (the Council's):

- general purpose financial statements (GPFS)
- special purpose financial statements (SPFS) for the Council's Declared Business Activities

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

I consider this report to fall within the definition of 'excluded information' contained in Schedule 2(2) of the *Government Information (Public Access) Act 2009*. It may not be distributed to persons other than Management and those you determine to be charged with governance of the Council.

If you need more information about the audit, please contact me on me on 02 9275 7454 or Mr Richard Watkinson from Thomas Noble & Russell on 02 6626 3000.

Yours sincerely



Quentin Wong
Delegate of the Auditor-General for New South Wales

cc: Mr Robert Mustow, Chairperson
Ms Laurie Lefcourt, Chair of the Audit, Risk and Improvement Committee

Engagement Closing Report

Audit for the year ended 30 June 2023

Rous County Council

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1. INTRODUCTION

We have audited the Rous County Council (the Council's):




- general purpose financial statements (GPFS)
- special purpose financial statements (SPFS) for the Council's Declared Business Activities






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

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

2. AUDIT OVERVIEW

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

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

Section	Outcome	Impact	Reference
Audit outcome:			
GPFS	Unqualified opinion	 Low	3.1
SPFS for Council's Declared Business Activities	Unqualified opinion with emphasis of matter paragraph	 Low	3.1
Response to key issues and audit risks	Matters addressed	 Low	4.1
Misstatements	Misstatements noted	 Moderate	4.2
Compliance with legislative requirements	No matters noted	 Low	4.3

3. AUDIT OUTCOME AND REPORTS

3.1 Audit outcome

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

The Independent Auditor's Report for the SPFS engagements will advise users the SPFS engagement has been prepared in accordance with a special purpose framework to fulfil the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code). As a result, the SPFS engagement may not be suitable for another purpose.

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

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

- finalisation of quality review procedures
- review of subsequent events up to the date of issuing the Independent Auditor's Reports.

'Other Information' section

The Council's annual report will include information in addition to the financial statements and Independent Auditor's Report. For the purposes of our audit this is considered 'other information'. Auditing Standards require us to consider whether the other information is materially consistent with the financial statements and the knowledge we obtained during the audit. Where matters are identified, we are required to disclose them in the Independent Auditor's Report.

3.2 Report on the Conduct of the Audit

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

3.3 Auditor-General's Report to Parliament

The 2023 Auditor-General's Report to Parliament will incorporate the results of the audit.

3.4 Management Letter

We issue Management Letters detailing matters of governance interest identified during the audit.

We issued an interim Management Letter in June 2023 which included observations from the planning and interim phase of the audit.

A Management Letter from the final phase of my audit will be sent to you during October 2023, when formal management responses have been received.

4. AUDIT FINDINGS

4.1 Response to key issues and audit risks

The Annual Engagement Plan sent on 24 February 2023, identified key issues affecting the Council and how the audit team planned to respond to them. The results of the audit work are detailed below.

Issue or risk	Audit outcome
Revaluation of infrastructure property, plant, and equipment (IPPE)	
<p>The following IPPE classes were comprehensively revalued this year:</p> <ul style="list-style-type: none"> • Operational Land • Non-depreciable Land Improvements • Depreciable Land Improvements <p>The comprehensive revaluation for the Buildings infrastructure asset class was deferred to 2023–24.</p> <p>Insufficient governance over the valuation process can impact on the quality and timeliness of financial reporting.</p>	<p>Council engaged an independent valuer to perform a comprehensive revaluation of these asset classes as at 30 June 2023.</p> <p>Council recorded a revaluation increment of \$16.7 million relating to the revaluation of land assets. A significant portion of the increment related to land at current dam sites and the land surrounding the proposed site for Dunoon Dam.</p> <p>As part of the audit we:</p> <ul style="list-style-type: none"> • reviewed the qualifications and experience of staff members and experts involved in the valuation

Issue or risk	Audit outcome
	<ul style="list-style-type: none"> • reviewed the reasonableness of the valuation methodology and assumptions, and the revaluation results • confirmed a condition assessment and reassessment of remaining useful lives was performed • performed procedures to ensure the completeness and accuracy of data used in the valuation, such as spreadsheets • confirmed the valuation complied with the requirements of AASB 13 'Fair Value Measurement' • reviewed the revaluation adjustments made to the Council's fixed asset records and general ledger to ensure they agree to the valuation report • confirmed that all necessary disclosures were made in the financial statements. <p>There were no significant adverse findings from performing our procedures, and did not identify any material exceptions in the amounts reported in the financial statements.</p>
Assessing the fair value of Council's infrastructure, property, plant and equipment (IPPE)	
<p>The Australian Accounting Standards require the Council to annually assess:</p> <ul style="list-style-type: none"> • whether the carrying value of IPPE materially reflects fair value • useful lives remain reasonable • whether any assets are impaired. <p>This annual assessment along with significant judgements and assumptions should be documented.</p>	<p>Council performed and documented an assessment of the fair value of IPPE infrastructure asset classes not subject to comprehensive revaluation as at 30 June 2023.</p> <p>The indexation increased the fair value of these asset classes by \$39.9 million, comprising:</p> <ul style="list-style-type: none"> • \$0.9 million increment to Buildings • \$26.2 million increment to Water Supply Network assets • \$12.8 million increment to Flood Mitigation assets. <p>We assessed the:</p> <ul style="list-style-type: none"> • effectiveness and reliability of process to determine fair value of assets • methodology and key assumptions used • reasonableness of useful lives and depreciation • qualifications and experience of any experts used • management's assessment of impairment • adequacy of disclosure in the financial statements. <p>We did not identify any material exceptions in the amounts reported in the financial statements.</p>
Quality and timeliness of financial reporting	
<p>Quality and timeliness of financial reporting is key for sound financial management, public accountability and effective decision making. Absence of an effective project plan for year-end financial reporting</p>	<p>The Council commenced the financial reporting process early and performed an assessment of the impact of new and revised accounting standards effective in the current and future years.</p>

Issue or risk	Audit outcome
<p>can result in delays, errors, poor quality and increased audit costs.</p> <p>Quality and timeliness can improve by:</p> <ul style="list-style-type: none"> • preparing proforma financial statements before 30 June 2023 • assessing the impact of material, complex and one-off significant transactions • documenting significant judgements and assumptions used to prepare financial statements • assessing the impact of new and revised accounting standards effective in the current and future years • completing valuations, fair value assessments and other IPPE requirements before 30 June 2023 • regularly reconciling key accounts and clearing reconciling items • involving the Audit, Risk and Improvement Committee early in the financial reporting process, to review the project plan and the financial statements. 	<p>Draft general purpose financial statements and supporting workpapers were provided to the audit team in line with agreed timeframes.</p>
Information Technology General Controls	
<p>Australian Auditing Standards require the auditor to understand the Council's control activities and obtain an understanding of how it has responded to risks arising from Information Technology (IT).</p>	<p>We reconfirmed our understanding of the IT dependencies and related risks relevant to our audit approach, as well as updating our understanding of IT criticality and complexity of key accounting systems.</p> <p>We extended our substantive procedures where appropriate to respond to risks associated with IT.</p> <p>We identified some IT matters and our observations will be reported in the Final Management Letter. These matters are in relation to:</p> <ul style="list-style-type: none"> • Access to Programs and Data • IT Policies and Procedures.
Cyber security	
<p>The Council relies on digital technology to deliver services, organise and store information, manage business processes, and control critical infrastructure. The increasing global interconnectivity between computer networks has dramatically increased the risk of cyber security incidents. Such incidents can harm the Council's service delivery and may include the theft of information, denial of access to critical technology, or even the hijacking of systems for profit or malicious intent.</p>	<p>As part of the 2022–23 financial audit we assessed whether cyber security risks represent a risk of material misstatement to the Council's financial statements. Our audit procedures included:</p> <ul style="list-style-type: none"> • assessing whether the risk assessment process considers cyber security risks • determining how the roles and responsibilities for cyber security are established • obtaining an understanding of the process: <ul style="list-style-type: none"> – for safeguarding of assets that may be exposed to security breaches – to monitor and detect security breaches or incidents – for disclosing cyber security risks and incidents.

Issue or risk	Audit outcome
	<p>The systems within the scope of the review was Microsoft Dynamics NAV.</p> <p>Council has undertaken (via CyberNSW) vulnerability scan exercises at domain and IP levels, as well as major Penetration test exercises that identified low-level findings. We considered these findings as part of our audit procedures.</p> <p>We did not identify any material matters to report.</p>
Capital Expenditure	
<p>The Council had a budgeted significant capital works program (\$17.3 million) for 2022–23. The significant program includes for the year:</p> <ul style="list-style-type: none"> • St Helena 600 Upgrade stages 2 - \$5.6 million • Flood Lismore Levee - \$1.3 million • Future Water Project - \$1.9 million • Gallans Road - \$0.8 million <p>There is an expectation from a broad range of stakeholders that the Council will deliver its capital works program in a timely manner and within budget.</p>	<p>For a sample of capital projects, we:</p> <ul style="list-style-type: none"> • reviewed the dissection of costs between expenses and assets • reviewed the componentisation of project costs into separate assets • reviewed the capitalisation of overhead costs • examined the timeliness of asset additions to the fixed asset register • assessed whether replaced assets were removed from the asset register • tested any unspent contractual amounts are disclosed as capital commitment • enquired of any contractual disputes and assessed whether are properly accounted for at year-end • assessed whether funding contributions were appropriately accounted for and disclosed in the financial statements. <p>We did not identify any material matters to report.</p>

4.2 Misstatements

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

Misstatements (both monetary and disclosure deficiencies) are differences between what has been reported in the financial statements and what is required in accordance with the Council's financial reporting framework. Misstatements can arise from error or fraud. Misstatements that resulted from failures in internal controls and / or systemic deficiencies will be reported in the Management Letter.

General Purpose Financial Statements (GPFS)

[The Appendix](#) lists and explains the nature and impact of the misstatements contained in the GPFS.

- Table one reports prior period errors corrected retrospectively
- Table two reports significant corrected misstatements.

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

The Audit team identified disclosure deficiencies that were of an immaterial or administrative nature. These were discussed with management and adjustments made to the financial statements where considered relevant.

Special Purpose Financial Statements (SPFS) for Declared Business Activities

The SPFS for Declared Business Activities did not contain misstatements.

4.3 Compliance with legislative requirements

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

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

5. THE AUDIT PROCESS

5.1 Management co-operation

We appreciated the co-operation and help received from the Council's staff, in particular the finance team.

5.2 Next year's audit

Your comments about the audit process are welcomed.

APPENDIX ONE – GENERAL PURPOSE FINANCIAL STATEMENTS

Table one: Prior period errors corrected retrospectively

The table below summarises prior period transactions identified during the current year that have been corrected retrospectively. Management believes these errors are so significant they require restatement of the Council's previously published GPFS. The impact of the restatement has been detailed in the notes to the financial statements.

Nature and impact of prior period transactions corrected retrospectively

Capital Works incorrectly expensed*

Council identified that renewal works on a flood mitigation asset at West Coraki had incorrectly been expensed under 'Contractor and consultancy costs' through the Income Statement in 2021–22 rather than being capitalised to IPPE.

Council retrospectively adjusted the 2021–22 comparatives to reflect the correction by decreasing the contractor and consultancy expense as at 30 June 2022 by \$1.15 million with a corresponding increase to IPPE.

F4-1 'Correction of errors' note to the financial statements discloses the impacts of recognising the assets.

* Misstatement identified by management.

Table two: Corrected monetary misstatements

Management corrected the following monetary misstatements in the current year's GPFS. We agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

Description	Assets	Liabilities	Net operating result / Net result for the year	Other comprehensive income
Effect of correction	Increase/ (decrease) \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease \$'000
Judgemental misstatements				
Updated future wages increase assumption for calculating on-costs for employee leave provisions	-	(86)	86	-
Total impact of corrected misstatements	-	(86)	86	-

* Misstatement identified by management.

OUR VISION

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

OUR PURPOSE

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

Rous County Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023



Rous County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Rous County Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Rous County Council

General Purpose Financial Statements

for the year ended 30 June 2023

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 18 October 2023.

Robert Mustow
Chairperson
18 October 2023

Sharon Cadwallader
Deputy Chairperson
18 October 2023

Phillip Rudd
General Manager
18 October 2023

Jonathan Patino
Responsible Accounting Officer
18 October 2023

Rous County Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Restated Actual 2022 \$ '000
	Income from continuing operations			
23,685	User charges and fees	B2-1	24,045	22,501
2,744	Other revenues	B2-2	3,275	2,648
922	Grants and contributions provided for operating purposes	B2-3	2,222	3,419
7,596	Grants and contributions provided for capital purposes	B2-3	5,176	5,631
138	Interest and investment income	B2-4	1,181	237
164	Other income	B2-5	189	126
35,249	Total income from continuing operations		36,088	34,562
	Expenses from continuing operations			
11,427	Employee benefits and on-costs	B3-1	11,370	10,191
11,974	Materials and services	B3-2	10,680	10,223
2,225	Borrowing costs	B3-3	1,313	1,520
7,814	Depreciation, amortisation and impairment of non-financial assets	B3-4	8,060	9,063
–	Other expenses	B3-5	–	9
–	Net loss from the disposal of assets	B4-1	460	193
33,440	Total expenses from continuing operations		31,883	31,199
1,809	Operating result from continuing operations		4,205	3,363
1,809	Net operating result for the year attributable to Council		4,205	3,363
(5,787)	Net operating result for the year before grants and contributions provided for capital purposes		(971)	(2,268)

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 2023

	Notes	2023 \$ '000	<i>Restated</i> 2022 \$ '000
Net operating result for the year – from Income Statement		4,205	3,363
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	56,404	4,542
Total items which will not be reclassified subsequently to the operating result		56,404	4,542
Total other comprehensive income for the year		56,404	4,542
Total comprehensive income for the year attributable to Council		60,609	7,905

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

Rous County Council

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	Restated 2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	8,772	3,054
Investments	C1-2	29,000	36,000
Receivables	C1-4	4,326	2,994
Inventories	C1-5	403	460
Other		1,313	614
Total current assets		43,814	43,122
Non-current assets			
Investments	C1-2	–	1,500
Inventories	C1-5	1,384	1,118
Infrastructure, property, plant and equipment (IPPE)	C1-6	569,037	510,498
Intangible assets	C1-8	453	506
Right of use assets	C2-1	421	34
Total non-current assets		571,295	513,656
Total assets		615,109	556,778
LIABILITIES			
Current liabilities			
Payables	C3-1	3,598	2,907
Contract liabilities	C3-2	508	228
Lease liabilities	C2-1	257	50
Borrowings	C3-3	3,825	3,605
Employee benefit provisions	C3-4	2,367	2,409
Total current liabilities		10,555	9,199
Non-current liabilities			
Lease liabilities	C2-1	164	–
Borrowings	C3-3	21,530	25,355
Employee benefit provisions	C3-4	68	41
Total non-current liabilities		21,762	25,396
Total liabilities		32,317	34,595
Net assets		582,792	522,183
EQUITY			
Accumulated surplus	C4-1	252,467	248,262
IPPE revaluation reserve	C4-1	330,325	273,921
Total equity		582,792	522,183

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 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
		\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Opening balance at 1 July		247,112	273,921	521,033	244,899	269,379	514,278
Correction of prior period errors		1,150	–	1,150	–	–	–
Opening balance		248,262	273,921	522,183	244,899	269,379	514,278
Net operating result for the year		4,205	–	4,205	2,213	–	2,213
Correction of prior period errors	F4-1	–	–	–	1,150	–	1,150
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	56,404	56,404	–	4,542	4,542
Other comprehensive income		–	56,404	56,404	–	4,542	4,542
Total comprehensive income		4,205	56,404	60,609	3,363	4,542	7,905
Closing balance at 30 June		252,467	330,325	582,792	248,262	273,921	522,183

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 2023

<i>Original unaudited budget 2023 \$ '000</i>		Notes	<i>Actual 2023 \$ '000</i>	<i>Restated Actual 2022 \$ '000</i>
Cash flows from operating activities				
<i>Receipts:</i>				
23,685	User charges and fees		24,651	21,904
138	Interest received		811	260
10,259	Grants and contributions		7,235	8,255
4,988	Other		4,332	2,475
<i>Payments:</i>				
(11,427)	Payments to employees		(11,256)	(9,869)
(15,795)	Payments for materials and services		(12,585)	(9,560)
(2,225)	Borrowing costs		(1,353)	(1,559)
–	Other		(688)	191
9,623	Net cash flows from operating activities	G1-1	11,147	12,097
Cash flows from investing activities				
<i>Receipts:</i>				
41,000	Redemption of term deposits		40,500	38,000
–	Sale of investment property		–	850
–	Sale of real estate assets		–	7
–	Proceeds from sale of IPPE		112	214
<i>Payments:</i>				
(42,000)	Acquisition of term deposits		(32,000)	(37,000)
(23,886)	Payments for IPPE		(9,890)	(18,343)
(2,351)	Purchase of real estate assets		(183)	–
–	Purchase of intangible assets		(101)	1
(27,237)	Net cash flows from investing activities		(1,562)	(16,271)
Cash flows from financing activities				
<i>Receipts:</i>				
25,000	Proceeds from borrowings		–	–
<i>Payments:</i>				
(4,489)	Repayment of borrowings		(3,605)	(3,398)
–	Principal component of lease payments		(262)	(254)
20,511	Net cash flows from financing activities		(3,867)	(3,652)
2,897	Net change in cash and cash equivalents		5,718	(7,826)
3,054	Cash and cash equivalents at beginning of year		3,054	10,880
5,951	Cash and cash equivalents at end of year	C1-1	8,772	3,054
38,500	plus: Investments on hand at end of year	C1-2	29,000	37,500
44,451	Total cash, cash equivalents and investments		37,772	40,554

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 18 October 2023. 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

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 2023 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.

	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and Contributions</i>		<i>Carrying amount of assets</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>Restated \$ '000</i>	<i>\$ '000</i>	<i>Restated \$ '000</i>	<i>\$ '000</i>	<i>Restated \$ '000</i>	<i>\$ '000</i>	<i>Restated \$ '000</i>
Functions or activities										
Bulk Water Supply	28,559	27,063	23,227	22,916	5,332	4,147	5,747	7,395	448,512	402,107
Commercial Property	242	116	366	296	(124)	(180)	-	-	2,767	3,191
Fleet Operations	272	96	145	5	127	91	-	-	2,612	2,364
Flood Mitigation	1,115	1,251	1,990	2,041	(875)	(790)	191	502	144,899	133,176
Retail Water Supply	3,227	3,056	3,275	3,069	(48)	(13)	-	-	14,330	13,388
Richmond Water Laboratories	272	955	501	1,268	(229)	(313)	-	-	-	452
Weeds Biosecurity	2,401	2,025	2,379	1,604	22	421	1,460	1,154	1,989	2,101
Total functions and activities	36,088	34,562	31,883	31,199	4,205	3,363	7,398	9,051	615,109	556,779

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).

Commercial 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. This activity ended prior to 30 June 2023 and will not be reported in the future.

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>	2023 \$ '000	2022 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	23,998	22,423
Total specific user charges		23,998	22,423
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Private works – section 67	2	3	31
Regulatory/ statutory fees	2	44	47
Total fees and charges – statutory/regulatory		47	78
Total other user charges and fees		47	78
Total user charges and fees		24,045	22,501
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		23,678	22,423
User charges and fees recognised at a point in time (2)		367	78
Total user charges and fees		24,045	22,501

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>	2023 \$ '000	2022 \$ '000
Assessment on other councils	2	1,661	1,567
Water testing	2	271	953
Other	2	1,343	128
Total other revenue		3,275	2,648
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		3,275	2,648
Total other revenue		3,275	2,648

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 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
	<i>Timing</i>				
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Weed biosecurity	1,2	1,462	1,154	–	–
Flood mitigation	2	105	369	–	–
Water	2	559	1,751	–	–
Previously contributions:					
Bulk supply network	2	11	12	–	1
Flood mitigation	2	85	133	–	–
Total special purpose grants and non-developer contributions – cash		2,222	3,419	–	1
Total special purpose grants and non-developer contributions (tied)		2,222	3,419	–	1
Total grants and non-developer contributions		2,222	3,419	–	1
Comprising:					
– State funding		1,564	3,274	–	–
– Other funding		658	145	–	1
		2,222	3,419	–	1

Developer contributions

			Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '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	–	–	5,176	5,630
Total developer contributions			–	–	5,176	5,630
Total grants and contributions			2,222	3,419	5,176	5,631
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			37	402	–	–
Grants and contributions recognised at a point in time (2)			2,185	3,017	5,176	5,631
Total grants and contributions			2,222	3,419	5,176	5,631

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:

	<i>Operating</i> 2023 \$ '000	<i>Operating</i> 2022 \$ '000	<i>Capital</i> 2023 \$ '000	<i>Capital</i> 2022 \$ '000
Unspent grants				
Unspent grants at 1 July	1,930	180	-	-
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	764	1,930	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	(331)	(180)	-	-
Unspent grants at 30 June	2,363	1,930	-	-

Water grants:

- Northern Rivers March 2022 Flood Water/Sewerage Program funding from the Northern Rivers Reconstruction Corporation.
- Safe and Secure Grant funding from NSW Department of Planning and Environment towards the Future Water Program.
- Local Water Authority funding from NSW Department of Planning and Environment towards the Regional Leakage Reduction Program

Weed grants:

- Early Needs Weeds Management Project funding from NSW Local Land Services.
- Frogbit funding from NSW Department of Primary Industries.
- Miconia funding from NSW Department of Primary Industries.
- Parthenium funding from NSW Department of Primary Industries.
- Tropical Soda Apple funding from NSW Department of Primary Industries.
- Washdown Bay Facility funding from NSW Department of Primary Industries.

Flood grants:

- Coastal Management Plan funding from The Department of Primary Industries.

Contributions

Unspent contributions at 1 July	223	180	-	-
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	85	89	-	-
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	-	(46)	-	-
Unspent contributions at 30 June	308	223	-	-

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.

B2-3 Grants and contributions (continued)

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

Capital grants

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

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

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

	2023 \$ '000	2022 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue user fees and charges	1	3
– Cash and investments	1,180	234
Total interest and investment income (losses)	1,181	237

Accounting policy

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

B2-5 Other income

	2023 \$ '000	2022 \$ '000
Rental income	189	126
Total other income	189	126

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023 \$ '000	2022 \$ '000
Salaries and wages	8,041	7,536
Employee leave entitlements (ELE)	1,917	1,688
Superannuation	1,005	891
Workers' compensation insurance	146	129
Fringe benefit tax (FBT)	40	29
Payroll tax	425	308
Training costs (other than salaries and wages)	247	149
Other	122	150
Total employee costs	11,943	10,880
Less: capitalised costs	(573)	(689)
Total employee costs expensed	11,370	10,191

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

		2023	<i>2022</i>
		\$ '000	<i>Restated</i>
	Notes		<i>\$ '000</i>
Raw materials and consumables		5,078	4,739
Contractor costs		3,209	3,439
Audit Fees	E2-1	71	73
Councillor fees and associated expenses	E1-2	134	96
Advertising		9	5
Bank fees		3	1
Electricity		1,360	1,240
Insurance		364	291
Postage		15	2
Printing and stationery		15	6
Subscriptions and publications		45	54
Telephone		28	36
Internal audit		21	13
Water billing and collection		153	53
Other expenses		69	56
Legal expenses:			
– Other		9	49
Expenses from leases of low value assets		97	70
Total materials and services		10,680	<i>10,223</i>

Accounting policy

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

B3-3 Borrowing costs

		2023	<i>2022</i>
		\$ '000	<i>\$ '000</i>
(i) Interest bearing liability costs			
Interest on leases		2	2
Interest on loans		1,311	1,518
Total borrowing costs expensed		1,313	<i>1,520</i>

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	2023 \$ '000	2022 \$ '000
Depreciation and amortisation			
Plant and equipment		391	357
Office equipment		168	169
Furniture and fittings		24	31
Land improvements (depreciable)		65	73
Infrastructure:			
– Buildings		254	210
– Water supply network		5,778	6,612
– Flood mitigation assets		740	683
Right of use assets	C2-1	246	202
Intangible assets	C1-8	154	266
Total depreciation and amortisation costs		7,820	8,603
Impairment / revaluation decrement of IPPE			
Infrastructure:			
– Buildings	C1-6	–	56
– Water supply network		240	404
Total gross IPPE impairment / revaluation decrement costs		240	460
Total IPPE impairment / revaluation decrement costs charged to Income Statement		240	460
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR INTANGIBLES AND IPP&E		8,060	9,063

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

	2023	2022
	\$ '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.

B4 Gains or losses

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

	Notes	2023 \$ '000	2022 \$ '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)
Gain (or loss) on disposal		–	90
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		105	45
Less: carrying amount of plant and equipment assets sold/written off		(47)	(285)
Gain (or loss) on disposal		58	(240)
Gain (or loss) on disposal of infrastructure			
	C1-6		
Proceeds from disposal – infrastructure		7	1
Less: carrying amount of infrastructure assets sold/written off		(523)	(99)
Gain (or loss) on disposal		(516)	(98)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Less: carrying amount of real estate assets sold/written off		(2)	–
Gain (or loss) on disposal		(2)	–
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		40,500	38,000
Less: carrying amount of term deposits sold/redeemed/matured		(40,500)	(38,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(460)	(193)

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 15 June 2022 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	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
User charges and fees	23,685	24,045	360	2% F
Other revenues	2,744	3,275	531	19% F
Other revenues resulted in an increase of \$531k (F) (19%) above budget. The revenue increase can be attributed to revenue received on insurance claims.				
Operating grants and contributions	922	2,222	1,300	141% F
Grants & contributions provided for operating purposes were \$1.30M (F) (141%) above the original budget forecast. Safe and Secure Grant funding of \$502k was received from NSW Department of Planning and Environment for Council's Future Water Program and Early Needs Weeds Management Program funding of \$561k was received from NSW Local Land Services, accounting for \$1.06M. Several other small grants were received for Weed and Biosecurity projects.				
Capital grants and contributions	7,596	5,176	(2,420)	(32)% U
Grants and contributions provided for capital purposes resulted in a decrease of \$2.4M (U) (32%) below budget. Property sales revenue of \$3.3M was deferred during the 2022/23 financial year which was offset by an increase in Section 64 Developer Contributions of \$953k.				
Interest and investment revenue	138	1,181	1,043	756% F
Interest and investment revenue was \$1.0M (F) (756%) above the original budget. The original budget for investment interest was based on an average rate of return of 0.6%. The portfolio size was much higher due to a significantly improved cash balance at 30 June 2022 and interest rates increased considerably during the year. This revenue was adjusted during Council's quarterly budget review statements throughout the year.				
Other income	164	189	25	15% F
Rental income resulted in an increase of \$25k (F) (15%) above budget. Rental income increased as Council provided the Kyogle Street Depot to Lismore City Council for their flood response team.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	11,427	11,370	57	0% F
Materials and services	11,974	10,680	1,294	11% F
Materials and services were \$1.3M (F) (11%) below the original budget forecast. Significant contractor and consultant projects were unable to be completed in the financial year and have contributed to Council's budget carryovers into the 2023/24 financial year.				
Borrowing costs	2,225	1,313	912	41% F
Borrowing costs were \$912k (F) (41%) below the original budget forecast. Council initially planned to borrow \$25M to fund its capital works program, however due to the improved financial position at 30 June 2022 this proposed borrowing was not undertaken. This resulted in significant savings on debt financing costs.				
Depreciation, amortisation and impairment of non-financial assets	7,814	8,060	(246)	(3)% U
Other expenses	-	-	-	∞ F
Net losses from disposal of assets	-	460	(460)	∞ 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 \$460k (U) (100%). This loss is comprised of loss from the disposal of Infrastructure assets \$516k (U) and real estate assets 2l (U), offset by net gains on disposal of plant and equipment of \$58k (F).				
Statement of cash flows				
Cash flows from operating activities	9,623	11,147	1,524	16% F
Cash flows from operating activities was \$1.5M (F) (16%) above the original budget forecast. The increase is a combination of increased interest and investment revenue, additional grant funds, a decrease in materials and services and borrowing costs and a reduction in capital revenue from property sales.				
Cash flows from investing activities	(27,237)	(1,562)	25,675	(94)% F
Cash flows from investing activities was \$25.6M (F) (94%) above the original budget forecast. The increase is a combination of reduced payments for IPPE (\$13.9M), reduced spending on real estate assets (\$2.1M) and a reduction in investments held (\$8.5M).				
Cash flows from financing activities	20,511	(3,867)	(24,378)	(119)% U
Cash flows from financing activities was \$24.3M (U) (119%) below the original budget forecast. This was due to Council not borrowing the original budgeted funds of \$25.0M.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2023 \$ '000	2022 \$ '000
Cash assets		
Cash on hand and at bank	2,032	1,026
Cash equivalent assets		
– Deposits at call	6,740	2,028
Total cash and cash equivalents	8,772	3,054

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	8,772	3,054
Balance as per the Statement of Cash Flows	8,772	3,054

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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Debt securities at amortised cost				
Term deposits	29,000	–	36,000	1,500
Total financial investments	29,000	–	36,000	1,500
Total cash assets, cash equivalents and investments	37,772	–	39,054	1,500

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.

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

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	37,772	40,554
Less: Externally restricted cash, cash equivalents and investments	<u>(4,755)</u>	<u>(5,428)</u>
Cash, cash equivalents and investments not subject to external restrictions	33,017	35,126
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Weed biosecurity	<u>508</u>	<u>227</u>
External restrictions – included in liabilities	508	227
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Bulk water	3,567	4,566
Flood mitigation	417	425
Weed biosecurity	<u>263</u>	<u>210</u>
External restrictions – other	4,247	5,201
Total external restrictions	4,755	5,428

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.

	2023 \$ '000	2022 \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	33,017	35,126
Less: Internally restricted cash, cash equivalents and investments	<u>(30,288)</u>	<u>(32,421)</u>
Unrestricted and unallocated cash, cash equivalents and investments	2,729	2,705
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Flood Fund	445	689
Weeds Bio Fund	1,061	1,410
Retail Water Fund	2,610	2,914
Richmond Water Laboratories Fund	–	252
Commercial Property Fund	1,505	1,811
Fleet Fund	1,093	1,458
Bulk Fund - Building & structures	66	738
Bulk Fund - Assets & programs	16,815	16,441
Bulk Fund - Employees leave entitlement	2,394	2,339
Bulk Fund - Electricity	2,611	2,610
Bulk Fund - Office equipment & computers	1,404	1,473
Bulk Fund - Greenhouse gas abatement	<u>284</u>	<u>286</u>
Total internal allocations	30,288	32,421

continued on next page ...

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

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

	2023	2022
	\$ '000	\$ '000
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	2,729	2,705

C1-4 Receivables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
User charges and fees	445	–	668	–
Accrued revenues				
– Interest on investments	469	–	99	–
– Other income accruals	1,274	–	1,554	–
Finance lease receivable	4	–	6	–
Government grants and subsidies	614	–	171	–
Sundry debtors	1,119	–	234	–
Other debtors	401	–	262	–
Total	4,326	–	2,994	–
Total net receivables	4,326	–	2,994	–

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, 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 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.

C1-5 Inventories

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Inventories at cost				
Real estate for resale (refer to (i) below)	–	1,158	85	892
Stores and materials	403	226	375	226
Total inventories at cost	403	1,384	460	1,118
Total inventories	403	1,384	460	1,118
(i) Real estate development				
Residential – undeveloped	–	1,158	85	892
Total real estate for resale	–	1,158	85	892

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 2022			Asset movements during the reporting period							At 30 June 2023			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress ²	4,290	–	4,290	1,619	2,079	(554)	–	–	(1,858)	–	–	5,576	–	5,576
Plant and equipment	3,509	(2,435)	1,074	–	1,185	(45)	(391)	–	–	–	–	4,501	(2,679)	1,822
Office equipment	2,070	(1,814)	256	–	240	(2)	(168)	–	–	–	–	2,258	(1,933)	325
Furniture and fittings	492	(353)	139	–	–	–	(24)	–	–	–	–	492	(377)	115
Land:														
– Operational land	18,220	–	18,220	–	–	(2)	–	–	–	–	16,461	34,679	–	34,679
– Non-depreciable land improvements	2,951	–	2,951	–	–	–	–	–	–	–	212	3,163	–	3,163
– Depreciable land improvements	3,594	(969)	2,625	18	–	–	(65)	–	(82)	(182)	–	3,955	(1,642)	2,313
Infrastructure:														
– Buildings	13,429	(4,191)	9,238	–	142	–	(254)	–	189	–	895	15,072	(4,862)	10,210
– Water supply network	499,042	(158,048)	340,994	5,168	448	(432)	(5,778)	(240)	596	–	26,226	541,385	(174,404)	366,981
– Flood mitigation	144,757	(14,046)	130,711	–	24	(91)	(740)	–	1,155	–	12,792	160,121	(16,268)	143,853
Total infrastructure, property, plant and equipment	692,354	(181,856)	510,498	6,805	4,118	(1,126)	(7,420)	(240)	–	(182)	56,586	771,202	(202,165)	569,037

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

(2) Carrying amount at 1 July 2022 has been restated due to a prior year error adjustment; refer to Note F4-1

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

By aggregated asset class	At 1 July 2021 ¹			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR) ₁	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress ²	4,704	–	4,704	2,327	1,285	(549)	–	–	(3,477)	–	–	4,290	–	4,290
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
Land improvements – non-depreciable	2,374	–	2,374	–	–	–	–	–	–	–	576	2,951	–	2,951
Land improvements – depreciable	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	6,084	12,392	(1,012)	(8,135)	(460)	–	(8,768)	13,310	692,354	(181,856)	510,498

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

(2) Additions (renewals) and Carrying amount at 30 June 2022 have been restated due to the prior year error adjustment; refer to Note F4-1.

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

Equipment, furniture and fittings are held at cost. All other infrastructure, property, plant and equipment is held at fair value. Comprehensive valuations are generally performed 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 2023 based on indexation rates provided by an independent valuer while building assets have been indexed using Valuer General rates. Operational land, and site improvements have been comprehensively revalued for 2023 and as such no indexation has been applied.

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

	2023 \$ '000	2022 \$ '000
At fair value		
Opening balance at 1 July	–	795
Disposals during year	–	(795)
Closing balance at 30 June	–	–

C1-8 Intangible assets

Intangible assets are as follows:

	2023 \$ '000	2022 \$ '000
Software		
Opening values at 1 July		
Gross book value	1,787	1,787
Accumulated amortisation	(1,281)	(1,015)
Net book value – opening balance	506	772
Movements for the year		
Purchases	102	–
Amortisation charges	(155)	(266)
Gross book value written off	(94)	–
Accumulated amortisation charges written off	94	–
Closing values at 30 June		
Gross book value	1,795	1,787
Accumulated amortisation	(1,342)	(1,281)
Total software – net book value	453	506
Total intangible assets – net book value	453	506

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 has recently been renewed and runs until 31 August 2024 with a 6 month extension option which is likely to be taken.

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 no potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is reasonably certain.

(a) Right of use assets

	<i>Administration building \$ '000</i>	<i>Total \$ '000</i>
2023		
Opening balance at 1 July	34	34
Adjustments due to re-measurement of lease liability	634	634
Depreciation charge	(245)	(245)
Balance at 30 June	421	421
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

(b) Lease liabilities

	<i>2023 Current \$ '000</i>	<i>2023 Non-current \$ '000</i>	<i>2022 Current \$ '000</i>	<i>2022 Non-current \$ '000</i>
Lease liabilities	257	164	50	–
Total lease liabilities	257	164	50	–

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
2023					
Cash Flows	257	164	–	421	421
2022					
Cash Flows	50	–	–	50	50

(d) Income Statement

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

	<i>2023</i> \$ '000	<i>2022</i> \$ '000
Interest on lease liabilities	2	2
Interest income from sub-leasing right of use assets	–	3
Depreciation of right of use assets	246	202
Expenses relating to low-value leases	194	70
	442	277

(e) Statement of Cash Flows

Total cash outflow for leases	458	157
	458	157

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.

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).

	2023	2022
	\$ '000	\$ '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
Total income relating to operating leases for investment property assets	–	30

Operating lease expenses

Direct operating expenses that generated rental income	–	8
Direct operating expenses that did not generate rental income	–	6
Total expenses relating to operating leases	–	14

Repairs and maintenance: investment property

Other	–	10
Total repairs and maintenance: investment property	–	10

(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)	130	70
Total income relating to operating leases for Council assets	130	70

Other leased assets expenses

Other	97	48
Total expenses relating to other leases assets	97	48

(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	180	55
Total undiscounted lease payments to be received	180	55

C2-2 Council as a lessor (continued)

(b) Finance leases

	2023	2022
	\$ '000	\$ '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	65	52
Total Income relating to finance leases	65	52
Maturity analysis of undiscounted lease payments to be received after reporting date for finance leases:		
< 1 year	74	6
Total lease payments receivable	74	6
Net investment in the lease	4	12

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

	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
	\$ '000	\$ '000	\$ '000	\$ '000
Goods and services	1,367	–	1,251	–
Capital creditors	1,284	–	809	–
Accrued expenses:				
– Borrowings	201	–	241	–
– Salaries and wages	265	–	136	–
Accrued expenses	481	–	463	–
Other	–	–	7	–
Total payables	3,598	–	2,907	–

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

	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
	\$ '000	\$ '000	\$ '000	\$ '000
Funds held on behalf of other Government departments	508	–	228	–
Total contract liabilities	508	–	228	–

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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Loans – secured	3,825	21,530	3,605	25,355
Total borrowings	3,825	21,530	3,605	25,355

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	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	28,960	(3,605)	–	–	–	–	25,355
Lease liability (Note C2-1b)	50	–	–	371	–	–	421
Total liabilities from financing activities	29,010	(3,605)	–	371	–	–	25,776

	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	(3,398)	–	(311)	–	–	29,010

(b) Financing arrangements

	2023 \$ '000	2022 \$ '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

	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
	\$ '000	\$ '000	\$ '000	\$ '000
Annual leave	838	–	833	–
Long service leave	1,488	68	1,515	41
TIL	41	–	61	–
Total employee benefit provisions	2,367	68	2,409	41

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

	2023	2022
	\$ '000	\$ '000
	1,895	1,701

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

Provisions – employees benefits	1,895	1,701
	1,895	1,701

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 and annual 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 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.

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

	2023	2022
	\$ '000	\$ '000

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	377	401
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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.

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

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

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

Receivables

Council applies the simplified approach to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses 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.

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

	<i>Not yet overdue \$ '000</i>	<i>0 - 30 days \$ '000</i>	<i>Overdue debts</i>			<i>Total \$ '000</i>
			<i>31 - 60 days \$ '000</i>	<i>61 - 90 days \$ '000</i>	<i>> 91 days \$ '000</i>	
2023						
Gross carrying amount	3,559	584	71	24	88	4,326
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	27.37%	0.56%
ECL provision	–	–	–	–	24	24
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

(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.

	<i>Weighted average interest rate %</i>	<i>Subject to no maturity \$ '000</i>	<i>payable in:</i>			<i>Total cash outflows \$ '000</i>	<i>Actual carrying values \$ '000</i>
			<i>≤ 1 Year \$ '000</i>	<i>1 - 5 Years \$ '000</i>	<i>> 5 Years \$ '000</i>		
2023							
Payables	0.00%	–	3,598	–	–	3,598	3,598
Borrowings	6.02%	–	4,955	14,260	11,393	30,608	25,355
Total financial liabilities		–	8,553	14,260	11,393	34,206	28,953
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

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	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Investment property C1-7									
Commercial property		31/10/21	31/10/21	–	–	–	–	–	–
Total investment property				–	–	–	–	–	–
Infrastructure, property, plant and equipment C1-6									
Buildings		30/06/18	30/06/18	–	–	10,210	9,238	10,210	9,238
Land		01/07/22	30/06/18	–	–	34,679	18,220	34,679	18,220
Non-depreciable land improvements		01/07/22	30/06/17	–	–	3,163	2,951	3,163	2,951
Depreciable land improvements		01/07/22	31/12/21	–	–	2,313	2,625	2,313	2,625
Water infrastructure: water distribution assets		31/12/21	31/12/21	–	–	190,671	166,313	190,671	166,313
Water infrastructure: dams and treatment assets		31/12/21	31/12/21	–	–	176,309	174,681	176,309	174,681
Flood mitigation infrast.		23/06/20	30/06/20	–	–	143,853	130,711	143,853	130,711
Total infrastructure, property, plant and equipment				–	–	561,198	504,739	561,198	504,739

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).

Level 3 measurements

Valuation techniques

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 asset class fair values.

Class	Valuation Technique(s)	Unobservable Inputs
IPPE		

D2-1 Fair value measurement (continued)

Plant, equipment, furniture, fittings and office equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Operational land	Market approach	Price per square metre
	Land values obtained from the NSW Valuer-General	A comprehensive revaluation resulted in a revaluation increment of \$16.4M for the year ended 30 June 2023.
Non-depreciable land improvements	Cost approach	Patterns of consumption, asset conditions and remaining useful lives.
	Land values obtained from the NSW Valuer-General	A NSW Valuer-General indexation factor of 7.20% has been applied to this asset class resulting in a revaluation increment of \$212K.
Depreciable land improvements	Cost approach	Patterns of consumption, asset conditions and remaining useful lives.
		A comprehensive revaluation resulted in a revaluation decrement of (\$182K) for the year ended 30 June 2023.
Buildings	Cost approach	Patterns of consumption, asset conditions and remaining useful lives.
	NSW building construction index	NSW building construction indexation factors of between 9.54% and 9.70% have been applied to this asset class resulting in a revaluation increment of \$895K.
Water infrastructure: water distribution assets	Cost approach	Asset condition, remaining lives using componentisation
	NSW water supply and sewerage construction index	A NSW water supply and sewerage construction indexation factor of 7.71% have been applied to this asset class resulting in a revaluation increment of \$13.4M
Water infrastructure: dams and treatment assets	Cost approach	Asset condition, remaining lives using componentisation
	NSW water supply and sewerage construction index	A NSW water supply and sewerage construction indexation factor of 7.71% have been applied to this asset class resulting in a revaluation increment of \$12.8M
Flood mitigation infrastructure	Cost approach	Asset condition, remaining lives using componentisation
	Independent cost index	Independent cost indexation factors of between 5.30% and 15.10% have been applied to this asset class resulting in a revaluation increment of \$12.8M

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

Infrastructure, property, plant and equipment (IPPE)

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

- Land & Site Improvements – APV Valuers & Asset Management for the 2022/23 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- 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.
- 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.

D2-1 Fair value measurement (continued)

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

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

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

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

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

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

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

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

Water Infrastructure Assets

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

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

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

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

D2-1 Fair value measurement (continued)

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 value, 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.

D2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	<i>Buildings</i>		<i>Land</i>		<i>Non-deprec. Land improv.</i>		<i>Deprec. Land improv.</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>
Opening balance	9,238	1,930	18,220	10,506	2,951	2,374	2,625	2,408
Total gains or losses for the period								
Recognised in other comprehensive income								
– revaluation surplus	895	–	16,461	4,447	212	577	(183)	458
Other movements								
Transfers from/(to) another asset class	189	4,069	–	–	–	–	(82)	(168)
Purchases (GBV)	142	3,505	–	3,345	–	–	18	–
Disposals (WDV)	–	–	(2)	(78)	–	–	–	–
Depreciation and impairment	(254)	(266)	–	–	–	–	(65)	(73)
Closing balance	10,210	9,238	34,679	18,220	3,163	2,951	2,313	2,625

	<i>Water distribution</i>		<i>Water dams & treatment</i>		<i>Flood mitigation</i>		<i>Total</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>
Opening balance	174,679	174,161	166,314	175,531	130,711	123,561	504,738	490,471
Recognised in other comprehensive income								
– revaluation surplus	13,403	(6,837)	12,823	(1,741)	12,792	7,829	56,403	4,733
Transfers from/(to) level 2 FV hierarchy	–	–	377	–	–	–	377	–
Transfers from/(to) another asset class	219	3,137	–	(3,564)	1,155	–	1,481	3,474
Purchases (GBV)	5,437	7,252	178	156	24	12	5,799	14,270
Disposals (WDV)	(303)	–	(129)	(91)	(90)	(8)	(524)	(177)
Depreciation and impairment	(2,764)	(3,034)	(3,254)	(3,977)	(740)	(683)	(7,077)	(8,033)
Closing balance	190,671	174,679	176,309	166,314	143,852	130,711	561,197	504,738

D2-1 Fair value measurement (continued)

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 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million for 1 July 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. 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 2023 was \$49,958.55. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA, and covers the period ended 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$51,732.72.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY 22/23 2.5% per annum thereafter

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2023.

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:

	2023	2022
	\$ '000	\$ '000
Compensation:		
Short-term benefits	361	336
Post-employment benefits	41	24
Other long-term benefits	10	25
Total	412	385

E1-2 Councillor and Chairperson fees and associated expenses

	2023	2022
	\$ '000	\$ '000

The aggregate amount of Councillor and Chairperson fees and associated expenses included in materials and services expenses in the Income Statement are:

Chairperson's fee	19	14
Councillors' fees	92	69
Councillors' (incl. Chairperson) expenses	23	13
Total	134	96

E2 Other relationships

E2-1 Audit fees

	2023 \$ '000	2022 \$ '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	71	73
Remuneration for audit and other assurance services	71	73
Total Auditor-General remuneration	71	73
Non NSW Auditor-General audit firms		
Total audit fees	71	73

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2023	2022
	\$ '000	<i>Restated</i> \$ '000
Net operating result from Income Statement	4,205	3,363
Add / (less) non-cash items:		
Depreciation and amortisation	7,820	8,603
(Gain) / loss on disposal of assets	460	193
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	240	460
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,332)	(899)
(Increase) / decrease of inventories	(28)	13
(Increase) / decrease of other current assets	(699)	65
Increase / (decrease) in payables	116	643
Increase / (decrease) in accrued interest payable	(40)	(39)
Increase / (decrease) in other accrued expenses payable	147	271
Increase / (decrease) in other liabilities	(7)	7
Increase / (decrease) in contract liabilities	280	(769)
Increase / (decrease) in employee benefit provision	(15)	186
Net cash flows from operating activities	11,147	12,097

F2-1 Commitments

Capital commitments (exclusive of GST)

	2023	2022
	\$ '000	\$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	222	257
Plant and equipment	71	26
Infrastructure	4,972	6,603
Land development	103	106
Total commitments	5,368	6,992

Details of capital commitments

Council has committed to progressing several projects including the St Helena 600 upgrade, the Smart Metering and Backflow program, the Gallans Road workplace consolidation and Reticulation Mains projects.

F3-1 Events occurring after the reporting date

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

F4 Changes from prior year statements

F4-1 Correction of errors

Nature of prior period error

The following prior period error has been identified:

In the previous financial year the renewal of a flood mitigation asset at West Coraki was incorrectly reported as a repair and recognised in 'Materials and services' expenses rather than a capital renewal in progress.

Council considers the error to be material and has corrected the comparative amounts presented for the year ended 30 June 2022, as follows:

As at 30 June 2022:

Infrastructure, Property, Plant and Equipment	\$1,149,743	Increase
Operating Expenditure	\$1,149,743	Decrease

The error identified above has been corrected by restating the balances at the end of 30 June 2022 and taking the adjustment through to the accumulated surplus at that date. Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

F4-1 Correction of errors (continued)

Adjustments to the comparative figures for the year ended 30 June 2022

Statement of Financial Position

	<i>Original Balance 30 June, 2022 \$ '000</i>	<i>Impact Increase/ (decrease) \$ '000</i>	<i>Restated Balance 30 June, 2022 \$ '000</i>
Infrastructure, property, plant and equipment	509,348	1,150	510,498
Total non-current assets	512,506	1,150	513,656
Total assets	555,628	1,150	556,778
Net assets	521,033	1,150	522,183
Accumulated surplus	247,112	1,150	248,262
Total equity	521,033	1,150	522,183

Income Statement

	<i>Original Balance 30 June, 2022 \$ '000</i>	<i>Impact Increase/ (decrease) \$ '000</i>	<i>Restated Balance 30 June, 2022 \$ '000</i>
Materials and services	11,373	(1,150)	10,223
Total expenses from continuing operations	32,349	(1,150)	31,199
Net operating result for the year	2,213	1,150	3,363

Statement of Comprehensive Income

	<i>Original Balance 30 June, 2022 \$ '000</i>	<i>Impact Increase/ (decrease) \$ '000</i>	<i>Restated Balance 30 June, 2022 \$ '000</i>
Materials and services	2,213	1,150	3,363
Net operating result for the year	2,213	1,150	3,363
Total comprehensive income for the year	6,755	1,150	7,905

Impact on the Statement of Cash Flows

The correction of the error resulted in a decrease of payments for materials and services under operating activities by \$1.15m and an increase in payments for IPPE under investing activities by \$1.15m for the year ended 30 June 2022.

F5 Statement of developer contributions as at 30 June 2023

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

F5-1 S64 contributions

	Opening balance at 1 July 2022 \$ '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 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
S64									
S64 contributions	-	5,176	-	-	-	(5,176)	-	-	-
Total	-	5,176	-	-	-	(5,176)	-	-	-

F6 Statement of performance measures

F6-1 Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2023	2023	Restated 2022	2021	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(271)	(0.88)%	(5.58)%	(4.92)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	30,912				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	28,690	79.50%	73.82%	78.85%	> 60.00%
Total continuing operating revenue ¹	36,088				
3. Unrestricted current ratio					
Current assets less all external restrictions	36,586	4.02x	4.26x	7.03x	> 1.50x
Current liabilities less specific purpose liabilities	9,112				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8,862	1.71x	1.65x	1.59x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5,180				
5. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	37,772	15.24 months	19.90 months	25.80 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,479				

(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 2023

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).

Rous County Council

General Purpose Financial Statements

for the year ended 30 June 2023

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).

Rous County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Rous County Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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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 2023

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:

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- 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
- Sections 3 and 4 of the NSW Department of Planning and Environment, *Water's Regulatory and assurance framework for local water utilities*.

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,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 18 October 2023.

Robert Mustow
Chairperson
18 October 2023

Sharon Cadwallader
Deputy Chairperson
18 October 2023

Phillip Rudd
General Manager
18 October 2023

Jonathan Patino
Responsible Accounting Officer
18 October 2023

Rous County Council

Income Statement of water supply business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
User charges	24,041	22,470
Interest and investment income	1,037	212
Grants and contributions provided for operating purposes	571	1,763
Other income	1,234	139
Total income from continuing operations	26,883	24,584
Expenses from continuing operations		
Employee benefits and on-costs	9,238	8,431
Borrowing costs	1,313	1,520
Materials and services	8,522	7,787
Depreciation, amortisation and impairment	7,204	8,221
Net loss from the disposal of assets	369	22
Other expenses	-	9
Total expenses from continuing operations	26,646	25,990
Surplus (deficit) from continuing operations before capital amounts	237	(1,406)
Grants and contributions provided for capital purposes	5,175	5,632
Surplus (deficit) from continuing operations after capital amounts	5,412	4,226
Surplus (deficit) from all operations before tax	5,412	4,226
Surplus (deficit) after tax	5,412	4,226
Plus accumulated surplus	128,233	124,007
Plus/less: Correction of error	-	-
Plus adjustments for amounts unpaid:		
Less:		
Closing accumulated surplus	133,645	128,233
Return on capital %	0.0%	0.0%
Subsidy from Council	-	-
Calculation of dividend payable:		
Surplus (deficit) after tax	5,412	4,226
Surplus for dividend calculation purposes	5,412	4,226
Potential dividend calculated from surplus	2,706	2,113

Rous County Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	7,744	2,597
Investments	25,603	31,197
Receivables	4,263	2,340
Inventories	334	316
Other	1,313	614
Total current assets	39,257	37,064
Non-current assets		
Right of use assets	421	34
Investments	–	1,500
Inventories	226	226
Infrastructure, property, plant and equipment	425,098	378,528
Intangible assets	453	507
Total non-current assets	426,198	380,795
Total assets	465,455	417,859
LIABILITIES		
Current liabilities		
Lease liabilities	257	50
Payables	3,382	2,629
Borrowings	3,825	3,605
Employee benefit provisions	2,366	2,409
Total current liabilities	9,830	8,693
Non-current liabilities		
Lease liabilities	164	–
Borrowings	21,530	25,355
Employee benefit provisions	68	41
Total non-current liabilities	21,762	25,396
Total liabilities	31,592	34,089
Net assets	433,863	383,770
EQUITY		
Accumulated surplus	133,644	128,232
Revaluation reserves	300,219	255,538
Total equity	433,863	383,770

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 2021 (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)

Nil

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%** (21/22 25%)

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

Note – Significant Accounting Policies (continued)

Payroll tax – 5.45% 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% (21/22 25%).

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 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 4.008% at 30/06/23.

(iii) Dividends

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

Note – Significant Accounting Policies (continued)

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

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

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

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

Rous County Council

Special Purpose Financial Statements
for the year ended 30 June 2023

Rous County Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Rous County Council

Special Schedules

for the year ended 30 June 2023

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Rous County Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring assets to agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	–	–	212	53	5,426	8,866	5.6%	0.4%	94.1%	0.0%	0.0%	
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	
	Council works depot	–	–	357	375	4,784	6,206	0.1%	0.0%	99.9%	0.0%	0.0%	
	Sub-total	–	–	569	428	10,210	15,072	3.3%	0.2%	96.5%	0.0%	0.0%	
Water supply network	Water supply network	5,143	5,143	6,834	6,105	366,981	541,385	29.9%	53.9%	12.0%	4.2%	0.0%	
	Sub-total	5,143	5,143	6,834	6,105	366,981	541,385	29.9%	53.9%	12.0%	4.2%	0.0%	
Flood mitigation network	Flood mitigation	989	989	348	287	143,853	160,121	5.3%	74.3%	17.8%	2.6%	0.0%	
	Sub-total	989	989	348	287	143,853	160,121	5.3%	74.3%	17.8%	2.6%	0.0%	
Total – all assets		6,132	6,132	7,751	6,820	521,044	716,578	23.9%	57.3%	15.0%	3.8%	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 2023

Infrastructure asset performance indicators (consolidated) *

	<i>Amounts</i>	<i>Indicator</i>	<i>Indicators</i>		<i>Benchmark</i>
	<i>2023</i>	<i>2023</i>	<i>Restated</i> <i>2022</i>	<i>2021</i>	
\$ '000					
Buildings and infrastructure renewals ratio					
Asset renewals ¹	6,805	97.05%	61.95%	90.06%	> 100.00%
Depreciation, amortisation and impairment	7,012				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	6,132	1.16%	1.81%	1.37%	< 2.00%
Net carrying amount of infrastructure assets	526,620				
Asset maintenance ratio					
Actual asset maintenance	6,820	87.99%	69.68%	97.14%	> 100.00%
Required asset maintenance	7,751				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	6,132	0.86%	2.65%	4.24%	
Gross replacement cost	716,578				

(*) 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.

Quarterly Budget Review Statement for the quarter ending 30 September 2023

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

Report Author: Finance Manager (Jonathan Patino)

Recommendation

That Council note the results presented in the Quarterly Budget Review Statement as at 30 September 2023 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 2023/24 budget was adopted on 21 June 2023 as part of the 2023/24 Operational plan and the 2023/27 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 2023 indicates that Council's projected financial position at 30 June 2024 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."



Jonathan Patino
Responsible Accounting Officer

Commentary on Proposed Adjustments – September 2023 (Table 1)

The following table details proposed budget variations as compared to the original budget and quarterly adjustments. The tables that follow summarise the changes on a reporting unit basis. For reporting purposes, only changes over \$5,000 are individually referenced.

Operating income has increased by \$1.8M, operating expenditure has increased by \$0.9M, capital revenue is unchanged and capital expenditure has decreased by \$5.6M resulting in an overall change of \$6.5M to be transferred back to reserves.

Significant Adjustments

- **Capital Works Program**

Management have taken the QBRS as an opportunity to review the capital works program, particularly the impact of carry over budgets and the resources available to complete works. This remains an important focus with a complete review of proposed capital works to be undertaken as part of the annual budget process.

- **Impact on Reserves as a Whole**

The required changes this quarter will provide a substantial increase to our budgeted reserves, meaning our internal reserves policy position will be met, along with the New South Wales Treasury Corporation loan covenant requirement to hold reserves that equal 6 months of the next financial year's operating expenditure less depreciation.

(QBR2) Table 1: Summary of Proposed Changes Whole Organisation – September 2023

BUDGET ITEMS	Original Budget 2023/24	2022/23 Carryovers	September	Ref	Projected Year End Result 2023/24
			30-Sep-23		
			Quarter		
Operating Income					
Bulk	28,798,700	0	114,000	BW1	28,912,700
Retail	3,512,700	0	0		3,512,700
Flood	1,174,200	0	1,546,900	FM1, FM2, FM3, FM4, FM5, FM6	2,721,100
Weeds	1,722,200	0	0		1,722,200
Property	197,800	0	140,000	P1	337,800
Fleet	126,100	0	0		126,100
TOTAL OPERATING INCOME	35,531,700	0	1,800,900		37,332,600
Operating Expenses					
Bulk	30,132,300	1,053,500	708,300	BW2, BW3, BW4, BW5, BW6, BW7, BW8, BW23, BW24, BW25, BW26, BW27	31,894,100
Retail	3,617,400	0	(8,500)	RW1	3,608,900
Flood	1,922,700	122,000	133,600	FM3, FM4, FM5, FM8, FM9, FM10	2,178,300
Weeds	2,667,100	113,500	13,300	WB1	2,793,900
Property	321,600	0	82,500	P3, P4, P5	404,100
Fleet	129,400	0	(2,100)	F1, F2, F3	127,300
TOTAL OPERATING EXPENSES	38,790,500	1,289,000	927,100		41,006,600
OPERATING RESULT	(3,258,800)	(1,289,000)	873,800		(3,674,000)
Exclude Depreciation	8,305,100	0	0		8,305,100
Cash Result	5,046,300	(1,289,000)	873,800		4,631,100
Less: Capital Expense	26,611,600	4,564,500	(5,621,100)	BW8, BW9, BW10, BW11, BW12, BW13, BW14, BW15, BW16, BW17, BW18, BW19, BW20, BW21, BW22, FM6, FM7, P1, P2	25,555,000
Add: Loan Funds	15,000,000	0	0		15,000,000
Less: Loan Repayments	4,191,300	0	0		4,191,300
Add: From/Less: (To) Reserve	10,756,600	5,853,500	(6,494,900)		10,115,200
Estimated Cash Movement	0	0	0		0

Budget Adjustments Required this Quarter

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2023/24)	LTFP (2024/25-2032/33)	
New	Water Loss Implementation Grant Funding	BULK	Operating Revenue	BW1	(114,000)	0	Rous has been successful in obtaining grant funding from the Department of Planning and Environment under the Regional Leakage Reduction Program. The grant will provide up to \$114,000 towards the Water Loss Implementation project. The expenditure for this project has already been included in the Budget.
Existing	Molesworth Street Automatic Sliding Door	BULK	Operating Expenditure	BW2	11,900	0	Replacement of the automatic sliding door at the entrance to the Molesworth Street building is required as the existing door is not operational, and it cannot be repaired as parts are no longer available. A transfer of \$11,900 from the bulk water reserve is required.
Existing	Dam Safety Compliance	BULK	Operating Expenditure	BW3	400,000	0	Implementation of the Dams Safety Management System in compliance with Dams Safety Regulation 2019, included in the 2023-24 Operation Plan, requires detailed risk assessments and safety review reports for Emigrant Creek Dam and Rocky Creek Dam. The requirement for additional geotechnical investigations at Emigrant Creek Dam means that approved funding has been exhausted. It is estimated that an additional \$400,000 will be sufficient to complete the safety review of Emigrant Creek Dam and award the detailed risk assessments and safety review report for Rocky Creek Dam. Therefore, a transfer of \$400,000 from the bulk water reserve is required.
New	Update Service Level Agreements	BULK	Operating Expenditure	BW4	20,000	0	Service Level Agreements with constituent councils are required to be updated early in the 2025 calendar year. A budget of \$20,000 for legal fees is requested.
Existing	Governance and Risk position	BULK	Operating Expenditure Operating Expenditure	BW5 BW5	(60,000) 60,000	0 0	The Risk and Assurance Specialist position has now been filled by a permanent appointment and we will not need to use a contractor in this role. This movement from contractors to wages has an overall budget impact of nil.
Existing	People and Culture Manager position	BULK	Operating Expenditure Operating Expenditure	BW6 BW6	(66,000) 80,000	0 0	The People and Culture Manager position is being filled on a labour hire basis for the first 6 months of the 2023/24 financial year. This movement from wages to contractors will cost an additional \$14,000, which will need to be transferred from the bulk water reserve.
Existing	Stores and Depot Officer position	BULK	Operating Expenditure Operating Expenditure	BW7 BW7	(40,000) 52,000	0 0	The Stores and Depot Officer position is being filled on a labour hire basis for the first 6 months of the 2023/24 financial year. This movement from wages to contractors will cost an additional \$12,000, which will need to be transferred from the bulk water reserve.
Existing	IT - Content Management Improvement Program	BULK	Capital Expenditure Operating Expenditure	BW8 BW8	(100,000) 100,000	0 0	This program is being run using a labour hire contractor and should be classified as operating expenditure. Overall budget impact is nil.
	IT - Servers, Storage and UPS		Capital Expenditure	BW9	20,000	0	A decision was made last financial year to hold off on replacing the Head Office UPS (Uninterrupted Power Supply) due to the pending relocation to Gallans Road. However, the UPS is now alerting that two of the batteries are failing and likely won't last until the move to Gallans Road. The IT team would like to replace this UPS now to adhere to its business continuity requirements. Therefore, a transfer of \$20,000 from the bulk water reserve is required.
	IT - AV Equipment		Capital Expenditure	BW10	10,000	0	During the requirements gather phase of the AV Equipment upgrade project, it was identified that our meeting room capabilities at remote sites also required upgrading. Therefore, a transfer of \$10,000 from the bulk water reserve is requested to allow the IT team to upgrade meeting equipment at key remote sites.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2023/24)	LTFP (2024/25-2032/33)	
	IT - Computers		Capital Expenditure	BW11	32,500	(17,500)	A program is planned to replace existing operations tablets with cellular-enabled iPads so that the entire fleet is using the same hardware. To fund this, \$17,500 is required to be brought forward from the 2024/25 financial year and \$15,000 transferred from reserve.
	IT - BPM Software		Capital Expenditure	BW12	(50,000)	0	This project is not going ahead, and the budget can be returned to reserves.
	IT - Wi-Fi		Capital Expenditure	BW12	(30,000)	0	Excess funds can be returned to reserves
	IT - Security Panel		Capital Expenditure	BW13	(30,000)	0	Excess funds can be returned to reserves
	IT - Microwave Bridge		Capital Expenditure	BW13	(45,000)	0	Excess funds can be returned to reserves
	IT – Mobiles		Capital Expenditure	BW13	(27,000)	0	Excess funds can be returned to reserves
	IT - Future Improvements		Capital Expenditure	BW13	(11,500)	0	Excess funds can be returned to reserves
Existing	Emigrant Creek Dam Destratification System	BULK	Capital Expenditure	BW14	(50,000)	50,000	Deferred to the 2024/25 financial year.
Existing	Rocky Creek Dam Destratification System	BULK	Capital Expenditure	BW15	(200,000)	200,000	This project will not be fully completed in the 2023/24 financial year. Therefore, \$200,000 of the budget should be deferred to the 2024/25 financial year.
Existing	St Helena 300 Upgrade	BULK	Capital Expenditure	BW16	400,000	(400,000)	In order to meet future water supply demands, the St Helena 450 pipeline is required to be installed to replace an ageing 1950's 300mm pipeline in poor condition. Construction is currently planned to start in the 2027/28 financial year. Due to development impacts, a section of Council's St Helena 525mm water main is required to be relocated at full cost to the developer through a development site at Rankin Drive, Bangalow. Rous staff have identified an opportunity to install a planned section of the St Helena 450mm pipeline at the same time through the same alignment on this property, presenting significant savings to Rous. There are also expected savings from undertaking the construction while the property is undeveloped, rather than after the property is subdivided, internal roadways are constructed, and access becomes more restricted. All works will be managed by Rous, with the developer to contribute project management administration charges and all costs associated with the construction of the relocated 525mm pipeline. Therefore, it is proposed to bring forward \$400,000 of the budget for this project from the 2027/28 financial year to the current financial year.
Existing	Emigrant Creek Dam Causeway	BULK	Capital Expenditure	BW17	(300,000)	522,000	This project is the construction of a concrete causeway at the base of Emigrant Creek Dam to improve access to the other side for operational monitoring and maintenance. Works package is near completion (awaiting Fisheries Permit); however, initiation of the procurement phase of the project now would push the works into Spring/Summer which is considered an unacceptable risk due to the location being at the toe of the dam and subject to dam overtopping in the events of storms. The dam is also likely to need to be lowered and outflows managed to minimize the risk of overtop events during the construction phase. For this reason, it is proposed to postpone the works into Winter 2024, with the budget deferred to the 2024/25 financial year. The amount of the budget should be increased to \$522,000 based on the construction cost provided by Bellwether Consulting plus 20% contingency plus 5% project management plus 5% escalation.
Existing	Emigrant Creek Water Treatment Plant BAC	BULK	Capital Expenditure	BW18	70,000	0	Carry forward works to finalise the replacement of the Emigrant Creek Water Treatment Plant BAC media, paint and modify the BAC tanks are now completed and final costs for the works are approximately \$70,000 over budget. This is due to higher-than-expected painting costs, unexpected costs relating to replacement of filter nozzles and additional crane hire to complete works safely.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2023/24)	LTFP (2024/25-2032/33)	
Existing	Coraki 225 - Mains Renewal	BULK	Capital Expenditure	BW19	(264,800)	264,800	An options assessment has been undertaken but the remainder of this project is to be deferred until the 2024/25 financial year.
Existing	FWP Alstonville Groundwater	BULK	Capital Expenditure	BW20	(2,000,000)	2,000,000	Deferred to the 2024/25 financial year.
	FWP Tyagarah Groundwater		Capital Expenditure	BW20	(250,000)	250,000	Deferred to the 2024/25 financial year.
Existing	Nightcap Water Treatment Plant PLC SB Upgrade	BULK	Capital Expenditure	BW21	(936,300)	936,300	Deferred to the 2024/25 financial year.
Existing	Nightcap and Emigrant Creek Water Treatment Plant Sludge	BULK	Capital Expenditure	BW22	(58,000)	(58,000)	These capital renewal projects are no longer required and can be returned to reserves.
Existing	Water Quality Monitoring Grant Funding	FLOOD	Operating Revenue	FM1	(36,600)	0	Grant funding for Water Quality Monitoring is to be reinstated this financial year. The budget for the related expenditure was carried over from the last financial year and is expected to be spent this financial year.
New	Lismore Levee Grant Funding	FLOOD	Operating Revenue	FM2	(1,300,000)	0	This grant funding will be received through Disaster Recovery Funding Arrangements to cover the cost of work to reinstate the Lismore Levee by Lismore City Council. The related expenditure is already included in the capital expenditure budget.
Existing	Fish Habitat (Coraki Riparian Plan) Grant Funding	FLOOD	Operating Revenue	FM3	(16,000)	0	Grant funding for the Fish Habitat (Coraki Riparian Plan) is to be reinstated this financial year. The budget for the related expenditure was carried over from the last financial year and is expected to be spent this financial year.
			Operating Expenditure	FM3	(7,000)	18,000	This project will be completed this financial year and, once the remaining consultants, project signage, excavator and rubbish removal costs are incurred, it is expected to come in \$7,000 under budget. However, the original grant application commits to ongoing bush regeneration maintenance for the next 3 years. Therefore, a budget of \$6,000 per annum is requested for the 2024/25, 2025/26 and 2026/27 financial years - 3 contractor days (\$400 per day) per site (5 sites) per year.
New	Floodgate Construction for Ballina Shire Council	FLOOD	Operating Revenue	FM4	(13,800)	0	The Flood Mitigation team has agreed to manufacture and sell four floodgates to Ballina Shire Council for use in their roadside/stormwater drainage network to demonstrate Council's willingness to develop a collaborative approach to drainage issues in constituent council's LGAs. Prices have been quoted to fully recover Rous' costs so overall budget impact is nil.
			Operating Expenditure	FM4	13,800	0	
New	Tuckombil Levee Flood Repair Grant Funding	FLOOD	Operating Revenue	FM5	(144,500)	0	Rous has been successful in obtaining grant funding of \$144,500 from NSW Public Works under the Natural Disaster Relief Assistance Program to restore Tuckombil Levee which was damaged in the 2022 floods. Expenditure of these funds will take place in the 2023/24 financial year. The overall budget impact is nil.
			Operating Expenditure	FM5	144,500	0	
New	RSL Pump Lismore Levee	FLOOD	Operating Revenue	FM6	(36,000)	0	This work to reinstate the RSL pump portion of the Lismore Levee is being carried out during the 2023/24 financial year. The cost is to be recovered through Disaster Recovery Funding Arrangements and, therefore, the overall budget impact is nil.
			Capital Expenditure	FM6	36,000	0	

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2023/24)	LTFP (2024/25-2032/33)	
New	Replacement Spraying Rig and Helmets	FLOOD	Capital Expenditure	FM7	23,000	0	Controlling vegetation in Council-managed drainage systems with herbicide is an important component of the flood mitigation maintenance program. Without this spray program, drains become overgrown with vegetation, which can impact their flow and function. After many years of service, the flood mitigation team needs to replace their Quick Spray unit and two associated spray helmets. The total cost of these replacements exceeds the current budget for tools and equipment and, therefore, a transfer of \$23,000 from the flood reserve is requested.
New	Conway Street Insurance Claim	PROPERTY	Operating Revenue Capital Expenditure	P1 P1	(140,000) 140,000	0 0	Insurance claim for Conway Street flood repairs has been approved at \$140,000 and a contractor has been engaged to carry out the repairs. Overall budget impact is nil.
Existing	Perradenya Capital Expenditure	PROPERTY	Capital Expenditure	P2	(2,000,000)	2,000,000	Defer \$2,000,000 of the budget to the 2024/25 financial year.
Existing	Fleet GPS Tracking and Cameras	FLEET	Operating Expenditure	F1	34,500	310,500	GPS tracking units and cameras have been installed in additional vehicles. A transfer of \$34,500 from the fleet reserve is required to cover the additional related costs.
Existing	Insurance	BULK FLOOD	Operating Expenditure Operating Expenditure	BW23 FM8	26,000 1,500	0 0	Insurance premiums for the 2023/24 financial year came in above the budgeted amount.
Existing	Kyogle Street Depot Expenses	BULK PROPERTY	Operating Expenditure Operating Expenditure	BW24 P3	(29,500) 29,500	(119,000) 119,000	This property is no longer being used as a depot for water operations. It is currently being subleased. Operating expenditure for the current and future financial years is to be allocated to the Property Reporting Unit. Overall budget impact is nil.
New	Additional Staff Vehicle	BULK FLEET FLEET	Operating Expenditure Operating Expenditure Operating Expenditure	BW25 F2 F2	16,400 (16,400) 16,400	147,600 0 0	New internal hire vehicle.
Existing	Adjustments to Salaries Budget	BULK RETAIL FLOOD WEEDS PROPERTY FLEET	Operating Expenditure Operating Expenditure Operating Expenditure Operating Expenditure Operating Expenditure	BW26 RW1 FM9 WB1 P4 F3	147,500 (8,500) 9,800 13,300 68,300 (36,600)	0 0 0 0 0 0	The increase in the Local Government State Award for the 2023/24 financial year was 4.5% whereas the budgeted increase was only 3%. There have also been some changes to staff grading and some reallocations between business units.
Existing	Budget Savings Identified						
	Phriendly Phishing	BULK	Operating Expenditure	BW27	(10,000)	(90,000)	This project was not required, remaining budget to be returned to reserve.
	Carrington Street Maintenance	PROPERTY	Operating Expenditure	P5	(15,300)	(119,700)	This property has been disposed of, remaining recurrent budget returned to reserve.
	Flood Repairs	FLOOD	Operating Expenditure	FM10	(29,000)	(261,000)	This budget for potential unplanned flood repairs is no longer required.
					(6,494,900)	5,753,000	

Bulk Water Reporting Unit

(QBR2) Income & Expenses - Bulk						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Water Sales	21,796,700	0	0		21,796,700	5,449,200
Interest Income / Sundry	1,103,100	0	0		1,103,100	545,800
Property Income	20,800	0	0		20,800	5,100
Operating Grants and Contributions	1,507,100	0	114,000	BW1	1,621,100	44,000
Profit on Sale	0	0	0		0	0
Capital Income	4,371,000	0	0		4,371,000	268,500
Total Operating Income	28,798,700	0	114,000		28,912,700	6,312,600
Operating Expense						
Administration Expenses	755,500	0	20,000	BW4	775,500	644,500
Administration - Retail Water Cost	(2,041,000)	0	0		(2,041,000)	(502,700)
Finance Costs	2,259,300	0	0		2,259,300	219,800
Building/Depot Expenses	612,500	0	(17,600)	BW2, BW24	594,900	159,100
Fleet Hire Expense	629,000	0	16,400	BW25	645,400	161,500
Training & Staff	368,200	0	0		368,200	41,100
Insurance	385,700	0	26,000	BW23	411,700	364,900
Members Expenses	169,100	0	0		169,100	28,500
Salaries & Wages	9,040,400	0	101,500	BW5, BW6, BW7, BW26	9,141,900	1,815,600
Operations Purchases	11,244,500	1,053,500	562,000	BW3, BW5, BW6, BW7, BW8, BW27	12,860,000	1,585,700
Depreciation	6,709,100	0	0		6,709,100	1,549,700
Total Operating Expense	30,132,300	1,053,500	708,300		31,894,100	6,067,700
Operating Result	(1,333,600)	(1,053,500)	(594,300)		(2,981,400)	244,900
Less: Depreciation	6,709,100	0	0		6,709,100	1,549,700
Operating Result Excl. Non Cash	5,375,500	(1,053,500)	(594,300)		3,727,700	1,794,600
Less: Capital Expenses	20,175,300	2,143,300	(3,820,100)	BW8, BW9, BW10, BW11, BW12, BW13, BW14, BW15, BW16, BW17, BW18, BW19, BW20, BW21, BW22	18,498,500	1,905,900
Add: Loan Funds	15,000,000	0	0		15,000,000	0
Less: Loan Repayments	4,191,300	0	0		4,191,300	690,000
Transfer from/(to) Reserve	3,991,100	3,196,800	(3,225,800)		3,962,100	801,300
Net Cash Movement	0	0	0		0	0

Impact on Bulk Water Reserve

The required changes above will result in \$3,225,800 being transferred to the Bulk Water reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will increase to \$23,531,800 which is beyond of the internal reserves policy target of 6 months operating expenditure or \$15,947,000.

Retail Water Reporting Unit

(QBR2) Income & Expenses - Retail						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Water Sales	3,417,900	0	0		3,417,900	828,000
Interest Income / Sundry	79,800	0	0		79,800	5,000
Capital Income	15,000	0	0		15,000	3,100
Total Operating Income	3,512,700	0	0		3,512,700	836,100
Operating Expense						
Administration Expenses	2,282,100	0	0		2,282,100	556,300
Fleet Hire Expenses	91,400	0	0		91,400	22,900
Salaries and Wages	684,300	0	(8,500)	RW1	675,800	136,700
Operations Purchases	139,400	0	0		139,400	37,600
Depreciation and Amortisation	420,200	0	0		420,200	66,400
Total Operating Expense	3,617,400	0	(8,500)		3,608,900	819,900
Operating Result	(104,700)	0	8,500		(96,200)	16,200
Less Depreciation	420,200	0	0		420,200	66,400
Operating Result Excl. Non Cash	315,500	0	8,500		324,000	82,600
Less: Capital Expenses	3,591,600	1,024,200	0		4,615,800	68,100
Transfer from/(to) Reserve	3,276,100	1,024,200	(8,500)		4,291,800	(14,500)
Net Cash Movement	0	0	0		0	0

Impact on Retail Water Reserve

The required changes above will result in a \$8,500 transfer to the Retail Water reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will increase to \$418,500 which is short of the internal reserves policy target of 8 months operating expenditure or \$2,406,000. This includes a planned transfer of \$2,000,000 from Bulk Water reserves to fund the smart metering/backflow project.

Flood Mitigation Reporting Unit

(QBR52) Income & Expenses - Flood						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Grants and Contributions	1,150,400	0	1,533,100	FM1, FM2, FM3, FM5, FM6	2,683,500	261,900
Interest Income / Sundry	23,800	0	13,800	FM4	37,600	10,600
Capital Income	0	0	0		0	0
Total Operating Income	1,174,200	0	1,546,900		2,721,100	272,500
Operating Expense						
Administration Expenses	216,400	0	0		216,400	54,100
Building/Depot Expenses	9,900	0	0		9,900	3,500
Fleet Hire Expenses	78,200	0	0		78,200	19,500
Insurance	4,700	0	1,500	FM8	6,200	0
Salaries and Wages	490,600	0	50,500	FM4, FM5, FM9	541,100	107,300
Operations Purchases	417,200	122,000	81,600	FM3, FM4, FM5, FM10	620,800	59,400
Depreciation and Amortisation	705,700	0	0		705,700	193,900
Loss on Sale	0	0	0		0	0
Total Operating Expense	1,922,700	122,000	133,600		2,178,300	437,700
Operating Result	(748,500)	(122,000)	1,413,300		542,800	(165,200)
Less Depreciation	705,700	0	0		705,700	193,900
Operating Result Excl. Non Cash	(42,800)	(122,000)	1,413,300		1,248,500	28,700
Less: Capital Expenses	156,400	1,368,000	59,000	FM6, FM7	1,583,400	23,200
Transfer from/(to) Reserve	199,200	1,490,000	(1,354,300)		334,900	(5,500)
Net Cash Movement	0	0	0		0	0

Impact on Flood Mitigation Reserve

The required changes above will result in a \$1,354,300 transfer to the Flood Mitigation reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will increase to \$626,200 which is short of the internal reserves policy target of 5 months operating expenditure or \$744,000.

Weed Biosecurity Reporting Unit

(QBR2) Income & Expenses - Weeds						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Grants and Contributions	1,640,000	0	0		1,640,000	215,400
Interest Income / Sundry	82,200	0	0		82,200	56,800
Capital Income	0	0	0		0	0
Total Operating Income	1,722,200	0	0		1,722,200	272,200
Operating Expense						
Administration Expenses	338,700	0	0		338,700	87,200
Building/Depot Expenses	13,900	0	0		13,900	4,800
Fleet Hire Expenses	232,000	0	0		232,000	58,300
Training & Staff	0	0	0		0	12,500
Salaries and Wages	1,457,400	54,500	13,300	WB1	1,525,200	365,900
Operations Purchases	594,100	59,000	0		653,100	51,600
Depreciation and Amortisation	31,000	0	0		31,000	7,900
Total Operating Expense	2,667,100	113,500	13,300		2,793,900	588,200
Operating Result	(944,900)	(113,500)	(13,300)		(1,071,700)	(316,000)
Less Depreciation	31,000	0	0		31,000	7,900
Operating Result Excl. Non Cash	(913,900)	(113,500)	(13,300)		(1,040,700)	(308,100)
Less: Capital Expenses	0	0	0		0	0
Transfer from/(to) Reserve	913,900	113,500	13,300		1,040,700	308,100
Net Cash Movement	0	0	0		0	0

Impact on Weed Biosecurity Reserve

The required changes above will result in a \$13,300 transfer from the Weed Biosecurity reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will decrease to \$817,300 which is short of the internal reserves policy target of 4 months operating expenditure or \$931,000.

Property Reporting Unit

(QBR2) Income & Expenses - Property						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Interest Income / Sundry	36,800	0	140,000	P1	176,800	9,200
Property Income	161,000	0	0		161,000	33,800
Capital Income	0	0	0		0	0
Total Operating Income	197,800	0	140,000		337,800	43,000
Operating Expense						
Administration Expenses	53,200	0	0		53,200	13,400
Building/Depot Expenses	187,800	0	14,200	P3, P5	202,000	50,500
Salaries and Wages	11,100	0	68,300	P4	79,400	19,500
Operations Purchases	26,300	0	0		26,300	4,700
Depreciation and Amortisation	43,200	0	0		43,200	12,300
Total Operating Expense	321,600	0	82,500		404,100	100,400
Operating Result	(123,800)	0	57,500		(66,300)	(57,400)
Less Depreciation	43,200	0	0		43,200	12,300
Operating Result Excl. Non Cash	(80,600)	0	57,500		(23,100)	(45,100)
Less: Capital Expenses	2,266,900	29,000	(1,860,000)	P1, P2	435,900	27,200
Transfer from/(to) Reserve	2,347,500	29,000	(1,917,500)		459,000	72,300
Net Cash Movement	0	0	0		0	0

Impact on Property Reserve

The required changes above will result in a \$1,917,500 transfer to the Property reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will increase to \$1,146,500 which is beyond the internal reserves policy target of 6 months operating expenditure or \$202,000.

Fleet Reporting Unit

(QBR52) Income & Expenses - Fleet						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Operating Income						
Interest Income / Sundry	126,100	0	0		126,100	29,700
Capital Income	0	0	0		0	0
Total Operating Income	126,100	0	0		126,100	29,700
Operating Expense						
Fleet Operations	582,100	0	50,900	F1, F2	633,000	194,800
Fleet Hire Income	(1,030,600)	0	(16,400)	F2	(1,047,000)	(261,800)
Salaries and Wages	182,000	0	(36,600)	F3	145,400	31,400
Depreciation and Amortisation	395,900	0	0		395,900	95,200
Loss on Sale	0	0	0		0	0
Total Operating Expense	129,400	0	(2,100)		127,300	59,600
Operating Result	(3,300)	0	2,100		(1,200)	(29,900)
Less Depreciation	395,900	0	0		395,900	95,200
Operating Result Excl. Non Cash	392,600	0	2,100		394,700	65,300
Less: Capital Expenses	421,400	0	0		421,400	188,200
Transfer from/(to) Reserve	28,800	0	(2,100)		26,700	122,900
Net Cash Movement	0	0	0		0	0

Impact on Fleet Reserve

The required changes above will result in a \$2,100 transfer to the Fleet reserve in the 2023/24 financial year. The projected balance as at 30 June 2024 will increase to \$1,116,100 which is beyond the internal reserves policy target of 4 months operating expenditure or \$391,000.

Budget Review for the Quarter Ended 30 September 2023						
(QBR3) Capital Budget						
	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2023/24	Actual YTD
Capital Funding:						
Capital Grants & Contributions	0	1,300,000	0		1,300,000	0
Internal Restrictions						
- Renewals	10,834,730	2,336,485	(867,000)		12,304,215	1,075,000
- New Assets	11,405,870	928,015	(4,754,100)		7,579,785	869,100
External Restrictions						
- Infrastructure	0	0	0		0	0
Other Capital Funding Sources						
- Operating Revenue	0	0	0		0	0
- S64 Contributions	4,371,000	0	0		4,371,000	268,500
Income from Sale of Assets						
- Plant and Equipment	0	0	0		0	0
- Land and Buildings	0	0	0		0	0
Total Capital Funding	26,611,600	4,564,500	(5,621,100)		25,555,000	2,212,600
Capital Expenditure:						
New Assets						
- Plant and Equipment	0	0	0		0	0
- Office Equipment	880,000	0	(70,000)	BW10, BW12	810,000	17,600
- Inventory (Land)	2,200,000	0	(2,000,000)	P2	200,000	27,200
- Land and Buildings	4,087,800	0	0		4,087,800	506,500
- Infrastructure	8,609,070	928,015	(2,684,100)	BW16, BW17, BW20, BW21	6,852,985	586,300
Renewals (Replacement)						
- Plant and Equipment	421,400	0	23,000	FM7	444,400	188,200
- Office Equipment	543,700	0	(161,000)	BW8, BW9, BW11, BW13	382,700	100
- Land and Buildings	66,900	29,000	140,000	P1	235,900	0
- Infrastructure	9,802,730	3,607,485	(869,000)	BW14, BW15, BW16, BW18, BW19, BW21, BW22, FM6	12,541,215	886,700
Total Capital Expenditure	26,611,600	4,564,500	(5,621,100)		25,555,000	2,212,600

Impact on Capital Works Program

The required adjustments above will result in a reduction in capital works of \$5,621,100 being transferred to reserves reducing the total capital works program for 2023/24 to \$25,555,000. As at 30 September, \$2,212,600 or 8.7% of these works have been completed.

Budget Review for the Quarter Ended 30 September 2023					
(QBR54) Cash & Investments					
	Opening Balances 2023/24	Original Budget 2023/24	2022/23 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2023/24
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
Property	100,000	0	0	0	100,000
Fleet	50,000	0	0	0	50,000
Bulk Water	2,354,000	0	0	0	2,354,000
Total Unrestricted	2,728,800	0	0	0	2,728,800
Externally Restricted:					
Flood Grants	416,800	(310,600)	0	23,000	129,200
Weeds Grants	771,500	(263,500)	0	0	508,000
Weeds Other	0	0	0	0	0
Bulk Water Grants	826,000	(826,000)	0	0	0
Bulk Water Other	2,740,900	(1,380,900)	0	0	1,360,000
Total Externally Restricted	4,755,200	(2,781,000)	0	23,000	1,997,200
Internally Restricted:					
Flood Mitigation	445,300	1,111,400	(1,490,000)	331,300	398,000
Weeds Biosecurity	1,060,700	(650,400)	(113,500)	(13,300)	283,500
Retail Water	2,610,300	(1,276,100)	(1,024,200)	8,500	318,500
Property	1,505,500	(1,347,500)	(29,000)	917,500	1,046,500
Fleet	1,092,800	(28,800)	0	2,100	1,066,100
Bulk Water					
- Buildings & Structures	66,200	0	0	0	66,200
- Assets & Programs	16,815,200	(5,784,200)	(3,196,800)	5,225,800	13,060,000
- Employee Leave Entitlement	2,393,300	0	0	0	2,393,300
- Electricity	2,610,500	0	0	0	2,610,500
- Office Equipment & Computer	1,403,600	0	0	0	1,403,600
- Greenhouse Gas Abatement	284,200	0	0	0	284,200
Total Internally Restricted	30,287,600	(7,975,600)	(5,853,500)	6,471,900	22,930,400
Total Restricted	35,042,800	(10,756,600)	(5,853,500)	6,494,900	24,927,600

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 2023.

Reconciliation

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

	\$
Cash at Bank (as per bank statements)	7,183,339
Investments on Hand	30,000,000
Reconciled Cash at Bank & Investments	<u>37,183,339</u>

A comparison of the actual cash and investment balance above of \$37,183,339 as at 30 September 2023 to the forecast cash and investment balance of \$27,656,400 as at 30 June 2024, indicates significant spending will need to occur before 30 June 2023 if all forecast works are to be completed.

(QBR5) Contractors

Contractor	Contract Details & Purpose	Contract Value (\$) Excluding GST	Contract Date	Duration of Contract	Budgeted (Y/N)
Water Services Association of Australia	Water Efficiency Plans and Data Logger Meters	83,750	5/07/2023	5 Months	Y
Advanced Concrete Engineering P/L T/as APS	Nightcap Water Treatment Plant Platforms	332,921	1/08/2023	1 Month	Y
Thorpe Family Trust t/as CLH Plumbing Pty Ltd	Grace Road - Reticulation Upgrade	411,042	14/09/2023	4 Months	Y
Thorpe Family Trust t/as CLH Plumbing Pty Ltd	Arthur Road - Reticulation Upgrade	212,707	27/09/2023	4 Months	Y
Cultures of Design Pty Ltd t/as Agency In Design	Syllabus and Training Manual Development	60,000	1/09/2023	6 Months	Y
Hunter H2O Holdings Pty Ltd	Woodburn New Bores - Early Design, Testing, Inspections and Planning.	162,731	12/09/2023	9 Months	Y
Compass Equipment Hire Pty Ltd	Lismore 900 Erosion Repairs	54,036	15/08/2023	3 Months	Y
Marcon Consultancy Pty Ltd	Project Management - Gallans Road EOI and RFT	148,850	1/08/2023	5 Months	Y
Change2020 Pty Ltd	Change Management Approach - Gallans Road	57,100	11/09/2023	6 Months	Y
Alex Llewellyn P/L t/as Llewellyn Building & Renovations	Emigrant Creek Water Treatment Plant Chemical Storage Area Roof Replacement	77,251	26/09/2023	2 Months	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	\$188,600	Y
Legal Fees	\$2,000	Y

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

Consultancies		
	Corporate & Commercial - RAP Advisory	22,200
	Corporate & Commercial - IT Strategy	6,600
	Corporate & Commercial - Revaluation of Land and Buildings	7,000
	Planning & Delivery – Coraki Riparian Project Revegetation	17,900
	Planning & Delivery – Dam Safety Management System	95,300
	Planning & Delivery – Modelling Connection Data	4,500
	Future Water Project – Purified Recycled Water for Drinking Investigation	35,100
Legal Fees		
	Easement Matters	1,800
	Legal Services - Lease Variation Molesworth Street	200

Statement of Expenses for Councillors

Councillor Expenses for the Quarter Ending 30/09/2023 (Q1)

Quarter 1	Other Expenses	Official Business of Council - Travel	Official Business of Council - Professional Development/Training	Total by Councillor (Q1)
Councillor Bruem	0	0	0	0
Councillor Cadwallader	0	0	0	0
Councillor Gordon	0	0	0	0
Councillor Humphrys	0	0	0	0
Councillor Lyon	0	0	0	0
Councillor Mustow	0	0	0	0
Councillor Ndiaye	0	0	0	0
Councillor Rob	0	0	5,496	5,496
Total Per Expense Type	0	0	5,496	5,496


	Q1	Q2	Q3	Q4	Total by Councillor YTD
Councillor Bruem	0	0	0	0	0
Councillor Cadwallader	0	0	0	0	0
Councillor Gordon	0	0	0	0	0
Councillor Humphrys	0	0	0	0	0
Councillor Lyon	0	0	0	0	0
Councillor Mustow	0	0	0	0	0
Councillor Ndiaye	0	0	0	0	0
Councillor Rob	5,496	0	0	0	5,496
Total Per Expense Type	5,496	0	0	0	5,496


This information is provided in accordance with paragraph 6.2 of the *'Payment of Expenses and Provision of Facilities for Chairperson and Councillors'* policy.

(QBR6) 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	Property	Fleet	Bulk	Consolidated (Whole Organisation)	Local Government Bench Mark
1	Operating Performance	2023/24 Budget Review	542,800	(1,071,700)	(96,200)	(66,300)	(1,200)	(2,981,400)	(3,674,000)	Surplus
		2022/23 Actual	(875,000)	22,000	(48,000)	(124,000)	127,000	158,000	(970,000)	
2	Current Ratio	2023/24 Budget Review	4.79	0.50	8.08	148.90	5.37	2.32	2.43	> 1.5
		2022/23 Actual	9.88	3.14	61.26	208.52	5.58	3.65	3.99	
3	Debt Service Cover Ratio	2023/24 Budget Review	-	-	-	-	-	0.94	1.08	> 2
		2022/23 Actual	-	-	-	-	-	1.57	1.71	
4	Own Source Operating Revenue Ratio	2023/24 Budget Review	1%	5%	100%	100%	100%	94%	84%	> 60%
		2022/23 Actual	0%	2%	100%	100%	100%	77%	74%	
5	Building and Infrastructure Renewals Ratio	2023/24 Budget Review	2.24 : 1	-	7.02 : 1	5.46 : 1	-	1.25 : 1	1.62 : 1	> 1:1
		2022/23 Actual	0.17 : 1	-	1.49 : 1	0.00 : 1	-	0.95 : 1	0.97 : 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 decreased compared with the original budgeted deficit of \$7,644,800. Due to the existing reserve balances Council has, a conscious decision has been made not to adhere to this benchmark.

Original Budgeted Deficit	(\$7,644,800)
Projected Year End Result 2023/24	(\$8,060,000)
	(\$415,200)

The decrease can be attributed to carry over works (\$1.289M) reinstated from 2022/23, an increase in salaries (\$188K), fleet expenses (\$51K) and operating expenses (\$688K), offset by an increase in grant revenue (\$1.647M), insurance claims (\$140K) and private works (\$14K).

Carryovers / Reinstatements	(\$1,289,000)
Expenses	(\$927,100)
Revenue	\$1,800,900
	(\$415,200)

Note: Operating results include depreciation of \$8,305,100 which is non-cash.

2. Current Ratio Liquidity

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

Comment: The above ratio means that for every dollar Council owes in the short term, it has \$2.43 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.

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
New Grant Applications Awaiting Outcome										
Coastal Management Plan - Stage 2	Flood	Development of the Coastal Management Plan for the Richmond River Estuary - Stage 2	DPE	NSW Department of Planning and Environment Coastal and Estuaries Grants Program. 2:1 funding ratio and contributions from all councils in the Richmond River catchment will make this amount much more affordable.	3 years	1,038,000	692,000	346,000		
Wilsons River Reach - Fish Habitat Action Grant 2023	Flood	Boatharbour Riparian Repair Project	DPIE	Fish Habitat Action Grant	1 year	96,737	40,000	56,737		
Active Grants										
Water Quality Monitoring 2019-22	Flood	Richmond River water quality monitoring project	DPIE	Coastal & Estuary Grants Program	3 years	199,768	99,884	99,884	171,697	28,071
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	4 years	676,800	84,600 p.a.	84,600 p.a.	580,926	95,874
Coraki Riparian Project	Flood	Richmond River coastal riparian project at Coraki	DPIE	Fish Habitat Action Grant	1 year	112,160	40,000	72,160	55,744	56,416
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	-	1,485	248,515
Natural Resource Management Flood Water Sustainability Project Grant	Water	Emergency Repairs Claim	Public Works Advisory	Northern Rivers March 2022 Flood/Water Sewerage Program	2 years	1,600,000	1,600,000	0	522,490	1,077,510
Safe & Secure Water Program 2022-2024 (SSWP479) - Tranche 3	Water	Funding for Stage 1 of Rous County Council - FWP2060. Planning, Investigation and Design Project. DPE is funding 25% of the estimated actual project costs.	DPE	Rous Water Customers Water Security Program	15 mths (31.05.24)	8,037,600	2,009,400	0	609,649	7,427,951
Local Water Utility Grants	Water	Regional Leakage Reduction Program – Local Water Utility Grants A maximum total amount of 114,025.00 (GST exclusive) payable in instalments. This is based on 25% of \$456,100.00 (total project costs). If total project costs are less than this, the payment will be adjusted accordingly.	DPIE	Regional Leakage Reduction Program	15 mths (31.05.24)	456,100	114,025	0	71,345	384,755
Weeds Action Program 2020-25 (2024)	Weeds	Funding allocated annually	DPIE	North Coast Weeds Action Program 2020-25	1 year	642,500	642,500	-	280,925	361,575
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	5 years	236,000	214,000	22,000	236,000	0
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	18,500	29,250
Early Needs Weed Management	Weeds	Early Needs Weed Management Project	LLS	Early Needs Weed Management Program	2 years	710,000	710,000	0	385,665	324,335
Priority Weeds Washdown Facility	Weeds	Funding to support essential programs and treatments of new incursions of prohibited weeds - Priority weeds washdown facility	DPI	2022-2023 New Weed Incursion - Priority Weeds Washdown Facility	12m	49,995	49,995	-	-	49,995
Parthenium 2023	Weeds	Surveillance, control, site maintenance of high risk properties. Distribution of educational materials.	DPI	New Weed Incursion - Parthenium Weed (Parthenium hysterophorus) Response	12 mths	30,000	20,000	10,000	107	29,893
Frogbit 2023	Weeds	Expand inspections areas, treatment of Frogbit infestation and follow up treatment	DPI	New Weed Incursion - Frogbit (Limnobia laevigatum) Rapid Response	6 mths	30,000	20,000	10,000	6,870	23,130
Tropical Soda Apple High Risk Pathways	Weeds	Next 12 months -Continue surveillance/control of the Tropical Soda apple in identified high risk pathways	DPI	Tropical Soda Apple High Risk Pathways	12 mths	32,000	30,000	2,000	53	31,947

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 2023/24 Operational Plan.

An update will be provided at a future Council meeting regarding a revision of the current internal reserves policy.

Amendment to 2020/21 Loan Borrowing Terms

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

Report Author: Finance Manager (Jonathan Patino)

Recommendation

That Council:

1. Receive and note the report.
2. Authorise the amendments to the associated loan documentation to be completed under Seal.
3. Authorise any future amendments to the associated loan documentation which are considered of a minor nature and not adverse to Council to be completed under Seal.

Background

Council resolved to borrow \$13.5M for the St Helena upgrade project at the April 2021 Ordinary Council Meeting [15/21]. Part of the resolution was to authorise the associated loan documentation to be completed under Seal.

Council was successful in obtaining these loan funds from New South Wales Treasury Corporation (NSW TCorp) in June 2021. At the time access to this funding for County Council's was granted as a temporary measure due to the impacts of COVID-19 and represented a significant financial saving to Council due to NSW TCorp providing lower than market interest rates on borrowings.

A condition of the funding was that Council had to align its Investment Policy with NSW TCorp requirements. These requirements involved portfolio, counterparty and maximum tenor limits that could be invested with institutions based on their credit ratings which Council adopted in April 2021 [18/21].

NSW TCorp has advised that it has changed the investment requirements set out in the loan documentation and that the new requirements are more favourable to Council (as per Attachment 1).

While NSW TCorp consider Investment policies and actual investments by councils to be important elements in any initial credit assessment and ongoing monitoring procedures, it has been acknowledged that the documentary requirements have caused some practical and administrative issues in terms of consistency, awareness and application by some councils. Accordingly, TCorp has made a broad policy decision (applicable to all councils) to remove certain requirements from existing and future loan agreements.

In effect, NSW TCorp will now rely on Council complying with its own obligations and responsibilities and take that compliance into account when they consider loan requests.

In summary these changes are:

1. NSW TCorp will continue to rely on Council's statutory obligation to adopt and adhere to an investment policy which complies with the Local Government Act 1993 (NSW), the Investment Policy Guidelines issued by the Office of Local Government, and the Investment Order issued by the Minister for Local Government.
2. Councils will continue to be required to provide a copy of their adopted investment policy to NSW TCorp and written notice of any amendments.

3. NSW TCorp will continue to require Councils to provide written details of all their investments.
4. Actual investments by Councils will continue to be assessed by NSW TCorp as part of loan assessment and loan monitoring.

Essentially, NSW TCorp will no longer require Council's Investment Policy to comply with institutional limits based on credit ratings. It should be noted that any changes to these limits may affect Council's credit ratings from a lending perspective and will need to be considered.

Finance staff are currently assessing investment options regarding changes to Council's Investment Policy (including ethical investment holdings). These options will be presented to Council in the near future.

Finance

Detailed in the body of the report.

Legal

A resolution of Council is required in order to affix the Seal to the loan documentation.

Conclusion

Council receive and note this report endorsing the loan documentation changes executed by New South Wales Treasury Corporation on the loan funds of \$13.5M borrowed in 2021 for the St Helena upgrade project under Seal.

Attachment

1. TCorp letter dated 4 October 2023 – Amendments to Loan Agreement.



Level 7, Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000, Australia

T +61 2 9325 9325
F +61 2 9325 9333
W www.tcorp.nsw.gov.au

4 October 2023

Phillip Rudd
General Manager
Rous County Council
218-232 Molesworth Street
Lismore NSW 2480

Dear Phillip,

Amendments to Loan Agreement – Rous County Council

We refer to the loan agreement between New South Wales Treasury Corporation (**TCorp**) as lender and Rous County Council (**Council**) as borrower as set out in the Schedule of this letter (as amended from time to time and together the **Loan Agreement**):

1. Amendments and Effective Date

The parties agree to amend the Loan Agreement on the terms set out in the Schedule of this letter and such amendments shall take effect on the date TCorp receives a copy of this letter duly executed by the Council (such date being the **Effective Date**).

2. Miscellaneous

This letter is designated as a “Finance Document” for the purposes of the Loan Agreement.

All other terms and conditions of the Loan Agreement and each other Finance Document remain the same and in full force and effect (other than as amended by this letter).

Clauses 13.1 (Expenses) and 15 (Miscellaneous) of the Loan Agreement between TCorp and the Council dated 7 June 2021 (as referred to in the Schedule and as amended from time to time) are incorporated by reference into this letter and a reference to “this agreement” in that document is a reference to this letter.

Please confirm your agreement to the above by signing **below** where indicated and returning this letter to us. If you have any queries in respect of this letter, please email the Local Government Services at lgs@tcorp.nsw.gov.au.

This letter is executed as a Deed

SIGNED, SEALED and DELIVERED by)
NEW SOUTH WALES TREASURY)
CORPORATION (ABN 99 095 235 825):)

DocuSigned by:
Andrew Loadsman
D83961705A86480...

Signature of Authorised Person

Andrew Loadsman

Name of Authorised Person

Head of Local Government Services

Capacity of Authorised Person

DocuSigned by:
F. Xavier
26361CA821F4419...

Signature of Authorised Person

Frances Xavier

Name of Authorised Person

Senior Legal Counsel

Capacity of Authorised Person

SIGNED, SEALED and DELIVERED by **ROUS COUNTY COUNCIL**

by the affixing of the Seal in the presence of the Mayor and the General Manager:

Mayor

Name (please print)

General Manager

Name (please print)

SCHEDULE – AMENDMENTS TO LOAN AGREEMENT

1. Amendments to the Loan Agreement dated 7 June 2021

On and from the Effective Date, the parties agree that the above Loan Agreement is amended as follows, to:

- (a) delete the definitions “ADI”, “BBB Rate Sub Limit”, “Counterparty Limit”, “Investment Funds”, “LG Regulation”, “Long Term Debt Rating”, “Portfolio Limit”, “Rating Agency” and “TCorp Investments” in clause 1.1 (Definitions), each in their entirety
- (b) include the following new definition in clause 1.1 (Definitions) in alphabetical order:
“Investment Policy means the version of the investment policy governing the Borrower’s investment process that has been approved by the Borrower.”
- (c) include the following new definition in clause 1.1 (Definitions) in alphabetical order:
“LG Regulation means the *Local Government (General) Regulation 2021* (NSW).”
- (d) include the following new clause after clause 9.1.13 (No adverse change):
“9.1.14 Investment Policy and investments: its Investment Policy and investments made by the Borrower, comply with the Local Government Act 1993 (NSW), current Investment Policy Guidelines of the OLG and Investment Order issued by the Minister for Local Government.”
 and
 delete the word “and” at the end of clause 9.1.12 and full stop at the end of clause 9.1.13 and replace the full stop with “; and”
- (e) include the following new clauses immediately after clause 10.1.7 (Long Term Financial Plan):
“10.1.8 Disclosure: notify the Lender promptly upon becoming aware of any circumstances or information which if disclosed to the Lender would make any information it has already disclosed, incomplete, untrue or misleading in any material respect; and
10.1.9 Investment Policy and investments:
 - (a) **(Information):** in addition to its obligations in clause 10.1.3 (Provision of Information) promptly on request provide the Lender its Investment Policy and details of all its investments; and
 - (b) **(No amendments)** not amend, vary or otherwise modify its Investment Policy without providing prior notice in writing to the Lender.” and
- (f) delete the contents of clause 10.4. (Investments) in its entirety.

Drought Management Plan Update

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

Report Author: Future Water Program Manager (Tania Burls)

Recommendation:

That Council:

1. Receive and note report.
2. Support the implementation of an interim drought management response based on the existing Drought Management Plan (2016).
3. Endorse the adoption of the proposed Interim Water Restrictions System, as outlined in the report.

Background

Rous County Council currently has in place a Drought Management Plan developed by Hydrosphere Consulting Pty Ltd in 2016. This Plan, which was formed in consultation with the Regional Water Supply Liaison Committee (Rous and constituent council staff), was implemented during the 2019/2020 drought.

Drought management plans are typically scheduled to be updated every 5 years. As such in 2021, Council invited quotations from suitably qualified consultants to develop a new Drought Management Plan, which was subsequently awarded to Hydrosphere in August 2021.

Hydrosphere was commissioned to:

- Prepare an updated Regional Drought Management Plan (Drought Management Plan).
- Review of existing information
- Gap analysis and evaluation of recent drought and review of local Drought Management Plans
- Modelling to determine impact to secure yield assessment
- Compliance with NSW Best Management Practice Guidelines for Water Supply
- Review restrictions levels
- Water restrictions review
- Review emergency supply options and recommendations
- Review Operational Readiness
- Develop a new water restrictions communication plan
- Associated consultation and stakeholder engagement

Due to uncertainty regarding the availability of the Woodburn bores and future water sources, Hydrosphere was instructed to stop work on the Drought Management Plan development in November 2021. In February/March 2022, the catastrophic floods resulted in widespread disruption to the region including significant damage to the Wilson's River Source (WRS), a key component of Rous's water supply system and drought preparedness plan.

The development of a new Drought Management Plan was restarted in May 2023, when Council approved the re-starting of the project. The proposal included additional modelling to understand the progression of a critical drought. The additional modelling proposed to use Council's existing Goldsim model.

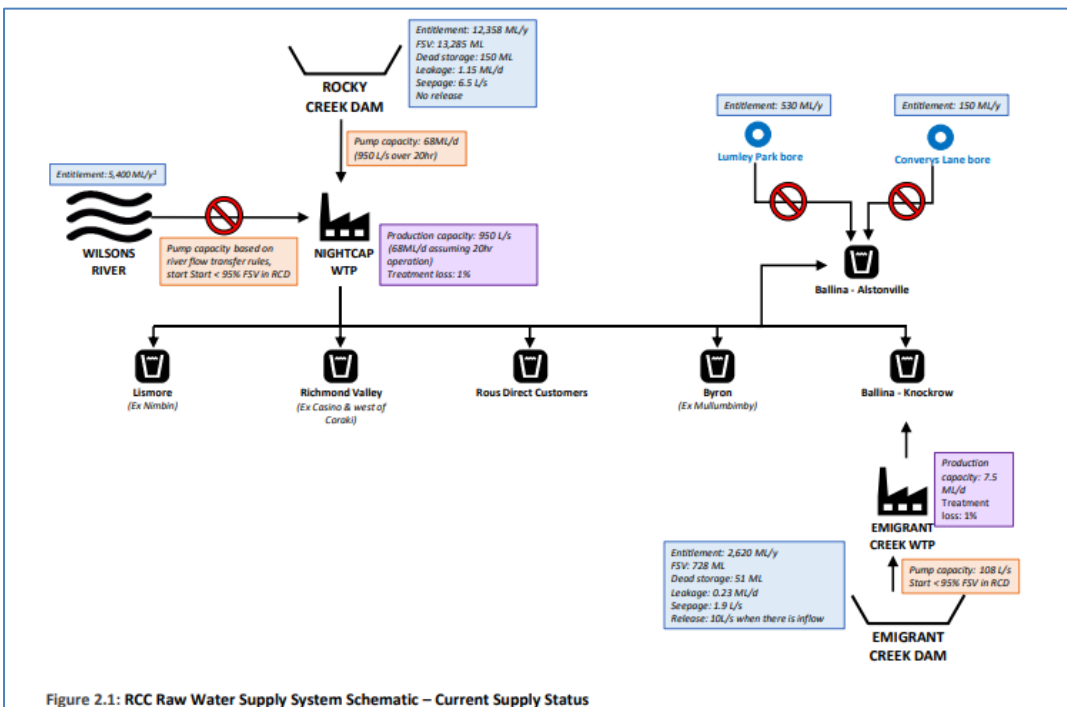
Infrastructure damage and impact on drought readiness

Damage to the Wilson’s River Low Lift Pump Station and the electrical switchboard, meant the site was rendered inoperable.

The WRS was developed in 2007 as a response to millennium drought of 2002/2003. It provides significant mitigation to drought and is intended to be operated when Rocky Creek Dam (RCD) reaches 95%. With the delays in the repairs to the WRS infrastructure, the opportunity to utilise the source as per the Drought Management Pan has passed, due to the constraints of the licence conditions.

Staff have been working with NSW Public Works on the reinstatement of the WRS to its pre-flood condition, which will be achieved around the middle of 2024. In the meantime, staff have been working on an interim solution which will return the water source to an operational status by October 2023. This will enable Rous to take advantage of any rainfall events and extract water if the licence conditions enable this to occur.

In addition to the WRS being inoperable, planned maintenance conducted on the Emigrant Creek Water Treatment Plant (ECDWTP) identified unexpected defects requiring more involved repairs. These repairs have meant that the scheduled maintenance has been extended longer than planned. ECDWTP is expected to be operational in early October 2023. Whilst this has not impacted the water level in Emigrant Creek Dam (ECD) it has meant that there has been an additional drawdown of water from RCD, whilst ECDWTP has been offline. This additional drawdown coupled with the inability to augment the supply from WRS has contributed to the depletion of the RCD supply recently.



The current status of water supply infrastructure is also indicated on Figure 2.1.

Proposed actions

In August 2023 Council staff received the modelling that had been undertaken as part of the preliminary work for the new Drought Management Plan.

The modelling compared the baseline performance of Rous’s bulk supply network, both pre-flood damage and the current situation as of July 2023. The modelling compared how different drought mitigation strategies might extend Rous’s water supply under severe drought scenarios. This modelling helped to inform the impact that various adjustments to supply and demand have on the system.

Given the indications of a dryer and hotter summer ahead, coupled with compromised water supply infrastructure, staff began reviewing drought readiness preparations, inclusive of the relevant restriction regime, informed by the updated modelling.

Given the above considerations, staff have developed the following recommendations.

Recommended actions

- Restoration of dry period water sources to full operation as soon as possible.
- Identify additional infrastructure and treatment requirements for the Marom Creek, Alstonville Plateau and the Clarence Moreton Basin bore supplies with the aim of supplying the Alstonville and Wollongbar areas from these supplies, under extended drought conditions.
- Identify additional treatment requirements for Woodburn groundwater with the aim of utilising this source as a drought supply.
- Investigate options to access lower flows in Wilsons River as an emergency response.
- Undertake increased effort to reduce water losses if a drought progresses.
- Support the constituent councils to effectively enforce restrictions to ensure demand reduction targets are met.
- Engage a Drought Communications and Engagement Officer to support the implementation of drought readiness and response in consultation with constituent councils.
- Adopt an Interim Restrictions Regime to offset the lower water security - Level 1 restrictions brought forward to 70%, rather than the current 60%.

Current Restrictions (Drought Management Plan-Hydrosphere consulting in 2016)

Restrictions	Everyday water saving measures	Level 1: Moderate	Level 2: High	Level 3: Very High	Level 4: Severe	Emergency
Trigger to introduce restrictions	-	RCD = 60%	RCD = 45%	RCD = 30%	RCD = 20%	RCD = 10%
Target reduction in demand	0%	5%	15%	25%	35%	45%
Average daily target demand (ML/d)	33.5	31.8	28.5	25.1	21.8	18.4

Proposed Interim Restrictions (Interim Water Restrictions System - 2023)

Restrictions	Everyday water saving measures	Level 1: Moderate	Level 2: High	Level 3: Very High	Level 4: Severe	Emergency
Trigger (RCD percentage of full supply capacity)	-	70%	60%	50%	35%	15%
Target reduction in demand	0%	7.5%	15%	22.5%	30%	37.5%
Average daily target demand (ML/d)	36.3	33.6	30.9	28.2	25.4	22.7

The trigger to revert to the 2016 Drought Management Plan restrictions will be when the RCD level returns to 95%.

Finance

Within the 2023/2024 Budget, a standard provision of \$23,000 was made for general Drought Management costs which would include items such as advertising, printed collateral and signage. Additionally, provision was made to support the temporary appointment (6 months) of a Drought Communications and Engagement Officer to assist with the implementation of drought readiness, community education and response actions.

Consultation

The draft Interim Water Restrictions System was discussed at the Regional Water Supply Liaison Committee on 24 August 2023. The representatives of the constituent councils at that meeting recommended that Rous obtain endorsement of the interim arrangements as promptly as possible to facilitate a generous period for communication with the community.

A summary presentation outlining the Interim Water Restrictions System and Council staff recommendations was provided to Council at their workshop of 20 September 2023.

Conclusion

The Bureau of Meteorology has declared an El Nino and the Department of Primary Industries has classified most of the northern region of NSW as drought affected. The current climatic conditions coupled with Council's compromised infrastructure, means that a dynamic approach to Drought Management is required.

Council's endorsement is therefore sought for the adoption of the Interim Water Restrictions System. These interim restrictions will help ensure the provision of water to the region in a manner most closely aligned with the pre flood conditions, before the WRS was damaged. These enhanced restrictions will remain in place until such time as all water supply infrastructure is fully functional and RCD has returned to above 95% capacity.

Renewable Energy and Emissions Reduction Plan

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

Report Author: Strategic Planning Engineer (Michael Wells)

Recommendation:

That Council note and receive the report and:

1. Endorse the adoption of the Renewable Energy and Emissions Reduction Plan (2023) with its recommendations, including achieving net zero for Rous by 2050.
2. Endorse the allocation of budgets to the Renewable Energy Projects as listed in the report and inclusion of the projects in the capital works program out to 2028.

Background

Rous County Council's Greenhouse Gas (GHG) Abatement Strategy for its operational carbon footprint was adopted in 2018.

The focus over the past 5 years has been the installation of Solar PV systems on various sites to reduce consumption of grid electricity. Solar PV systems were installed at Rous's water treatment plants, a pump station, water filling stations and operational depots. Rous has also started transitioning Council vehicle fleet to Hybrid Electrical Vehicles. These initiatives have been very successful, contributing to a 13% reduction in GHG emissions between 2017 and 2022.

100% Renewables was engaged in February 2023 to:

- provide an overview of progress to date;
- perform an energy and carbon footprint comparison of the current (2022) and 2016/17 baseline position; and
- prepare a Renewable Energy and Emissions Reduction Plan (REERP).

Figure 1 – GHG emissions reduction trends 2017 to 2022

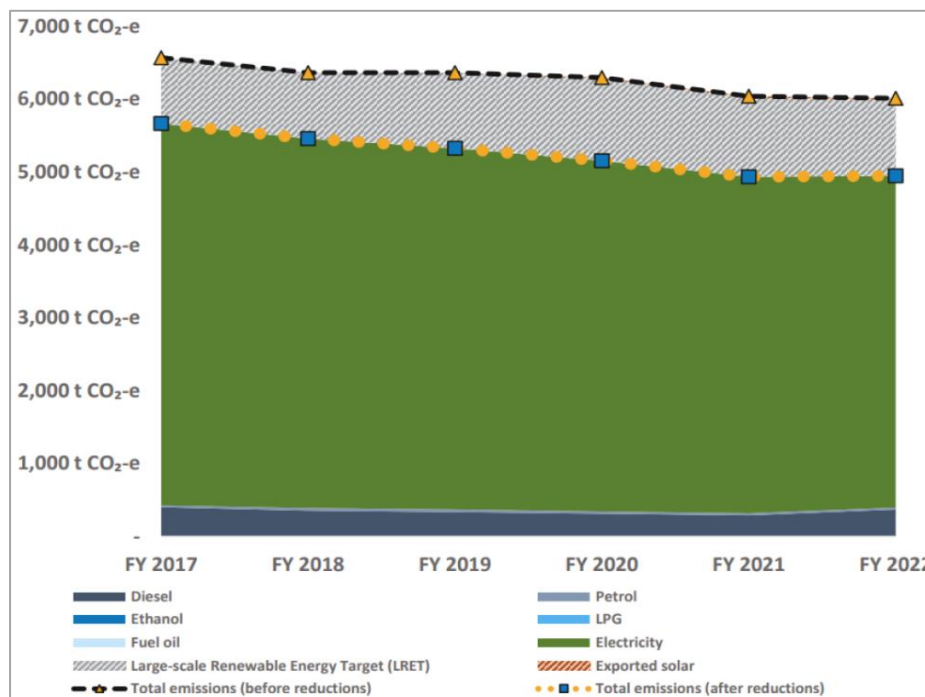


Figure 2 – Progress with renewable energy goals 2017 to 2023



Current

The REERP aims to identify and assess various opportunities for reducing greenhouse gas (GHG) emissions originating from Council's operations, aligns with Council's adopted Business Activity Strategic Plan (BASP) 2022-2032, and builds upon RCC's GHG Abatement Strategy from 2018.

The purpose of the REERP is to provide an overview of current viable abatement opportunities available for Rous's operations that in turn, can enable Rous to align with the NSW Government's objective of reaching state-wide net zero emissions by 2050.

The GHG emissions for Rous have reduced from 5,663 tCO₂-e (2017) to 4,945 tCO₂-e (2022), and when considering the uncertified sequestration for 2022 (through bush regeneration), the GHG emissions reduce by an additional ~36% to ~3165 tCO₂-e (2022).

The REERP considered an assessment of the feasibility for installing battery energy storage system (BESS) technologies and recommended target dates for the replacement of light vehicles, plant and equipment with zero emissions vehicles.

Projects have been identified and modelled in the REERP to achieve a further reduction in operational electricity use and to reach renewable energy goals. These projects comprise the installation of Solar PV and BESS on a number of sites where suitable Return on Investments and acceptable payback periods could be achieved.

The following projects are recommended for implementation.

Table 1 – Renewable Energy Projects for Completion through to 2028

Project name	Description of potential opportunity	Solar PV size	Battery capacity	Indicative capital costs (\$) *
Gallans Road Admin Offices Solar PV	Option 1: Install a 35.9 kW roof-mounted solar PV at the north-facing roof to offset most of the site's daytime grid imports.	35.9 kW	-	\$55,000
Newrybar Pump Station BESS	Augment existing 30 kW solar PV system with a 45 kWh BESS to capture a portion of the system's exports.	-	45 kWh	\$45,000
Emigrant Creek WTP BESS	Investigate a 30 kWh BESS to capture a portion of the 40 kW solar array exports.	-	30 kWh	\$30,000
Rocky Creek Dam aerator Solar PV	Install a ground-mount 97.5 kW solar array in a small area south of the aerator. Additionally, consider adjusting the site's operational hours to maximise daytime use.	97.5 kW	-	\$220,000
Nightcap WTP Clear Water Storage Reservoir Solar PV & BESS	Installing ~100 kW solar PV system on the roof of the clear water storage reservoir. Investigate the potential of augmenting the system with a BESS for capturing exports during daytime.	~100 kW	68 kWh	\$270,000
(Proposed) Russellton Estate Water Treatment Plant Solar PV and BESS	As party of planning for a new WTP at Russellton Estate (Alstonville), plan for a roof-mounted solar PV system of 90-100 kWh capacity with a ~200 kWh BESS.	93.6 kW	210 kWh	\$330,000
TOTAL COST FOR PROJECTS FUNDED BY CAPITAL BUDGETS				\$385,000
TOTAL COST FOR PROJECTS FUNDED WITHIN REVOLVING ENERGY FUND				\$565,000
TOTAL OVERALL COST				\$950,000

* Note – Indicative costs sourced from the REERP report and have been rounded-up

The above project proposals will need to be reassessed for Solar PV size and Battery capacity at the time of installation as electricity demand and scheduling may change. An example of this is the Gallans Road Administration Offices where not all staff have relocated to these offices as yet.

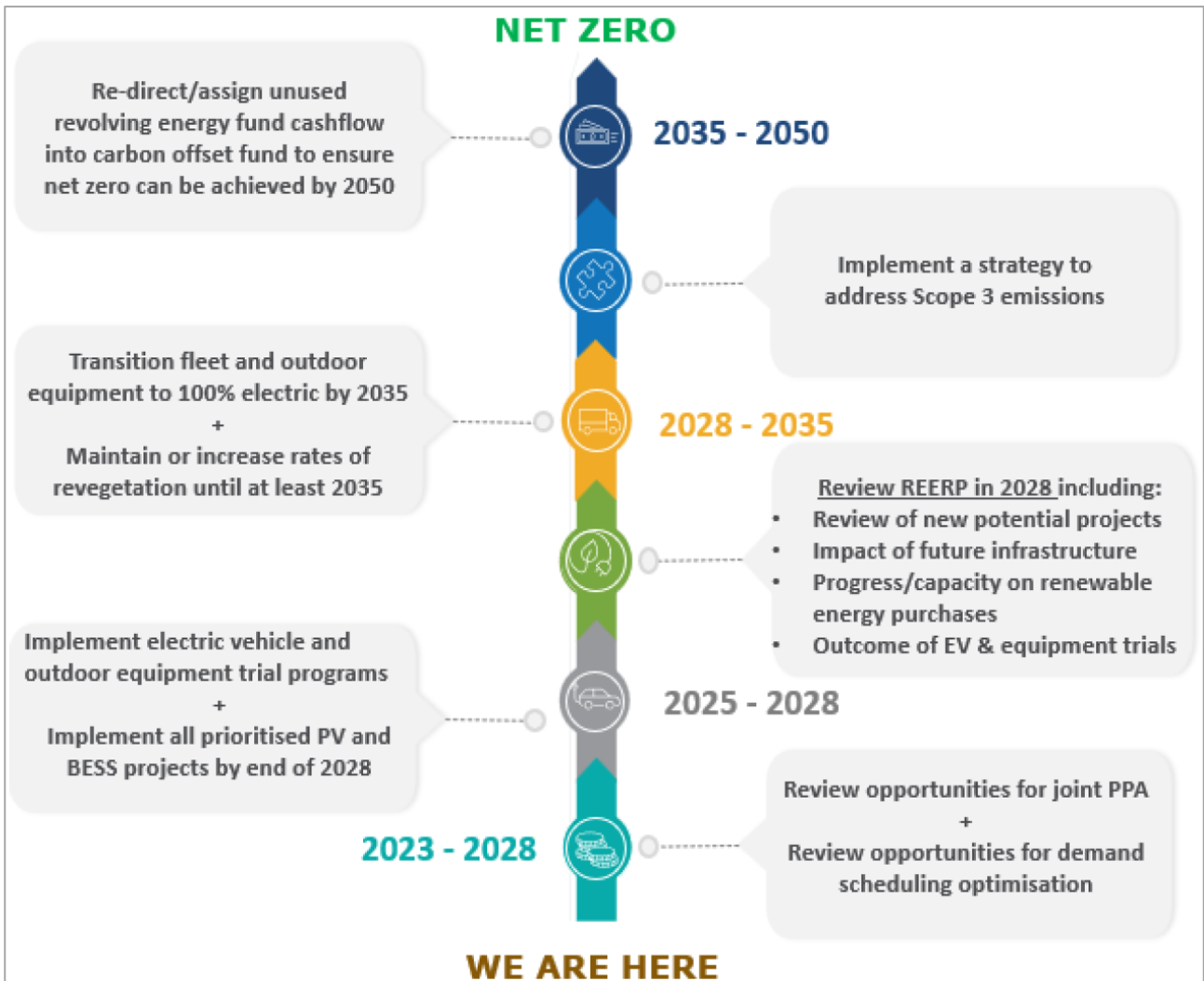
Funding for the Gallans Road Administration Offices solar PV and proposed Russellton Estate Water Treatment Plant solar PV and BESS would be funded under the capital works allocations for each of these projects as planning proceeds. The remaining projects can be funded through the balance and future savings deposited in the Revolving Energy Fund.

When considering the current energy and carbon footprint, the benefits of sequestration through Rous's tree planting activities were assessed in a preliminary manner, which was an additional consideration since the 2018 GHG Abatement Strategy.

Sequestration potentially contributes significantly towards emissions reduction. The abatement outcomes were determined using a sophisticated software program developed by the CSIRO called FullCAM.

Working towards third-party recognition of sequestration quantification in the longer term is the ideal goal, and the work in the REERP provides the necessary foundation and pathway to move towards that goal. In addition to calculating the impact of sequestration on Rous’s carbon footprint, the REERP provides advice on the steps required to formalise the crediting of sequestration in a way that would allow for tree planting to contribute towards official Carbon Neutral certification in the future, should Council ever wish to pursue that ambition. It is not proposed to pursue this activity at this time as part of the REERP implementation, however, staff will collect data to support any future certification where practical.

The following timeline depicts a program of activities necessary for reaching the emissions reduction targets contained in the REERP, including net zero by 2050.



Renewable Energy and Emissions Reduction Plan – recommended actions

Based on feedback during the REERP development and to align with NSW and Federal government targets, the recommended emissions reduction targets for Rous are:

- Target net zero emissions by 2050.
- Target 70% emissions reduction by 2035 compared to the baseline period (2005 -2017).
- Seek to increase the proportion of renewable electricity, where cost effective to do so.

Additional recommended actions include:

1. Tree planting / revegetation
 - Maintain current rates of revegetation until at least 2035 in order to ensure significant rates of cumulative sequestration can be supported through to 2050.
 - Consider measures to support the resilience of revegetated areas to possible future disturbance by fire to avoid any negative “step change” impacts on Council’s carbon footprint.
2. Energy efficiency
 - By 2025, review options for demand scheduling optimisation.
3. Renewable electricity Solar PV & BESS projects
 - By 2028, implement priority projects listed in Table 1. Prioritisation should consider:
 - Economic feasibility as indicated by payback period, Net Present Value (NPV), and other financial metrics.
 - Scale of additional renewable energy generation and emissions reductions.
 - Potential for “bundling” or scheduling with other infrastructure projects, where clear synergies or efficiencies can be identified.
4. Fleet and outdoor equipment transition
 - Implement a trial program to run between 2025 and 2028.
 - Trial findings to inform full scale transition to be implemented between 2028 and 2035.
 - Target for all new vehicle and equipment purchases to be electric by 2035.
5. Residual emissions
 - From 2028 to 2035, implement a strategy to reduce emissions from suppliers in order to address any of Rous’s residual scope 3 emissions.
 - From 2035, progressively build a quality carbon offset portfolio to offset any remaining emissions by 2050.
6. Renewable Energy and Emissions Reduction Plan Review
 - Undertake a review of this Plan in 2028 to include at a minimum:
 - Review of progress on implementing Solar PV/BESS projects and assessment of additional opportunities in relation to new / planned infrastructure or building works.
 - Assessment of the impact of, and opportunities to reduce emissions from, any future desalination plants or source or treatment plants.
 - Review of progress on Power Purchase Agreements (PPA) implementation. In the absence of a PPA, and with consideration of positive cashflow forecasts from projects, agreements, and EV transition, revisit capacity for Greenpower purchases.

- A detailed business case analysis for a ground-mounted PV array at the Gallans Road site. This is to include assessment of financial performance under various contracting arrangements and comparison to other potential larger-scale projects such as pumped hydro.
- Assessment of potential Scope 3 emissions to be targeted for implementation post-2028.

Finance

An amount of \$284,229.50 is available in the Revolving Energy Fund (currently named the Greenhouse Gas Abatement reserve) as at 30 June 2023. It is proposed that the reserve will be eliminated, and the funds held in a notional reserve as part of a larger pool of Bulk Water Reporting Unit funds. The balance of the Revolving Energy Fund will be calculated annually based on the planned expenditure offset by the forecast savings on energy costs. The amounts listed in Table 1 of this report are for projects up until the 2027/28 financial year and are based on calculations performed by an external consultant and as such are subject to change. The projects listed for the Gallans Road Administration offices and the (Proposed) Russellton Estate Water Treatment Plant project will need to be funded through the specific capital budget allocated to these two projects.

This funding arrangement will need to be reviewed in 2027/28 for projects beyond this timeframe.

Governance

The development of this REERP was an activity of the Operational Plan 2022-2023, within Council's adopted Integrated Planning and Reporting (IP&R) framework.

Regular progress reporting of the REERP activities as approved, will be integrated into future IP&R framework documents.

Consultation

Councillors and the Leadership Team have been consulted through questionnaires early in the project and a workshop held on 20 September 2023.

Once adopted, the REERP would be made available on Council's website for the community.

Conclusion

By implementing the feasible solar PV/BESS projects, transition to Electrical Vehicles (EV) and continuing with the tree planting / revegetation projects, Rous is on track to meet the 70% emissions reduction by 2035 and net zero by 2050 targets.

Attachment:

1. Renewable Energy and Emissions Reduction Plan



Rous County Council

RENEWABLE ENERGY AND EMISSIONS REDUCTION PLAN

Final report

July 2023

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1 Executive Summary

Rous County Council (RCC) engaged 100% Renewables to develop a Renewable Energy and Emissions Reduction Plan (REERP) that aims to identify and assess various opportunities for reducing greenhouse gas (GHG) emissions originating from Council's operations, aligns with Council's adopted Business Activity Strategic Plan (BASP) 2022-2032, and builds upon RCC's Greenhouse Gas (GHG) Abatement Strategy from 2018, for which Council also engaged 100% Renewables.

The purpose of this REERP is to provide an update to Council's 2018 Greenhouse Gas Abatement Strategy and provide Council with an overview of current viable abatement opportunities available for its operations that in turn, can enable Council to align with NSW Government's objective of reaching state-wide net zero emissions by 2050.

1.1 Project context

In Australia, the commitment to addressing climate change is becoming more uniform and aligned towards international goals across all levels of government. This includes ambitious efforts towards decarbonisation by the middle of the century.

- The Federal Government has legislated emissions reduction of 43% by 2030 (from 2005 levels) and is committed to net zero by 2050
- NSW Government has a target of 70% emissions reduction by 2035 and net zero by 2050, as yet unlegislated
- A large number of regional local governments and communities representing more than two thirds of NSW population are committed to deep emissions cuts.

Over the next decades, coal-fired power stations in Australia, including NSW, will be replaced by renewable energy generation technologies such as solar, wind, pumped hydro, and grid-scale batteries. Electricity emissions for Rous County Council's operations will be significantly reduced as the grid transitions towards renewable energy sources.

1.2 Project scope

The scope of the current project is as follows:

- Provide an overview of progress to date, including a summary of relevant projects.
- Perform an energy and carbon footprint comparison of the current and 2016/17 baseline position.
- Develop an electronic questionnaire for acceptance by the project team for issue to Councillors and staff (to collect key information on strategic and operational considerations).
- Provide an overview of battery energy storage system (BESS) technology and feasibility.
- Provide target dates for replacement of light vehicle fleet with hybrid vehicles, followed by replacement with zero emissions vehicles.
- Assess a number of potential actions for site upgrades including advising on the current viability of use of BESS solutions, additional PV installations, and replacing combustion engine outdoor equipment with battery powered items.
- Cost estimates provided for their installation or implementation.
- The investigations are to have assessed lifecycle cost viability and site suitability.
- Review renewable energy targets for electricity use.

- Consider actions required for achieving overall net zero greenhouse gas emission for Council’s operations.
- Undertake sequestration modelling for Council’s tree planting activities and provide related advice.

1.3 Rous County Council’s emissions footprint

Rous County Council’s carbon footprint for the financial year 2021-22 (FY 2022) was **4,945 tonnes (t) of carbon dioxide-equivalent (CO₂-e)**, predicated upon Council’s established emissions boundary. Grid-imported electricity remains to be the largest contributor to the inventory at 92%, followed by stationary and transport fuel use at 8%, for which the biggest share originates from diesel use for Council’s fleet. Depicted in the following chart and table is the summary of Council’s emissions for FY 2022. Emissions are categorised by Scopes 1, 2 and 3, referring to direct emissions from Council’s operations, indirect emissions from consumed electricity, and all other indirect emissions within Council’s value chain. More information about types of emissions is available in Section 3.1.

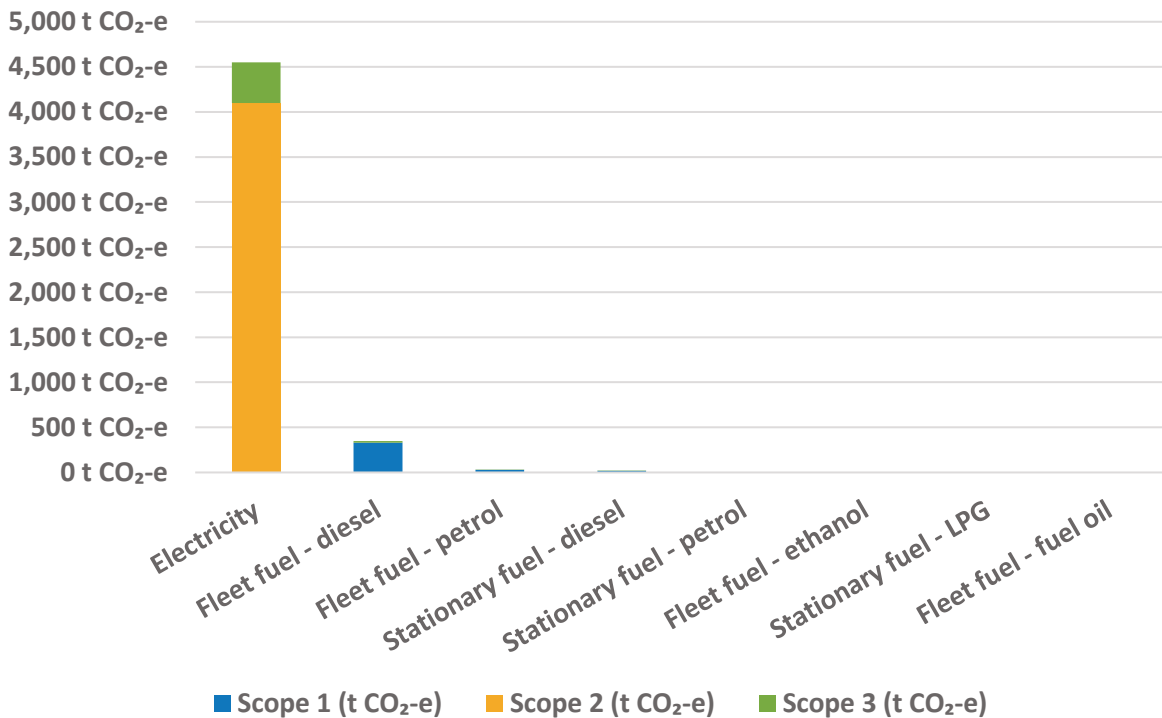


FIGURE 1: ROUS COUNTY COUNCIL'S FY 2022 CARBON FOOTPRINT BY EMISSION SOURCE AND SCOPE

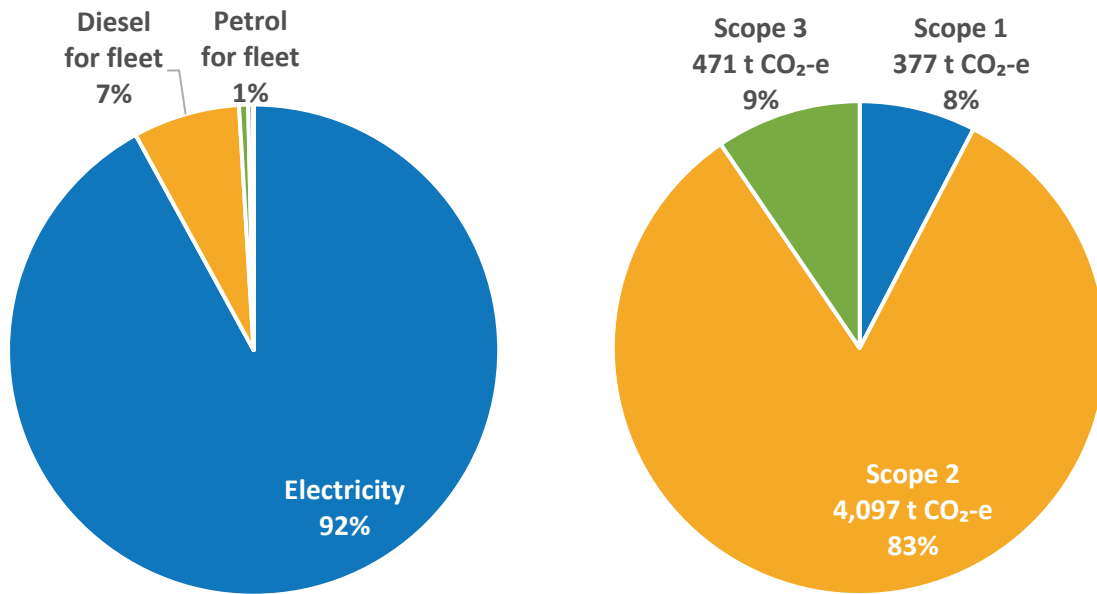


FIGURE 2: SPLIT OF ROUS COUNTY COUNCIL'S FY 2022 CARBON FOOTPRINT BY EMISSION SOURCE AND SCOPE

1.4 Year-on-year trends in Council’s energy use and emissions

Council’s data spanning financial years FY 2017-2022 indicates that electricity consumption across the assets remained steady, with major consumers being water treatment plants and pumping infrastructures. Solar PV installations have made modest contributions to offset electricity use and abate emissions. Fuel consumption, mainly from transport, accounts for approximately 8% of the carbon footprint and has varied moderately over the years. The following charts illustrate historical trends in energy use and carbon emissions:

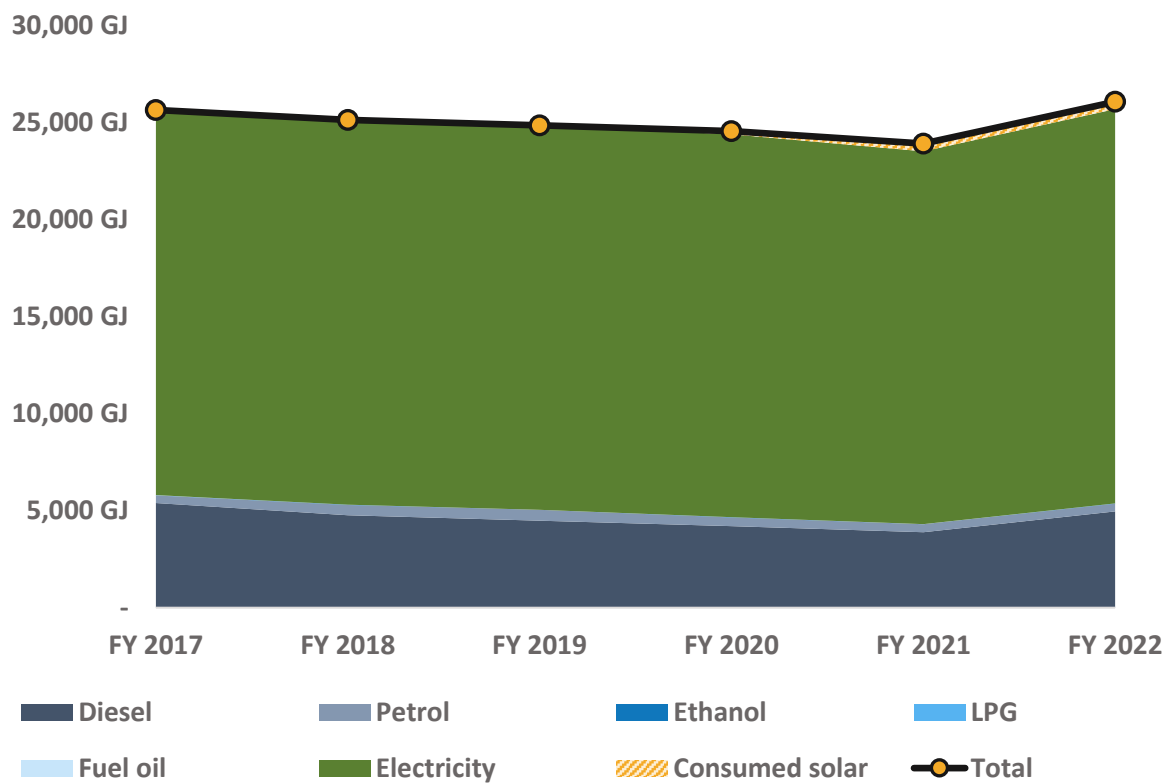


FIGURE 3: ROUS COUNTY COUNCIL'S HISTORICAL ENERGY CONSUMPTION TREND

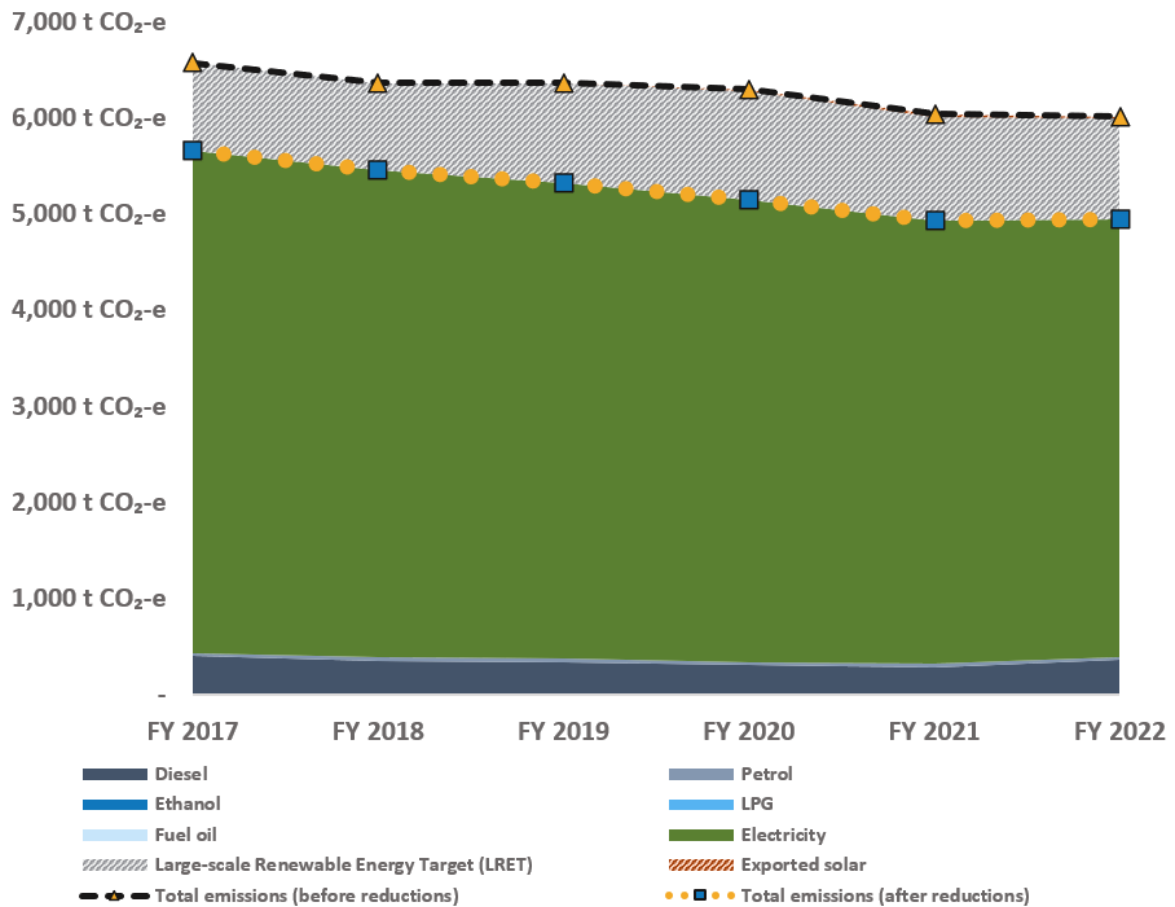
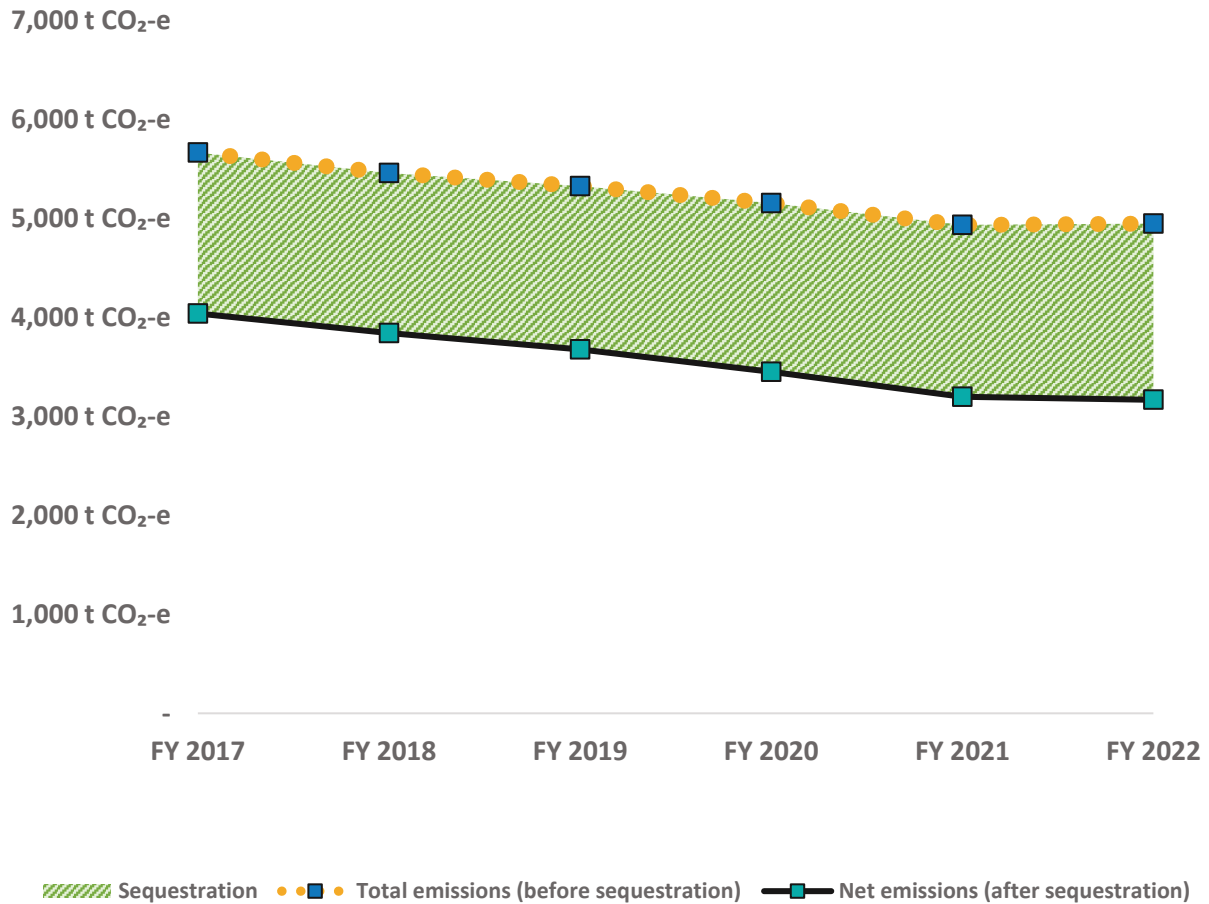


FIGURE 4: ROUS COUNTY COUNCIL'S HISTORICAL CARBON EMISSIONS TREND

1.5 Sequestration from tree planting

Subtracting sequestered carbon dioxide from the six-year trend of emissions estimates presented in Figure 4 above, Council’s regeneration work at the four sites amounts to abatement of around 29-36% for each year. Provided below is an amended emissions trend graph that shows the emissions reduction due to Council’s revegetation initiatives.



1.6 Survey of Councillors

A summary of strategic implications drawn from the survey results is outlined below:

- Secure water supply is of paramount importance.
- Act on more cost effective emission reduction measures in the short term where net financial benefit is likely.
- The transition to electric vehicles and equipment should be broadly supported, beginning with trials.
- Council should regularly monitor renewable electricity sourcing options for opportunities to purchase at prices similar or lower than grid energy offers.
- Council could reconsider capacity to absorb slightly higher electricity costs when cost of living pressures abate
- Savings / positive cashflow from measures should be accounted for and directed into the revolving energy fund. The Recurring Energy Fund should be better used to roll out projects while building financial capacity for consideration of renewable energy purchases and/or other emissions reduction measures in the future.

1.7 Battery technology viability

The project required assessment of a number of potential actions for site upgrades, additional PV installations, and replacing combustion engine outdoor equipment with battery-powered equipment.

Assessment of feasibility was conducted using a variety of approaches including undertaking review of current technology performance, site evaluation, appropriate system sizing, performance modelling, and financial cashflow forecasting. Cost estimates have been provided for equipment installation, and the methodologies adopted have assessed lifecycle cost viability including estimation of net present values (NPV).

Lithium-ion batteries can be considered a mature, reliable technology with clear advantages over other battery types. Although new battery types are under development, they cannot yet compete with lithium-ion for most applications. Beyond 2030, new battery types are likely to surpass lithium-ion for combined cost and performance, but this does not look likely before then. Most of the decline in lithium-ion battery prices has already occurred, and there is probably no financial benefit in waiting for further cost reductions, especially as electricity prices have been rising quickly, so any benefit gained by waiting would be more than offset by the need to pay more for electricity in the meantime.

Payback periods for BESS systems installed at water utilities are typically in the range of 6 to 10 years, depending on the specific circumstances of each installation.

1.8 Project feasibility assessments

The feasibility assessments undertaken for this project included the following steps:

- Review summary of sites' energy demand/import/export data
- Assess site energy demand and costs
- Consider site constraints and opportunities
- Determine appropriate system sizes for feasibility assessment
- Undertake cumulative cashflow analysis
- Provide data summary

A summary of results from feasibility assessments is provided in the table below

TABLE 1: SUMMARY OF SOLAR PV & BESS OPPORTUNITIES AT ROUS COUNTY COUNCIL SITES

Site name	Description of potential opportunity	Solar PV size	Battery capacity	Indicative capital costs (\$)	Payback ¹ (years)	IRR ¹	Year-1 savings (\$)	NPV ¹ (\$)
Gallans Road Admin Offices	<i>Option 1:</i> Install a 35.9-kW roof-mounted solar PV at the north-facing roof to offset most of the site’s daytime grid imports.	35.9 kW	-	~50,232	~3.7	30%	~12,636	~247,838
	<i>Option 2:</i> Alternatively, Council can consider utilising roof spaces in the middle portion and expand the solar PV capacity to 53.0 kW with 140 kWh of battery storage.	53.0 kW	140 kWh	~200,256	~7.9	13%	~21,827	253,404
Newrybar Pump Station	It is suggested to supplement the existing 30-kW solar PV system with a 45-kWh battery storage unit to reduce exports back to the grid.	-	45 kWh	~40,581	~8.0	12%	~4,609	~\$ 33,869

¹ For estimation of payback period, internal rate of return & net-present values, escalation rate for electricity charges is set at 6% (average of 2-10% based on market ranges).

Site name	Description of potential opportunity	Solar PV size	Battery capacity	Indicative capital costs (\$)	Payback ¹ (years)	IRR ¹	Year-1 savings (\$)	NPV ¹ (\$)
Emigrant Creek WTP	Investigate the potential to implement an additional 30-kWh battery storage unit to expand the existing 40-kW solar array.	-	30 kWh	~26,664	~7.6	12%	~3,185	~25,157
Rocky Creek Dam aerator	Council can consider installing a ground-mount 97.5-kW solar array in a small area south of the aerator. Additionally, it is suggested to transpose the site's operational hours forward to daytime to improve the system's economic viability amidst additional expenses for land clearing and extra cabling works.	97.5 kW	-	~212,673	~7.8	14%	~23,256	~324,714
Nightcap Raw Water Pumps	Council confirmed its plans of installing a further ~100-kW system on the roof of the water reservoir next to the Nightcap WTP. It is suggested to investigate the potential of augmenting the system with a battery storage unit for capturing exports during daytime.	~100 kW	68 kWh	~264,149	~8.2	13%	~26,710	~355,333

Site name	Description of potential opportunity	Solar PV size	Battery capacity	Indicative capital costs (\$)	Payback ¹ (years)	IRR ¹	Year-1 savings (\$)	NPV ¹ (\$)
(Proposed) Russellton Estate Water Treatment Plant	Council affirmed that a new WTP will be situated at the Russellton Estate. Taking energy load profiles and structural configurations from the existing Emigrant Creek WTP as proxy, it is estimated that a roof-mounted solar PV system of 90-100 capacity with a ~200-kWh battery will be suitable to meet the proposed site's demand.	93.6 kW	210 kWh	~320,040	~8.3	12%	~33,276	~345,913

1.9 Fleet emissions

Fleet emissions currently represent 7.6% of RCC's carbon footprint. As shown in the table below, transport fuel use had been steadily dropping from 2017 to 2021, however 2022 saw a significant uptick in consumption with transport diesel use increasing 22%.

A review of key milestones in the evolution of the low emissions vehicle market is summarised below. The dates show a coalescing of key events in the 2026 to 2028 time period that, taken together, tip the scales in favour of seriously progressing the transition to EVs. Until then, hybrid vehicles will continue to have a lot of advantages over ICE-only vehicles both economically and environmentally. Beyond 2028, the case for electric vehicles becomes undeniable, just as model availability will be expanding rapidly. It would be wise to complete the transition to an all-electric fleet by 2035 in order to avoid both the risk of being impacted by an ICE vehicle ban as well as the likelihood of missing out on the substantial total cost of ownership and emissions savings offered by EVs by that time.

DC Fast Charging stations are far more expensive to install than Level 2 charging stations due to their higher electrical infrastructure requirements. Council may not require fast chargers to meet normal requirements, however, at least one or two fast chargers should be provided in the area for emergency situations and potentially be made available for public use (for example to support tourism at Rocky Creek Dam, and to enable community electric vehicle transition).

The most logical and convenient locations to begin trialling Level 2 charging infrastructure are at RCC's most used infrastructure locations, depots, offices, and at home for commuter use vehicles.

1.10 Outdoor equipment

A requirement of the project is to consider RCC's outdoor equipment emissions and provide advice on the viability and timing of replacing outdoor equipment with electric alternatives

A review of RCC's outdoor equipment fuel consumption reveals the types of equipment responsible for most of the fuel consumption (and thus emissions).

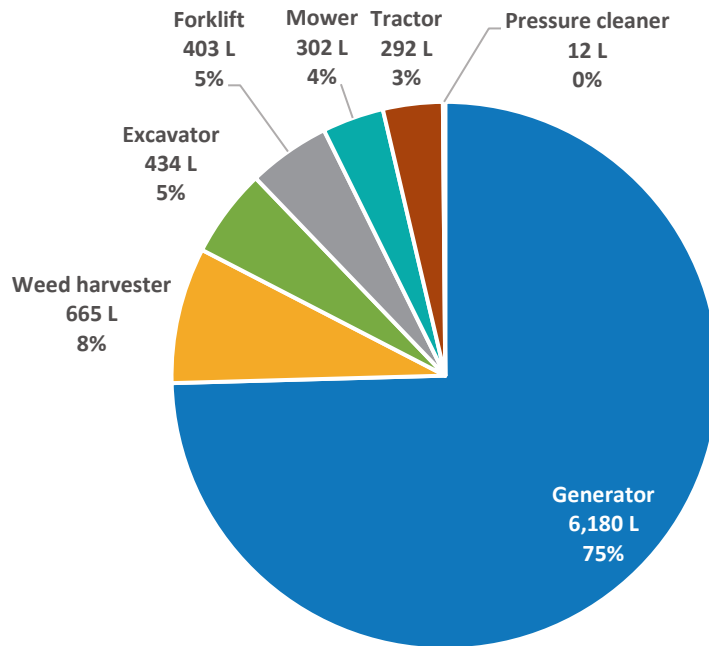


FIGURE 5: SPLIT OF OUTDOOR EQUIPMENT FUEL USE BY EQUIPMENT TYPE

As can be seen in the pie chart above, the generator used 75% of the outdoor equipment fuel. However this is due to its major refuelling in 2022 with 6.15 kL of diesel, which has had a small but significant impact on the carbon footprint for the 2022 FY.

Like electric vehicles, the availability of electric outdoor equipment is set to expand rapidly around the middle to the end of this decade. Desktop research was undertaken to assess the availability of electric alternatives built by high quality brand names. The review indicated that by 2026 there will be high quality electric alternatives for all equipment types with the possible exception of large scale weed harvesters.

Electric outdoor equipment shares similarities with EVs, for example in the potential total cost of ownership savings, and in the requirement for similar (type 2) charging infrastructure. For these reasons, it would be advisable to consider outdoor equipment transition and fleet transition as one process and undertake planning and technical trials accordingly, with a target date for 100% transition to be 2035 in both cases.

1.11 Recommendations

The recommended plan for RCC has considered a range of factors including:

- Progress on renewable energy and emissions reduction measures since 2018
- Views of RCC stakeholders including Councillors and operational staff
- Current global, state and local government policy context
- Outlook on technology maturity, costs and benefits
- Economic and practical feasibility of potential capital works projects
- Relevant trends, constraints, risks and opportunities

With these factors in mind, it is advised that RCC consider and adopt the following recommendations:

Emission reduction targets

- Council to target zero emissions by 2050 (in line with State and Federal targets).
- Council to target 70% emissions reduction by 2035 (in line with NSW Government target).
- **Grid decarbonisation will deliver the bulk, but not all, of these required reductions.**

Tree planting / revegetation

- Maintain or (if space allows) increase current rates of revegetation until at least 2035 in order to ensure significant rates of cumulative sequestration can be supported through to 2050.
- Consider measures to support the resilience of revegetated areas to possible future disturbance by fire to avoid any negative “step change” impacts on Council’s carbon footprint.

Energy efficiency

- By 2025, review options for demand scheduling optimisation

PV & BESS Projects

- By 2028, implement prioritised projects. Prioritisation should be made with the following factors in mind:
 - Economic feasibility as indicated by payback period, Net Present Value (NPV), and other financial metrics. The ratio of capital cost to NPV can also be considered as a rough indicator of project return on investment.
 - Scale of additional renewable energy generation and emissions reductions
 - Potential for “bundling” or scheduling with other infrastructure projects, where clear synergies or efficiencies can be identified

Renewable electricity purchases

- From 2023, conduct market sounding ahead of contract cycle along with constituent councils and look to secure a PPA where there is no additional cost compared with a regular grid offer.

Fleet and outdoor equipment transition

- Implement trial program to run 2025 to 2028.
- Trial findings to inform full scale transition to be implemented 2028 to 2035.
- Target for all new vehicle and equipment purchases to be electric by 2035.

Residual emissions

- From 2028 to 2035, implement a strategy to reduce emissions from suppliers in order to address any of RCC’s residual scope 3 emissions.
- From 2035 progressively build a quality carbon offset portfolio to offset any remaining emissions by 2050.

REERP Review

- Undertake a review of this Plan in 2028 to include at a minimum:

- Review of progress on implementing PV/BESS projects and assessment of additional opportunities in relation to new/planned infrastructure or building works
- Review progress on PPA implementation. In the absence of a PPA, and with consideration to positive cashflow forecasts from projects, agreements, and EV transition, revisit capacity for Greenpower purchases.
- A detailed business case assessment for a ground-mounted PV array at Gallans Road estate including a detailed business case assessment for 'virtual net metering' and a comparison to other potential larger-scale projects such as pumped hydro

The recommendations for getting to net zero emissions by 2050 have been presented in timeline form below:

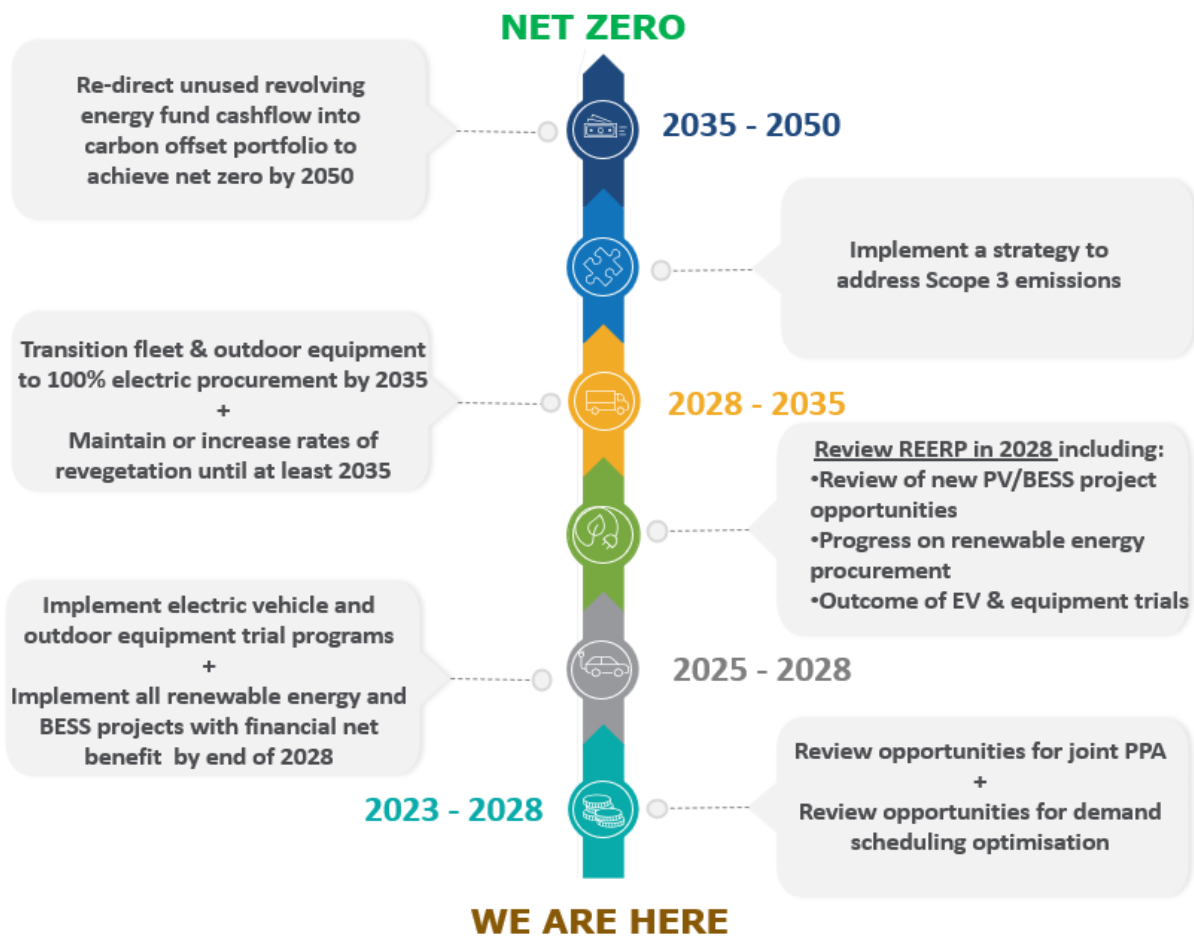


FIGURE 6: ROUS COUNTY COUNCIL'S TIMELINE OF ACTIONS TOWARDS NET ZERO BY 2050

2 Project scope and context

2.1 Purpose

Rous County Council (RCC) engaged 100% Renewables to develop a Renewable Energy and Emissions Reduction Plan (REERP) that aims to identify and assess various opportunities for reducing greenhouse gas (GHG) emissions originating from Council's operations, aligns with Council's adopted Business Activity Strategic Plan (BASP) 2022-2032, and builds upon RCC's Greenhouse Gas (GHG) Abatement Strategy from 2018.

The purpose of this REERP is to provide an update to Council's 2018 Greenhouse Gas Abatement Strategy and provide Council with an overview of current viable abatement opportunities available for its operations that in turn, can enable Council to align with NSW Government's objective of reaching state-wide net zero emissions by 2050.

2.2 Background to this project

In 2018 Rous County Council (RCC) engaged the services of 100% Renewables to assist in developing a Greenhouse Gas Abatement Strategy for its operations' carbon footprint.

The 2018 strategy recommendations are summarised below:

- Focus on operational energy use that is significant – i.e. electricity consumption.
- RCC will account for both electricity use and fleet fuel consumption in its carbon footprint reporting.
- Targets will initially be expressed in terms of renewable energy goals for operational electricity use.
- Carbon targets may be set at a later time and may include transport fleet and other sources.
- RCC will set ambitious renewable energy (RE) targets, including a 100% RE target for electricity use by 2030, where financially sustainable to do so.
- Short and medium term targets/actions will reflect opportunities identified within RCC operations.
- Long term targets will require further assessment of procurement and generation options, both by RCC and in conjunction with regional partners such as RCC's constituent councils.

Since 2018, Council has progressed a number of short and medium-term emissions abatement projects proposed in the Greenhouse Gas (GHG) Abatement Strategy, underpinning its commitment towards climate action. Presented below is an implementation timeline of these initiatives which include solar PV and battery installations at RCC operational sites, seed-funding of a Revolving Energy Fund (REF), and uptake of hybrid vehicles.



FIGURE 7: ROUS COUNTY COUNCIL'S TIMELINE OF ACHIEVEMENTS TOWARDS CLIMATE ACTION

2.3 Project scope and deliverables

The scope of the current project is as follows:

- Provide an overview of progress to date, including a summary of relevant projects.
- Perform an energy and carbon footprint comparison of the current and 2016/17 baseline position.
- Develop an electronic questionnaire for acceptance by the project team for issue to Councillors and staff (to collect key information on strategic and operational considerations).
- Provide an overview of battery energy storage system (BESS) technology and feasibility.
- Provide target dates for replacement of light vehicle fleet with hybrid vehicles, followed by replacement with zero emissions vehicles.
- Assess a number of potential actions for site upgrades including advising on the current viability of use of BESS solutions, additional PV installations, and replacing combustion engine outdoor equipment with battery powered items.
- The investigations are to have provided cost estimates and assessed lifecycle cost viability and site suitability.
- Review renewable energy targets for electricity use.
- Consider actions required for achieving overall net zero greenhouse gas emission for Council's operations.
- Undertake sequestration modelling for Council's tree planting activities and provide related advice.

2.4 Global context

At a global level, the call to action for countries to act on climate change has been increasing for several years. According to the IPCC's report, *Climate Change 2021: the Physical Science Basis* we have emitted over 85% of all emissions we can emit if we are to have a chance of remaining within 1.5°C of warming in the long term. Key agreements and reports that underpin international consensus to act include:

1. Sustainable Development Goals (SDGs)²
2. Paris Agreement³
3. Special IPCC report on 1.5°C warming (SR15)⁴, and
4. IPCC Sixth Assessment Reporting cycle (AR6)⁵

² Sourced from <https://www.un.org/sustainabledevelopment/development-agenda/>

³ Sourced from <https://www.un.org/sustainabledevelopment/climatechange/>

⁴ Sourced from https://www.ipcc.ch/site/assets/uploads/sites/2/2022/06/SR15_Full_Report_HR.pdf

⁵ Sourced from https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_SummaryForPolicymakers.pdf

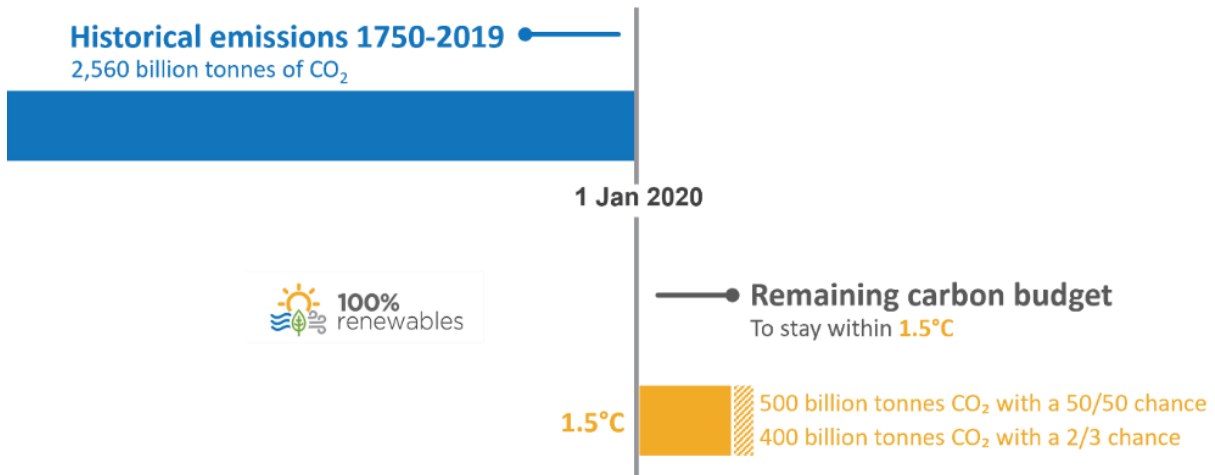


FIGURE 8: GLOBAL CONTEXT FOR ACTION ON CLIMATE

The pathway to follow if a safe future climate is a goal is to **start today, make deep emissions cuts, and persist on this path for years to reach net zero emissions**. For RCC to align with global net zero goals and principles would require:

1. GHG emissions from stationary fuel combustion such as diesel are minimised, and
2. GHG emissions from electricity consumption are minimised, and
3. GHG emissions from transport fuel combustion are minimised, and
4. Supply chain (eg outsourced services) emissions are addressed, and
5. Remaining emissions are offset or removed through new sequestration measures

2.5 Changing national and local context

In Australia, the commitment to addressing climate change is becoming more uniform and aligned towards international goals across all levels of government. This includes ambitious efforts towards decarbonisation by the middle of the century.

- The Federal Government has legislated emissions reduction of 43% by 2030 (from 2005 levels) and is committed to net zero by 2050.
- NSW Government has a target of 70% emissions reduction by 2035 and net zero by 2050, as yet unlegislated.
- A large number of regional local governments and communities representing more than two thirds of NSW population are committed to deep emissions cuts.

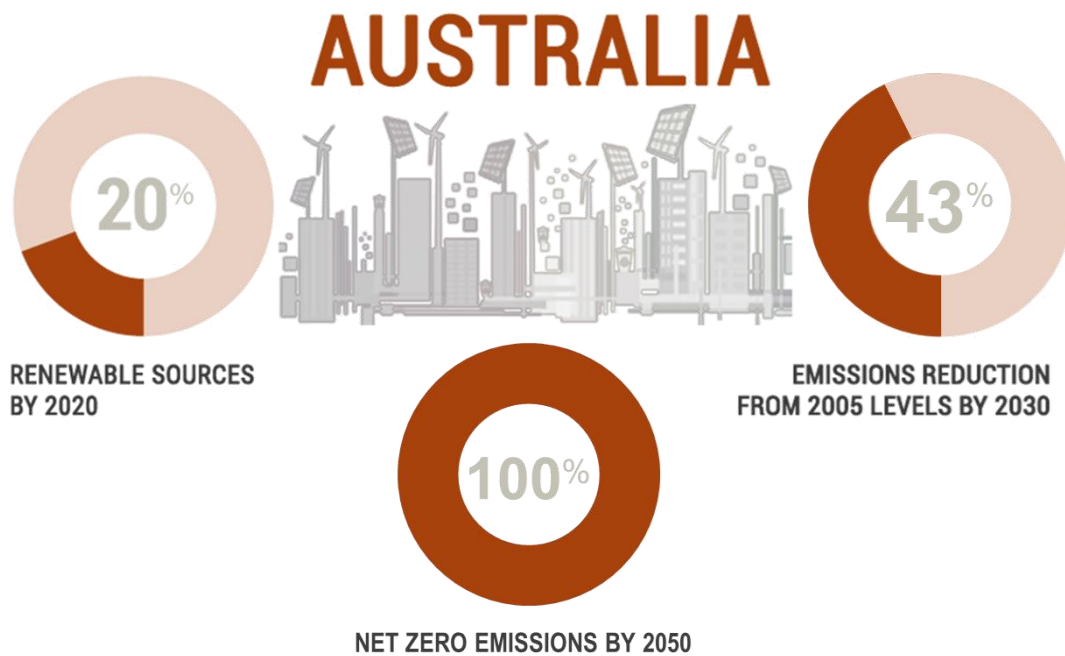


FIGURE 9: AUSTRALIA'S EMISSIONS REDUCTION GOALS AT A NATIONAL LEVEL

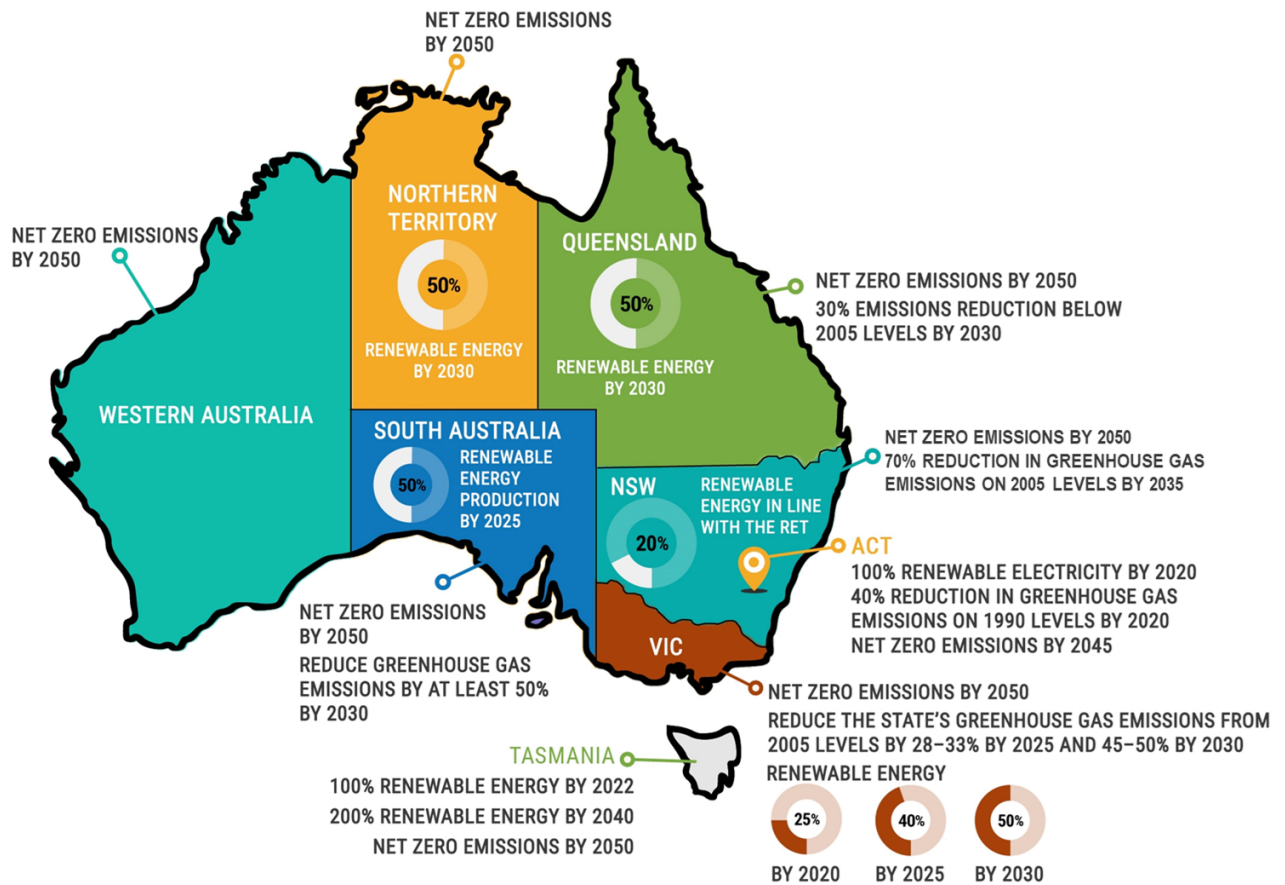


FIGURE 10: AUSTRALIA'S EMISSIONS REDUCTION GOALS AT STATES LEVEL

By the end of 2022, 40 out of 128 Councils in NSW have already declared a Climate Emergency⁶. This has led to some of the following outcomes across several councils:

- Increased focus and priority on reducing council carbon emissions and promoting sustainability.
- Development and implementation of a Climate Change Mitigation Plan or similar for Council and community emissions.
- Increased public engagement, education and literacy on climate change and opportunity.
- Better alignment with state and national climate goals and initiatives; and
- Potential for increased funding and support from state and federal governments for climate action

⁶ Sourced from <https://www.cedamia.org/ced-regions-in-australia/>

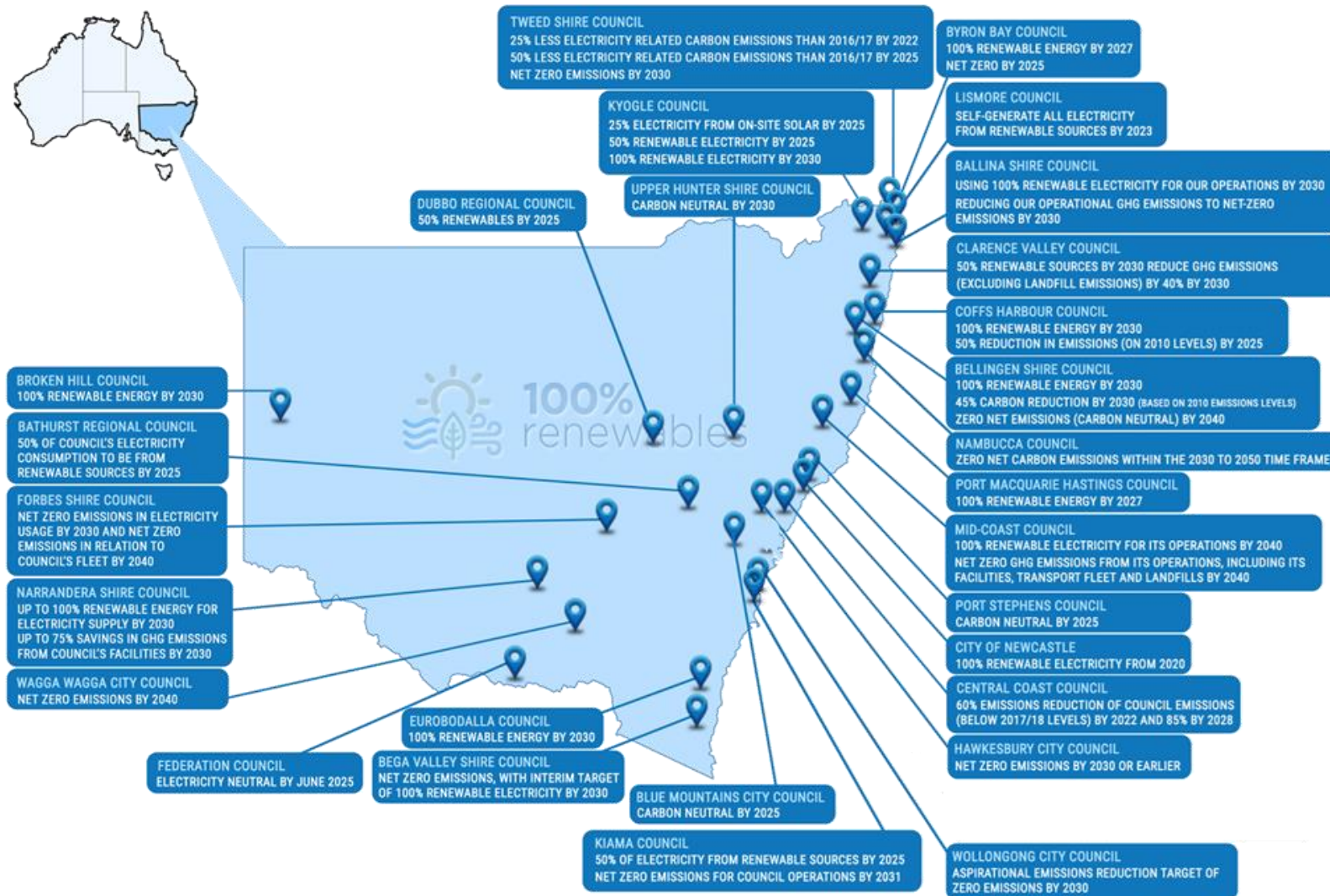


FIGURE 11: NSW LOCAL GOVERNMENTS EMISSIONS REDUCTION 2022

2.6 Grid decarbonisation

Over the next decades, coal-fired power stations in Australia, including NSW, will be replaced by renewable energy generation technologies such as solar, wind, pumped hydro, and grid-scale batteries.

In its Integrated System Plan 2022, the Australian Energy Market Operator (AEMO) considers different scenarios based on factors such as demand drivers, Distributed Energy Resources (DER) uptake, emissions, large-scale renewable build cost trajectories, investment and retirement considerations, gas market settings, coal price settings, policy settings, and transmission infrastructure development.

The resulting scenario outcomes for penetration of renewable energy in the National Electricity Market (NEM) are shown below, indicating a high probability of a rapid transition to renewables under the expected ‘Step Change’ scenario. The NSW Government’s Electricity Infrastructure Investment Bill will facilitate the transition to renewables in NSW, as reflected in the ISP2022 forecasts.

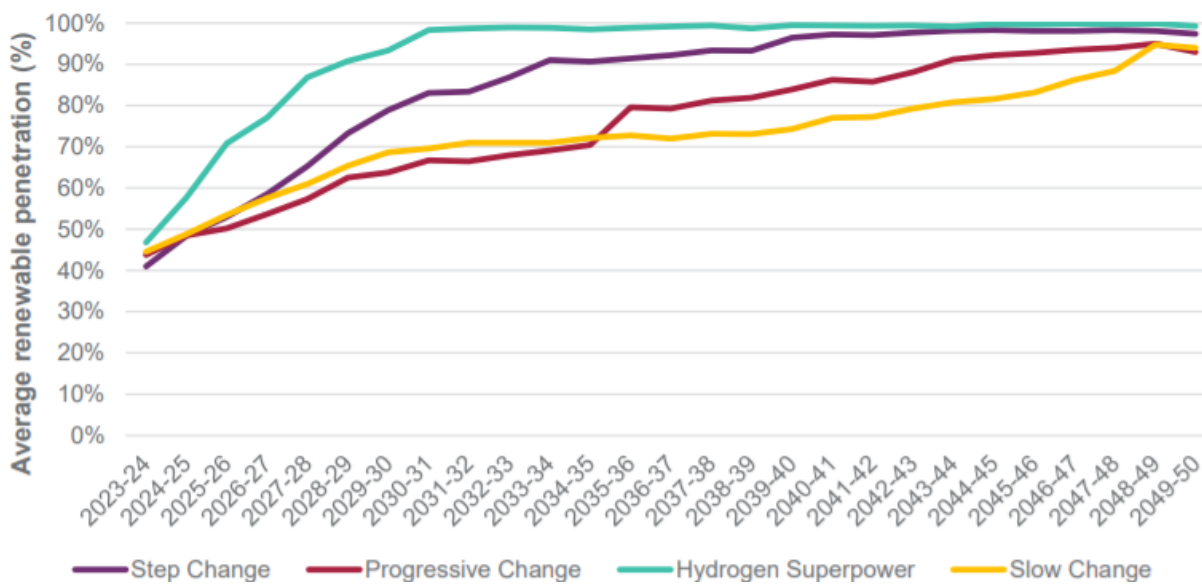


FIGURE 12: AEMO MODEL OF RENEWABLE ENERGY PENETRATION IN ISP2022 SCENARIOS⁷

Electricity emissions for Rous County Council’s operations will be significantly reduced as the grid transitions towards renewable energy sources.

⁷ AEMO: <https://aemo.com.au/consultations/current-and-closed-consultations/2022-draft-isp-consultation>

2.7 Survey of Councillors

To help establish parameters for development of RCC's emissions reduction strategy, strategic input was sought from RCC's Councillors regarding key issues and opportunities. A questionnaire was developed to gauge Councillor views on strategic goals and constraints, and to assess their level of support for a range of potential emission reduction measures and capital works projects. Results from the questionnaire were analysed and used to shape the development of this report and the recommendations contained therein.

100% renewables worked with RCC staff to develop a range of questions crafted to quickly gather input on key issues. Thought was given to the design of the survey in terms of being able to collect fixed quantitative information as well as allowing free text responses. Questions were refined through an iterative process in consultation with RCC staff. RCC then organised the distribution of the survey and provided several weeks for responses. Responses to the survey were discussed during a project meeting between RCC and 100% renewables and general interpretations and conclusions were drawn.

A detailed summary of the findings can be found in the Appendices.

2.7.1 Implications for REERP

The findings from the survey, including review of all "free text" responses, provided useful insights for informing the development of this REERP. Councillors generally felt that, because of the ongoing electricity price increases, cost of living pressures, interest rates, drought, fires, pandemic and floods, there is very limited short-term capacity to pass on additional costs of emission reduction measures, and that RCC should not pursue targets any more ambitious than the benchmarks set by the NSW and Commonwealth Governments.

The responses also indicated that operational reliability should not be compromised in pursuing emission reduction goals, and that projects needed to consider future likelihood of further natural disasters. Positive implications of the survey include the broad support to undertake cost effective emission reduction measures in the short term and medium term, and an openness to purchase renewable energy where it makes financial sense to do so.

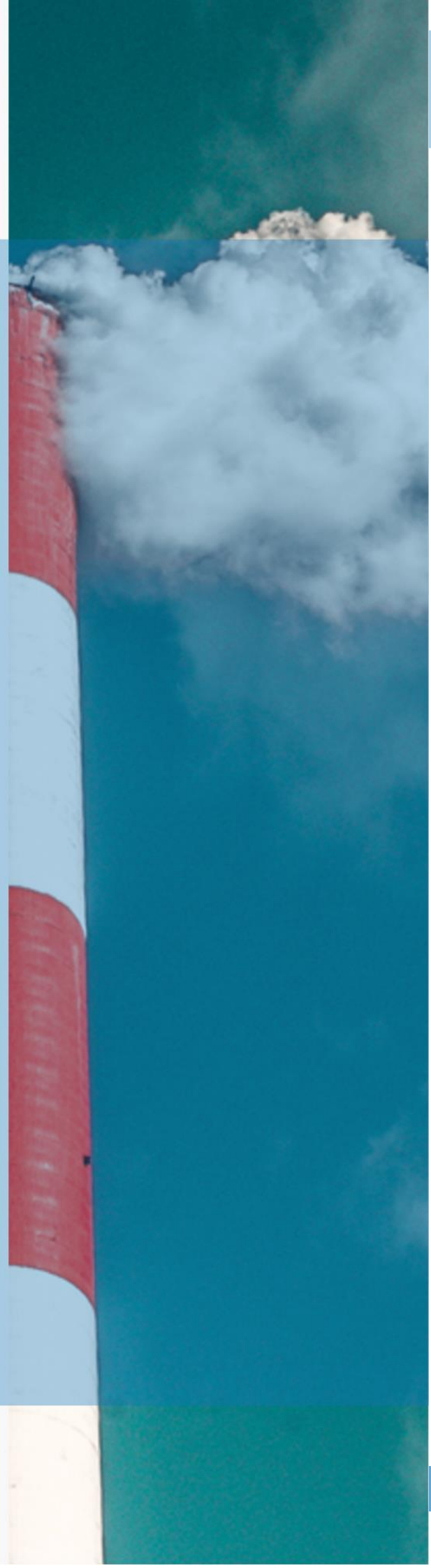
A summary of strategic implications drawn from the survey results is outlined below:

- Secure water supply is of paramount importance.
- Act on more cost effective emission reduction measures in the short term where net financial benefit is likely.
- The transition to electric vehicles and equipment should be broadly supported, beginning with trials.
- Council should regularly monitor renewable electricity sourcing options for opportunities to purchase at prices similar or lower than grid energy offers.
- Council could reconsider capacity to absorb slightly higher electricity costs when cost of living pressures abate
- Savings / positive cashflow from measures should be accounted for and directed into the revolving energy fund. The Recurring Energy Fund should be better used to roll out projects while building financial capacity for consideration of renewable energy purchases and/or other emissions reduction measures in the future.



Council Operations

Greenhouse Gas Emissions



3 Rous County Council emissions

This section of the report presents the results of calculations to quantify Council’s carbon footprint and GHG emissions for the period 2017 to 2022. This chapter focuses exclusively on emission sources, omitting any discussion of sequestration, which is covered in Section 4.

3.1 Overview of emission scopes

To help differentiate between different greenhouse gas emission sources, emissions are classified into the following scopes according to the GHG Protocol⁸ – Corporate Standard:

- **Scope 1 emissions** are emissions directly generated at your operations through the combustion of fuels, and fugitive emissions from refrigerant gases in your air conditioning equipment.
- **Scope 2 emissions** are caused indirectly by consuming electricity. These emissions are generated outside your organisation (in fossil fuel power plants), but you are indirectly responsible for them.
- **Scope 3 emissions** are also indirect emissions and happen upstream and downstream of your business. Typical examples are staff commute, air travel, the purchase of goods and services, contractor emissions, or leased assets. Emissions associated with the distribution of electricity from the power plant to your site are accounted for under scope 3.



FIGURE 13: SCOPE 1, SCOPE 2, AND SCOPE 3 EMISSIONS

⁸ Sourced from <https://ghgprotocol.org/>

3.2 Scope of emissions assessed for Rous County Council

Illustrated below is a diagram depicting the operational boundary of Council’s carbon footprint, covering scope 1 and scope 2 emissions. Consistent with the methodology adopted in RCC’s 2018 GHG Abatement Strategy, scope 3 emissions (other than electricity supply) can be excluded due to their immateriality and can be reassessed by Council as it makes more substantial progress towards reducing scope 1 and 1 emissions. The measurement of current emissions coverage follows the Australian Government’s Climate Active Standard, which aligns with GHG Protocol and enables the attainment of carbon neutrality through a reliable framework for quantifying greenhouse gas emissions. In addition, the standard provides a comprehensive guidance on how to measure, reduce, offset, validate and report emissions arising from an organisation’s operations.

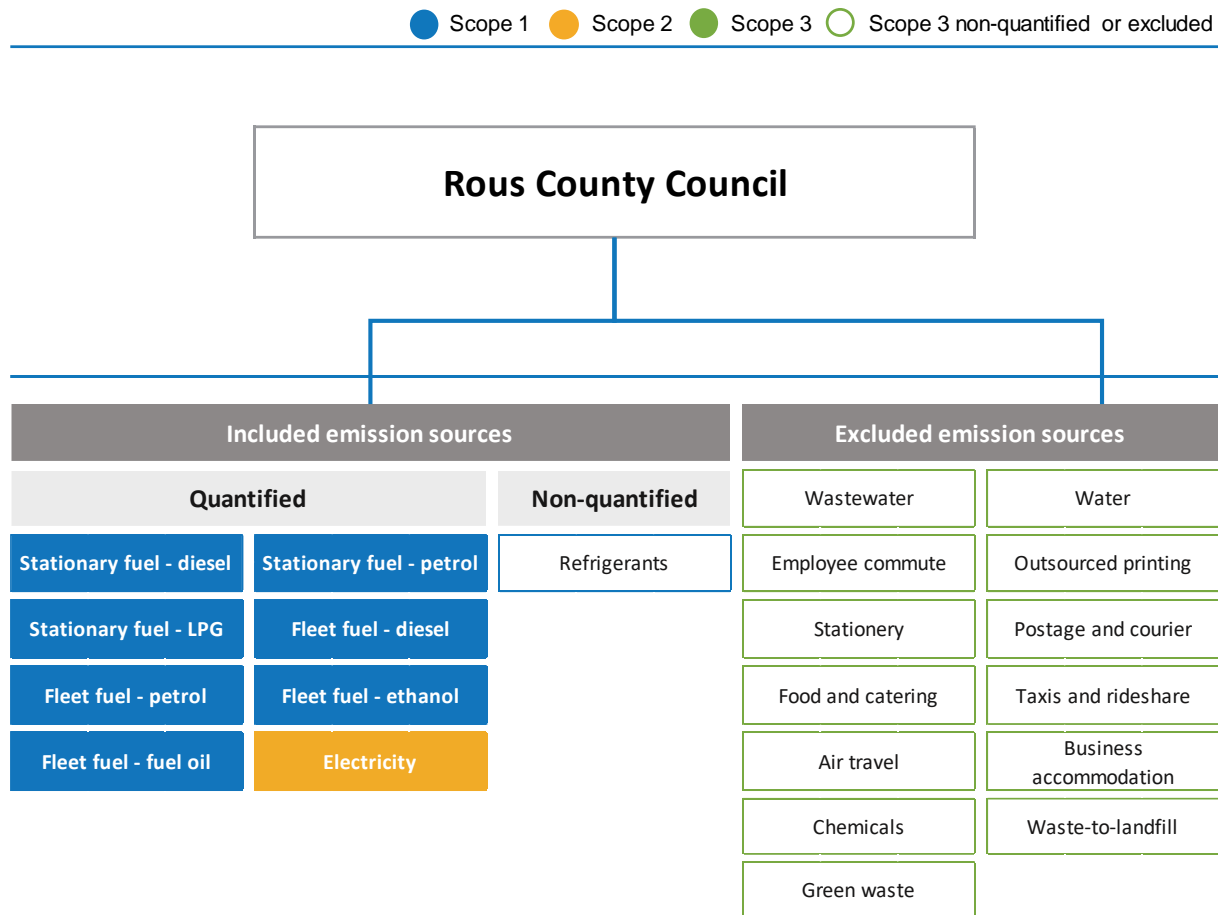


FIGURE 14: OPERATIONAL BOUNDARY OF ROUS COUNTY COUNCIL'S FY 2022 CARBON FOOTPRINT

As scope 3 emissions become more materially relevant over time, a comprehensive carbon footprint that is in accord with the Commonwealth Government’s Climate Active Carbon Neutral Standard could in future potentially comprise a range of scope 3 emission sources including:

- Business travel such as flights
- Taxis and hire cars
- Detailed analysis of professional services (e.g. technical, accounting and legal services)
- Postal and courier services
- Refrigerant gas leakages from onsite air-conditioning and refrigeration systems
- Embodied emissions in building construction or alternation projects
- Telecommunications equipment and services
- Cleaning services
- Staff clothing expenses
- Office furniture and other purchased or replaced equipment





A detailed scope 3 analysis is usually created when an organisation plans to commit to carbon neutrality, or an organisation intends to better understand ‘hot-spot’ emission sources in the value chain and explore ways to collaborate with suppliers to reduce their emissions.

3.3 FY 2022 carbon footprint

The baseline year for RCC’s 2018 Greenhouse Gas Abatement strategy is the 2016/17 financial year. For providing a “snapshot” comparison, RCC’s carbon footprint was developed for FY 2021/22.

Rous County Council’s carbon footprint for FY 2021/2022 was **4,945 t CO₂-e**, or around a ~13% decrease from the FY 2016/2017 footprint of 5,663 t CO₂-e. A detailed tabulation of the carbon inventory is provided below.

TABLE 2: ROUS COUNTY COUNCIL'S FY 2022 CARBON INVENTORY

Emission source		Activity data	Units	Scope 1 (t CO ₂ -e)	Scope 2 (t CO ₂ -e)	Scope 3 (t CO ₂ -e)	Total	%
	Stationary fuel - diesel	6	kL	16.7		0.9	17.5 t CO ₂ -e	0.35%
	Stationary fuel - petrol	0.02	kL	0.05		0.003	0.05 t CO ₂ -e	0.00%
	Stationary fuel - LPG	0.01	kL	0.01		0.001	0.01 t CO ₂ -e	0.00%
	Fleet fuel - diesel	122	kL	332.0		17.0	349.0 t CO ₂ -e	7.06%
	Fleet fuel - petrol	12	kL	28.3		1.5	29.8 t CO ₂ -e	0.60%
	Fleet fuel - ethanol	0.21	kL	0.01		-	0.01 t CO ₂ -e	0.00%
	Fleet fuel - fuel oil	-	kL	-		-	-	-
	Electricity	5,643,043	kWh		4,097	451	4,549 t CO ₂ -e	91.98%
	TOTAL			377 t CO₂-e	4,097 t CO₂-e	471 t CO₂-e	4,945 t CO₂-e	100.00%

Greenhouse gas emissions from electricity consumption comprise the bulk of Council’s total footprint, accounting for 92% of the whole. The remaining 8% of the total emissions originate from fuel consumption, with diesel use for Council fleet being the primary contributor. RCC’s carbon inventory is presented visually through the following charts.

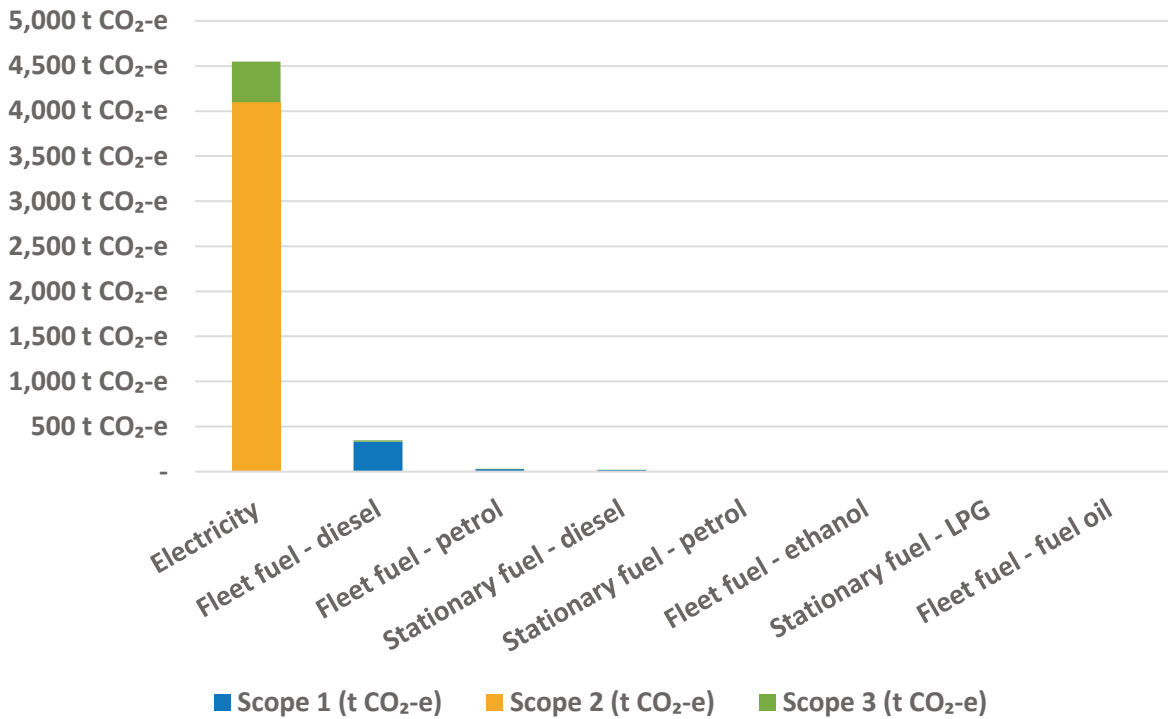


FIGURE 15: ROUS COUNTY COUNCIL'S FY 2022 CARBON FOOTPRINT BY EMISSION SOURCE AND SCOPE

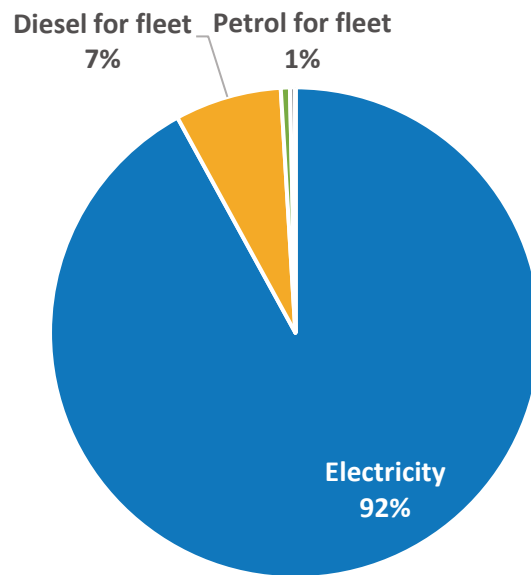


FIGURE 16: SPLIT OF ROUS COUNTY COUNCIL'S FY 2022 CARBON FOOTPRINT BY EMISSION SOURCE

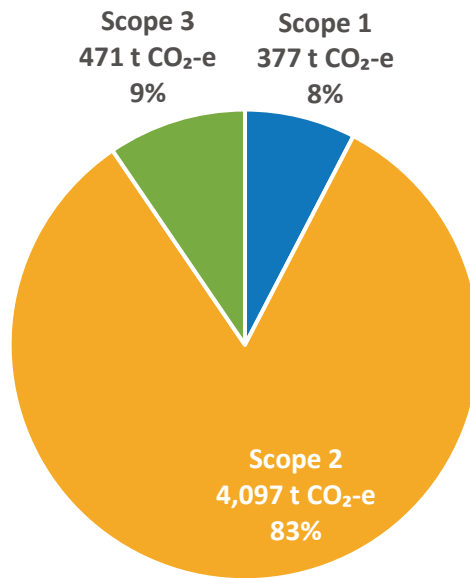


FIGURE 17: SPLIT OF ROUS COUNTY COUNCIL'S FY 2022 CARBON FOOTPRINT BY SCOPE

3.4 Year-on-year trends in Council’s energy use and GHG emissions

The following section expands the analysis by comparing energy use and emissions across financial years FY 2017-2022.

TABLE 3: ROUS COUNTY COUNCIL'S FY 2017-2022 GRID ELECTRICITY CONSUMPTION FOR ASSETS

Site name	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Nightcap Water Treatment Plant	2,211 MWh	1,702 MWh	1,855 MWh	2,013 MWh	2,010 MWh	1,890 MWh
Nightcap Raw Water Pumps	1,297 MWh	1,270 MWh	1,330 MWh	1,332 MWh	1,281 MWh	1,182 MWh
Wilson River - High Lift Pumps (x3)	658 MWh	758 MWh	859 MWh	705 MWh	675 MWh	883 MWh
Rocky Creek Dam Aerator	386 MWh	366 MWh	347 MWh	356 MWh	543 MWh	408 MWh
Emigrant Creek Water Treatment Plant	334 MWh	445 MWh	557 MWh	533 MWh	329 MWh	424 MWh
Rous County Council Administration Offices	190 MWh	154 MWh	184 MWh	178 MWh	175 MWh	145 MWh
Wilson River - Low Lift Pump	119 MWh	136 MWh	152 MWh	129 MWh	124 MWh	248 MWh
Lagoon Grass Pump Station	138 MWh	145 MWh	151 MWh	199 MWh	181 MWh	158 MWh
Gallans Rd Admin Offices	-					48 MWh
Knockrow Newrybar Pump Station	59 MWh	41 MWh	68 MWh	36 MWh	16 MWh	19 MWh
(Other Council sites)	121 MWh	-	-	-	-	237 MWh
Total	5,512 MWh	5,017 MWh	5,502 MWh	5,481 MWh	5,334 MWh	5,643 MWh

The relative electricity demand across RCC’s assets has remained consistent over the years, with water treatment and pumping infrastructure being the largest consumers. Of interest is the doubling of demand between FY 2021 and 2022 at the Wilson River Low Lift Pump.

Council has commissioned solar PV at a number of its sites since the development of GHG Abatement Strategy in 2018. Cumulative values for self-consumed and exported solar for three financial years point to small but significant contributions to offset electricity use and abate emissions. A detailed breakdown of solar generation data is presented in Section 4 (Table 6).

TABLE 4: ROUS COUNTY COUNCIL'S FY 2017-2022 SELF-CONSUMED AND EXPORTED SOLAR

Component	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Solar self-consumed	-	-	-	46,201 kWh	112,095 kWh	105,910 kWh
Solar exports	-	-	-	17,071 kWh	32,644 kWh	30,408 kWh

Fuel constitutes roughly 8% of the carbon footprint, and absolute amounts consumed have varied significantly over the years. Transport fuel accounts for the majority of the total volume consumed. Ethanol consumption was extracted from fuel data pertaining to consumed E10 petrol, which contains about 10% of the compound.

TABLE 5: ROUS COUNTY COUNCIL'S FY 2017-2022 FUEL CONSUMPTION PER FUEL TYPE

Fuel type	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Diesel	140 kL	124 kL	116 kL	109 kL	101 kL	128 kL
Petrol	11 kL	15 kL	16 kL	13 kL	12 kL	12 kL
Ethanol	0.56 kL	0.29 kL	0.26 kL	0.27 kL	0.23 kL	0.21 kL
LPG	-	-	-	-	-	0.01 kL
Fuel oil	-	-	-	0.06 kL	0.03 kL	-
Total	152 kL	139 kL	133 kL	122 kL	113 kL	140 kL

3.5 Summary of Council’s energy use and emissions since 2017

The graph below shows RCC’s energy use dipped slightly in FY 2021, before increasing to its highest level in FY 2022. However, the overall increase since the baseline year has been insignificant and in line with expected demand increase due to population growth.

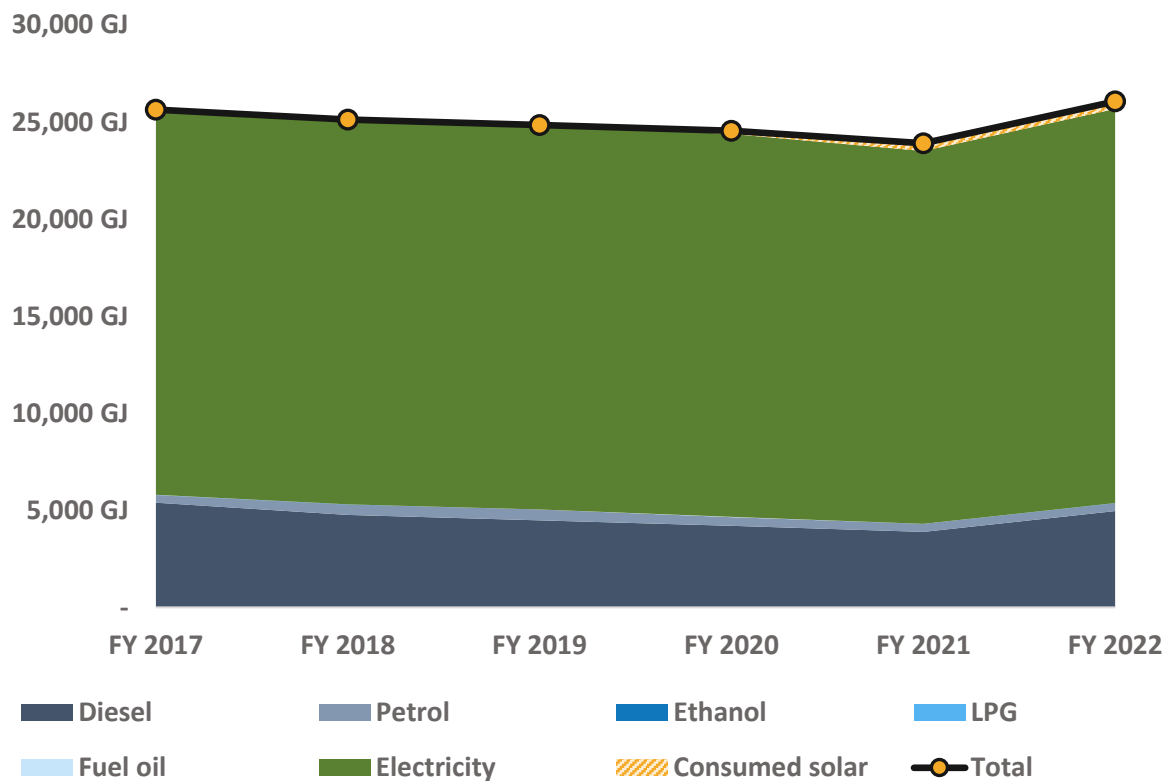


FIGURE 18: ROUS COUNTY COUNCIL'S HISTORICAL ENERGY CONSUMPTION TREND

The increasing amount of self-consumed solar, while only a few percent of total energy use, has been effective in minimising the need for increased consumption of grid electricity and thereby helping keep a cap on emissions, despite the significant uptick in energy use during FY 2022.

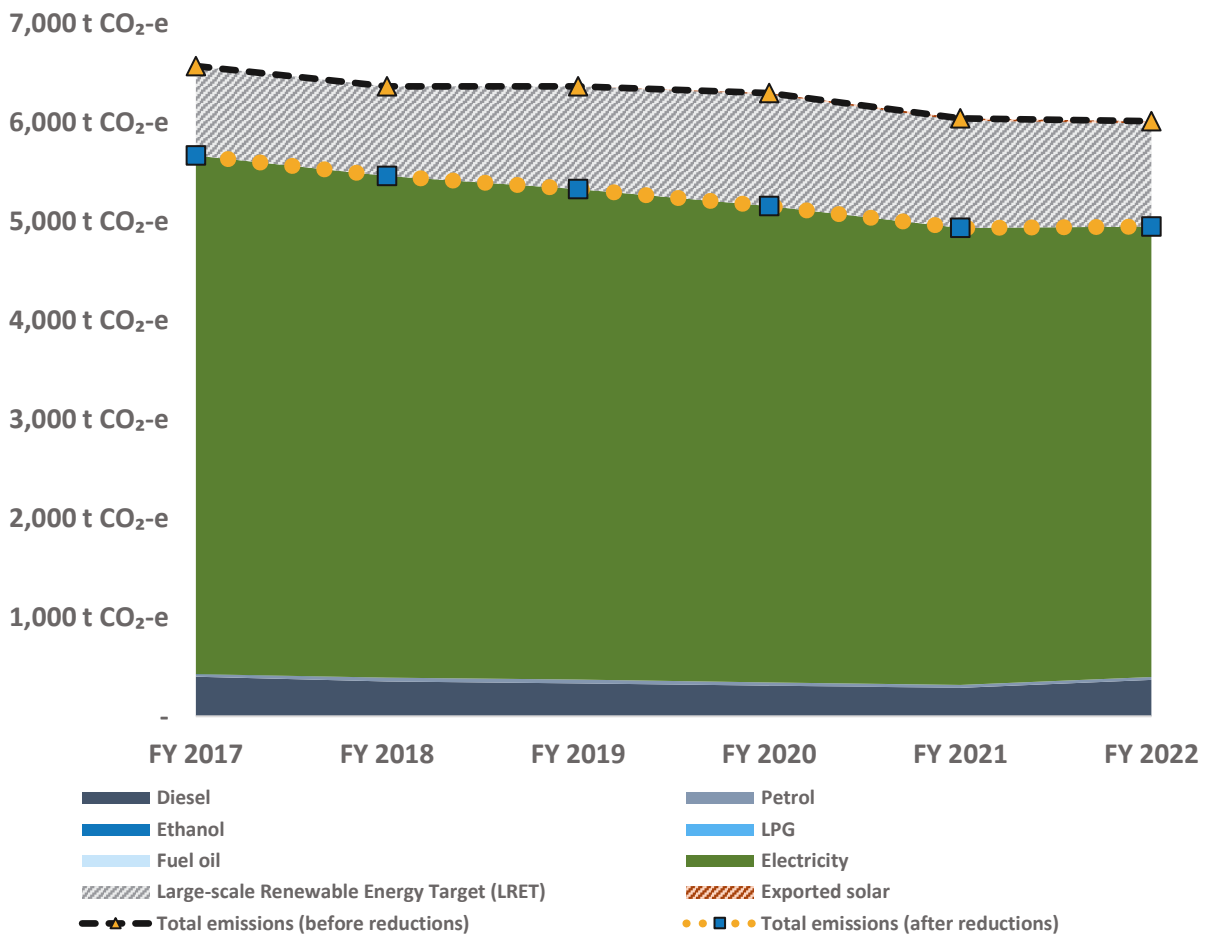


FIGURE 19: ROUS COUNTY COUNCIL'S HISTORICAL CARBON EMISSIONS TREND

As seen in Figure 19 above, there is a general downward trend in Council’s emissions over the 6-year period under review. This downward trend reflects the general decline in Council’s diesel energy use (with the exception of higher than usual consumption during the final year in the period), combined with the effects of ongoing grid decarbonisation and, to a lesser but still notable extent, Council’s increasing use of onsite solar PV.

A large proportion of emissions reductions from grid decarbonisation are attributable to the Large-scale Renewable Energy Target (LRET), indicated by the grey shaded area in Figure 19. The LRET is a Commonwealth Government policy measure that sets a specific target for the proportion of electricity generation that must come from renewable energy sources. Electricity retailers purchase Renewable Energy Certificates (RECs) from renewable energy generators to meet their LRET obligations, but the cost of the LRET is ultimately passed on to consumers through their electricity bills. Therefore, abatement resulting from the LRET can be thought of as compulsorily purchased renewable energy.

4 Carbon sequestration from RCC's tree planting initiatives

Further to the analysis of emission sources and trends calculated in Section 3, Council requested further analysis and advice regarding the potential impact that tree planting activities, undertaken as part of Council's bush regeneration work program, has had on "net" emissions outcomes. This section outlines key methodological issues and considerations, describes the modelling process taken to estimate sequestration from tree planting activities, and calculates Council's net carbon footprint based on all the available data.

Climate Active are currently developing new rules and guidelines for "insetting" projects (specifically, tree planting activities) which will, eventually, become the main reference source for informing an acceptable sequestration accounting strategy.

Ideally, eligible sequestration should be properly accounted for in carbon footprint calculations, however the requirements for doing so are quite stringent in terms of data requirements. Working towards third-party recognition of sequestration quantification in the longer term is the ideal goal, and the work in this section of the report provides the necessary foundation and pathway to move towards that goal.

In addition to calculating the impact of sequestration on Council's carbon footprint, this section provides advice on the steps required to formalise the crediting of sequestration in a way that would allow for tree planting to contribute towards official Carbon Neutral certification in the future, should Council ever wish to pursue that ambition.

4.1 Approach

As specified in a variation to the original contract, the required services in regard to sequestration assessment are outlined below:

- Develop a spreadsheet model tailored to the available information provided by Council.
- Calculate sequestration outcomes based on appropriate methodology and tools.
- Calculate Council's net carbon footprint and post-sequestration emissions trends.
- Provide advice on relevant standards and requirements.

4.2 Overview of RCC tree planting activities

Revegetation projects conducted by Rous County Council are situated at four key Council sites, namely:

- Emigrant Creek Dam
- Rocky Creek Dam
- Wilson River
- Dunoon

Plantation activities have been undertaken since the 1990s, and methodologies vary from planting in an area with open grazing, to site restoration via weedy regrowth. Granular information on the vegetation work per zone across the four sites are provided in Table 6 and succeeding aerial photographs:

TABLE 6: DETAIL OF REGENERATION PROJECTS AT ROUS COUNTY COUNCIL SITES

Site & ID	Area (ha)	Plantation date	Existing vegetation prior to planting
Emigrant Creek Dam			
1	0.878	2006	Grazing
2	0.99	2003	Grazing
3	0.633	2003	Grazing
4	1.605	2007	Grazing
5	1.832	2007	Grazing
6	1.293	2008	Grazing
7	1.31	2008	Grazing
8	2.629	2009	Grazing
9	1.234	2008	Grazing
10	1.744	2005	Grazing
11	1.256	2005	Grazing
12	0.533	2006	Grazing
13	1.199	2006	Unused. Introduced weeds
14	2.776	2005	Grazing
15	0.549	2005	Grazing
16	0.821	2017	Unused. Introduced weeds
Rocky Creek Dam			
1	18.839	1990-2000, and 2000-2010.	Grazing in the 1950s. Introduced weeds recently
2	9.787	1990-2000, and 2000-2010.	Grazing in the 1950s. Introduced weeds recently
3	9.119	1990-2000, and 2000-2010.	Grazing in the 1950s. Introduced weeds recently
4	5.159	1980 – 1990	Grazing in the 1950s. Introduced weeds recently
5	40.923	2020 – present	Grazing in the 1950s. Introduced weeds recently
6	1.869	1990	Grazing in the 1950s. Introduced weeds recently
7	5.831	2010 - current	Grazing in the 1950s. Introduced weeds recently
8	1.258	2010 - current	Grazing in the 1950s. Introduced weeds recently
9	3.103	2000 - 2010	Grazing in the 1950s. Introduced weeds recently
10	4.153	2010 - current	Grazing in the 1950s. Introduced weeds recently
11	3.941	2010 - current	Grazing in the 1950s. Introduced weeds recently
12	1.241	2010 - current	Grazing in the 1950s. Introduced weeds recently
13	8.409	2010 - current	Grazing in the 1950s. Introduced weeds recently
14	7.626	2010 - current	Mixed forest

Site & ID	Area (ha)	Plantation date	Existing vegetation prior to planting
Wilson River			
1	0.569	2009	Grazing
2	1.737	2010	Grazing
3	1.26	2010	Grazing
4	1.721	2010	Grazing
5	2.285	2011	Grazing
6	3.932	2011	Grazing
7	3.202	2011	Grazing
8	1.281	2009	Grazing
Dunoon			
1	6.69	2002	Grazing
2	22.098	1990s	Grazing
3	3.814	1990s	Mixed forest
4	3.992	1990s	Grazing
5	7.028	1990s	Grazing
6	23.101	1990s	Grazing
7	2.174	1990s	Mixed forest
8	10.038	1990s	Grazing
9	9.097	2005	Grazing
10	12.656	1990s	Grazing
11	2.174	1990s	Grazing

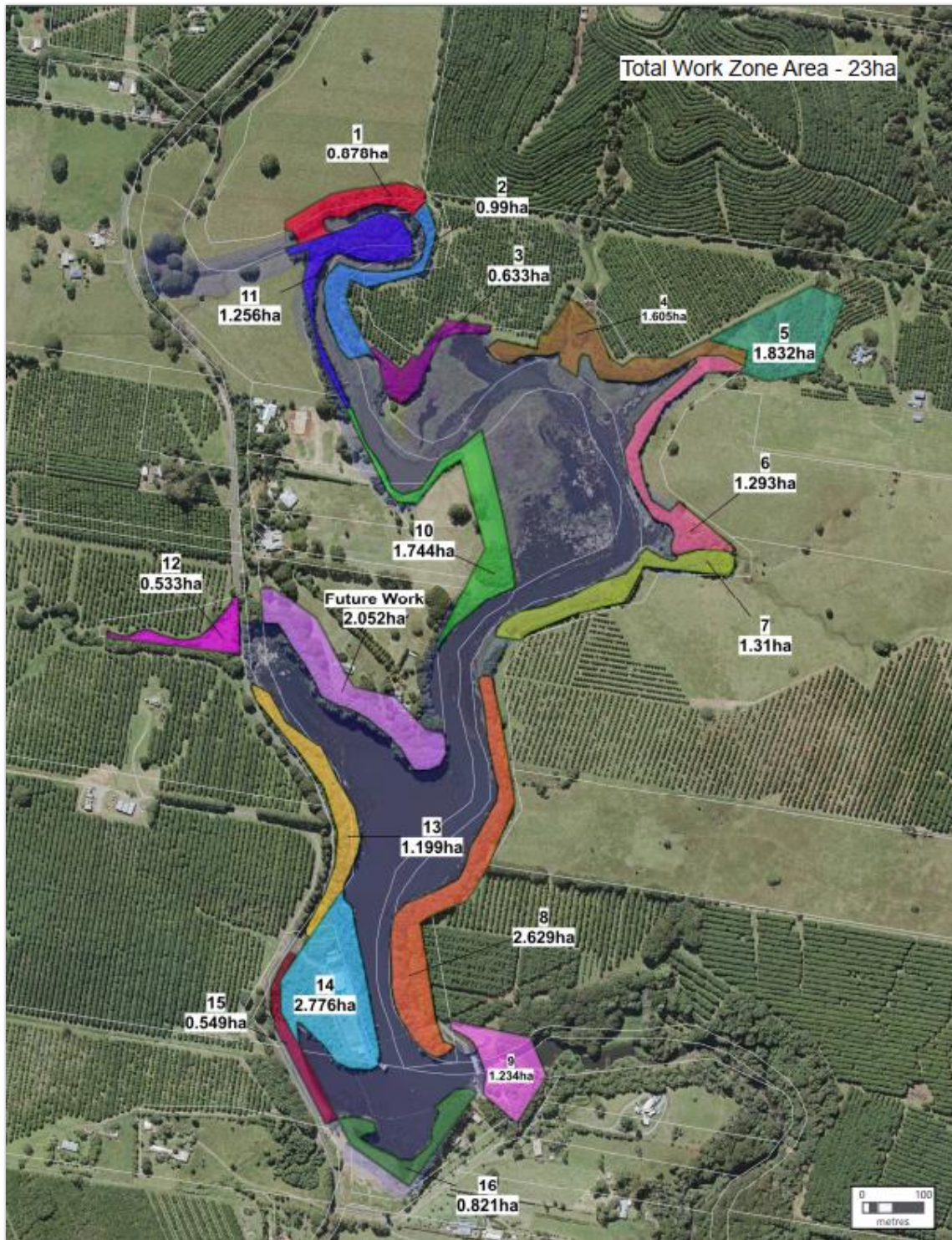


FIGURE 20: GEOGRAPHICAL LAYOUT OF REGENERATION WORK AT EMIGRANT CREEK DAM

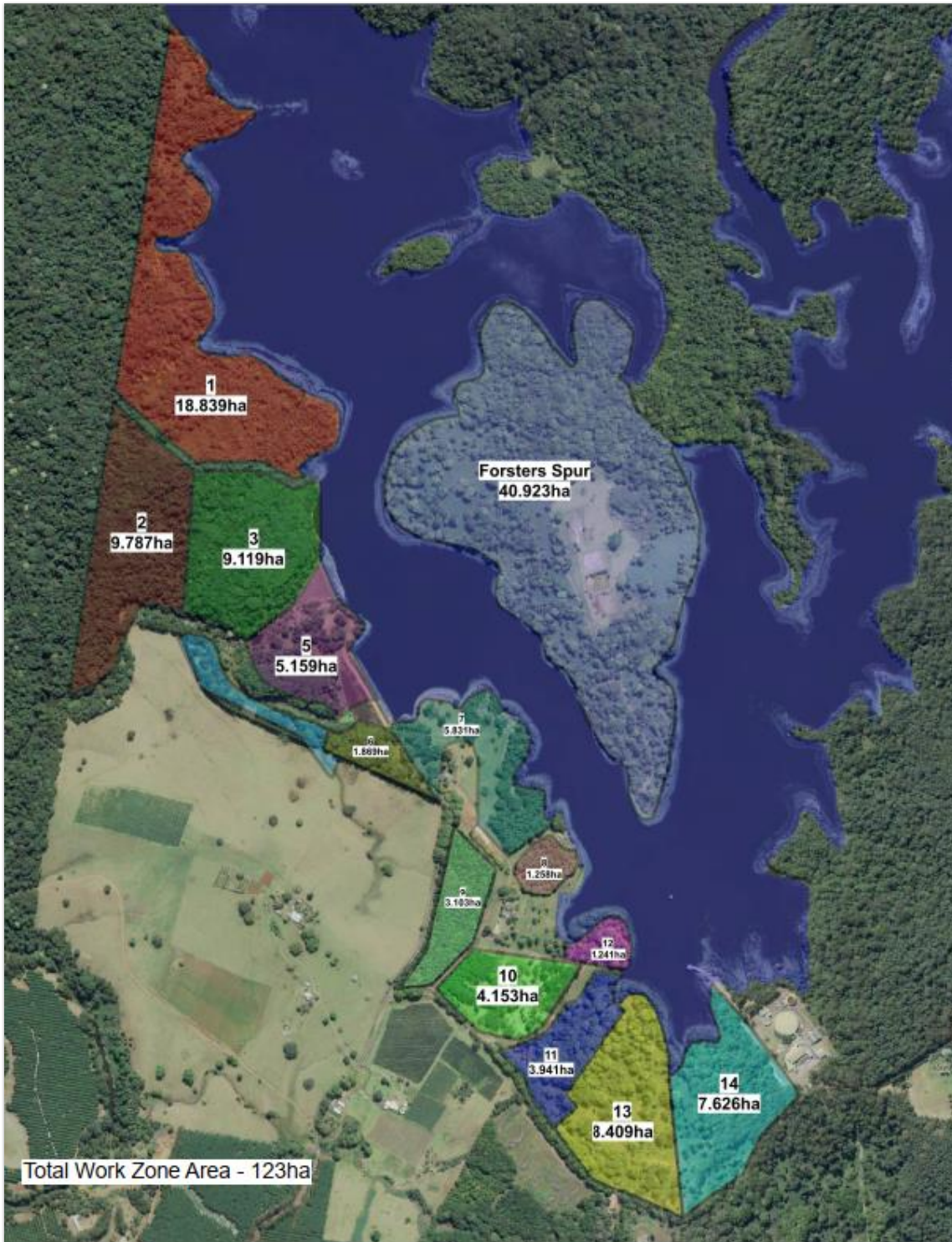


FIGURE 21: GEOGRAPHICAL LAYOUT OF REGENERATION WORK AT ROCKY CREEK DAM



FIGURE 22: GEOGRAPHICAL LAYOUT OF REGENERATION WORK AT WILSON RIVER

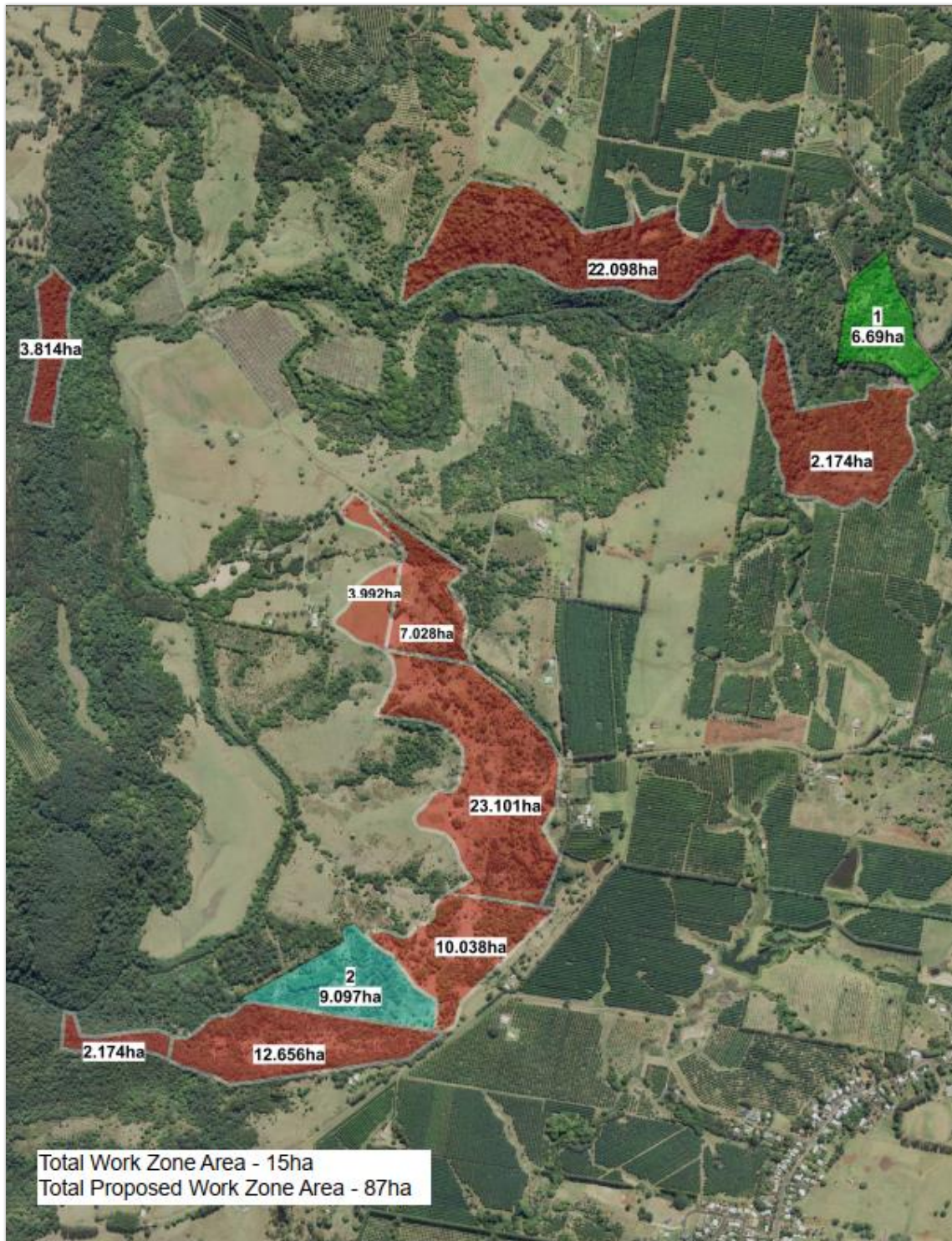


FIGURE 23: GEOGRAPHICAL LAYOUT OF REGENERATION WORK AT DUNOON

4.3 Draft Climate Active Guidelines

The guidelines for including carbon sequestration within a Climate Active carbon account are currently under development and expected to be finalised by the end of 2023. These guidelines are applicable to entities seeking to measure carbon sinks from trees and shrubs they have planted in addition to greenhouse gas emissions. The guidelines outline the five steps for achieving Climate Active carbon neutral certification: measure, reduce, offset, verify, and disclose.

The guidelines are distinct from the Emission Reduction Fund (ERF) methods, which have specific rules for carbon offsets projects.

- While there are some similarities between the guidelines and ERF methods, the main differences lie in the starting and ending points of the processes.
- Unlike ERF methods, the guidelines do not require the plantings to be new and do not generate Australian Carbon Credit Units (ACCUs) or any other tradeable carbon credit unit.
- If the plantings are included in an ERF project generating ACCUs, the sequestration cannot be accounted for using the Climate Active guidelines. However, voluntary cancellation of ACCUs can be used to offset emissions.

4.3.1 Eligibility requirements

The current draft eligibility requirements for inclusion of tree planting activities in carbon footprint calculations, and indication of whether or not Council's activities meet those requirements, are summarised below:

TABLE 7: COMPLIANCE OF RCC PROJECTS WITH DRAFT ELIGIBILITY CRITERIA OF VEGETATION WORK

Relevant eligibility criteria	RCC activities
The trees and shrubs must be planted in an area that falls under the operational control or supply chain of the entity;	Yes
The planting event must have occurred in or after 1990;	Yes
The practical minimum plot area is 0.2 ha;	Yes
This area must be located in Australia in an area where FullCAM (Full Carbon Accounting Model) coverage exists;	Yes
The area must have been free of forest cover for at least 5 years before the trees are planted;	Yes
The area must not have been cleared over the 5 years prior to planting;	Yes
The entity must plant species of trees that has the potential to be at least 2 metres tall and reach a crown cover of at least 20% of the planting area, and either:	Yes
Consists of native species planted to match the structure and composition of local vegetation and is planted at a minimum of 200 stems per hectare (or higher if using specific calibrations);	Yes
Is a species-specific planting that matches the species, geometry and density conditions set out in the Emission Reduction Fund (ERF) environmental planting FullCAM guidelines.	Yes
The planting must not be part of an ERF project or any other carbon offset program.	Yes

4.4 Method overview

In brief, Climate Active’s tree planting accounting guidelines require that the net abatement amount from tree planting activities for a reporting period be determined by calculating the change in total carbon stock across all plots within the project areas, considering emissions from fire and clearing events.

For modelling abatement outcomes from tree planting activities, Climate Active requires use of CSIRO’s FullCAM software to assess the carbon neutrality claims of entities seeking Climate Neutral certification. By requiring the use of FullCAM, Climate Active can ensure annual estimates of the carbon sequestration (removal) and emissions associated with land-use activities, such as afforestation, reforestation, and forest management, can be accurately and consistently calculated across a wide range of different environments and management regimes.

To account for observed trends in forest permanence and to ensure abatement from tree planting activities is not overestimated, Climate Active applies a 70% “conservative multiplier” to abatement estimates to allow for a “reversal buffer”. A reversal buffer serves as a precautionary measure to address uncertainties and potential changes in the carbon storage capacity of the project area.

4.4.1 Method application

The following worked example is taken from the draft Guidelines to help explain how the calculation method applies in practice:

An Australian Capital Territory beef producer planted 2 hectares of a mixed environmental planting in 1990. In the 2022 financial year, the plot sequestered 1 t of carbon in above- and below-ground tree biomass, and 0.4 t of carbon in debris, making a total of 1.4 t of carbon. This is equivalent to 5.1 t of carbon dioxide (CO₂-e). The abatement, after applying a 70% conservative multiplier, is 3.6 t CO₂-e. This last figure is included in the carbon account to 'inset' (rather than 'offset' via an external source of carbon credits) the supply chain emissions.

4.5 About FullCAM

FullCAM is a land-use and forestry model developed by the Australian government's Commonwealth Scientific and Industrial Research Organisation (CSIRO). FullCAM stands for "Full Carbon Accounting Model." It is a computer-based model designed to estimate greenhouse gas emissions and removals associated with land-use change, forestry activities, and natural disturbances.

FullCAM is a comprehensive tool for carbon accounting and modelling that considers various factors such as carbon stocks in different biomass pools (above-ground and below-ground), debris, and emissions from disturbances like fire events. It takes into account different gases, including carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), to provide a comprehensive assessment of carbon dynamics.

- Inventory data: FullCAM requires inventory data on the forest area, age, species composition, and other relevant parameters. This information is used to create a representation of the forest landscape.
- FullCAM classifies vegetation based on a system known as the "BiomePlus" classification. This classification combines both climatic and vegetation characteristics to define the main climatic vegetation classes in Australia.
- Growth and yield models: FullCAM uses growth and yield models to simulate the growth of forests over time. These models take into account factors like species characteristics, climate, and management practices. They estimate how much biomass (trees and vegetation) the forest will produce each year.
- Upper age limits: FullCAM has upper age limits for reliable estimates of sequestration. These limits are defined in the FullCAM Guidelines for plantation species and a publication related to environmental and mallee plantings. The age of maximum confidence is referred to as the upper age limit in the context of plantation forestry, and it is 30 years for environmental and mallee plantings.
- Biomass carbon: FullCAM calculates the amount of carbon stored in the forest's biomass based on the estimated biomass growth. Biomass carbon is the carbon stored in the living and dead organic matter of the forest, including above-ground and below-ground biomass.
- Soil carbon: FullCAM also estimates the change in soil carbon due to forest growth. Forests contribute to soil carbon through leaf litter, root systems, and other organic material. FullCAM

considers factors such as climate, soil type, and land management practices to estimate soil carbon changes.

- **Decomposition:** FullCAM accounts for the decomposition of dead organic material, such as fallen leaves and branches. It estimates how much carbon is released back into the atmosphere as these materials break down over time.
- **Harvest and deforestation:** If the forest is harvested or deforested, FullCAM calculates the carbon emissions resulting from the removal of biomass and the release of carbon stored in the forest.
- **Net carbon sequestration:** FullCAM calculates the net carbon sequestration by subtracting carbon emissions from carbon uptake due to forest growth. It provides an estimate of the total carbon sequestered or emitted by the forest over a given period.
- **Reporting:** The calculated carbon sequestration estimates can be used for reporting purposes, such as carbon accounting, reporting to emissions trading schemes, or monitoring the carbon balance of forests.

4.6 Modelling methodology

Consistent with Climate Active's draft guidelines for accounting carbon sequestration from tree plantings, the following steps were taken in order to estimate abatement from Council's regeneration activities:

4.6.1 Review of available data

Council provided data on land area (in hectares), year/s of plantation, and existing vegetation prior to plantation for each work zone at four (4) Council sites, namely:

- Dunoon
- Emigrant Creek Dam
- Rocky Creek Dam
- Wilsons River

Geographical layouts of the regeneration work were made available via aerial photographs, inclusive of plantation coverage and land area for the relevant work zones.

4.6.2 Clarification on data specifics relating to FullCAM's input requirements

Ensuring the accuracy of calculated stored carbon in the forest's biomass requires a comprehensive list of information in line with FullCAM's input requirements, including key parameters such as coordinates of representative point locations, species of tree or plantation, planting dates, stocking density of trees and shrubs, tree proportions, and data on management events (e.g. planting, thinning, harvest or fire). The following is a list of further questions sought from Council in order to ensure modelling could be undertaken using FullCAM:

- a. Has fire affected any of the regeneration areas? If so, please provide year/date of occurrence and affected zone.
- b. Is there any information as to what tree species were planted in each zone? If unavailable, is there information on the tree type (e.g. Eucalyptus, Acacia, or a mix of these)?

- c. Are there records that indicate how many trees were planted in each zone?
- d. For plantings done in dates indicated as ranges (e.g. 1990s, 2000-2010), were these spread over the period or undertaken in a particular year?
- e. Has thinning been conducted in any of the regeneration areas since the date of plantation, or has the plantings been left to grow largely unmanaged?

4.6.3 Establishing input parameters and assumptions

Details on key parameters used for the estimation of carbon stocks at the start and end of each reporting period, and ultimately net abated emissions per period are as follows:

- Model point locations
 - Abatement modelling within FullCAM requires a single ‘model point’ location. It is not necessary to precisely delineate the geographical boundaries of the vegetation work within the tool, rather the coordinates for a single location of the boundary’s approximate centre are sufficient. Latitude and longitude coordinates were retrieved for each of Council’s work zone through the provided geographical layouts.
- Site conditions
 - Site-specific parameters such as historical amount of rainfall, evaporation and irrigation in millimetres (mm), historical air temperatures in degrees Celsius (°C), and productivity indices, as used for estimating growth rates of trees, can also be manually set within FullCAM, but per the Clean Energy Regulator’s (CER) guidelines, default values from databases as downloaded from FullCAM’s servers are used.
- Plantation species
 - An option of selecting mixed species of environmental plantation is available within FullCAM, which offers conservative abatement modelling for cases where the mix of species planted in the vegetation boundary is not precisely known. Due to limitations in retrieving detailed information while maintaining realistic abatement estimates, it is deemed that a combination of different species was planted for each of Council’s plantation activities.
- Stocking density
 - Consistent with recommendations by the Clean Energy Regulator (CER), it is assumed that a ‘normal stocking’ approach (i.e. standard number of seedlings per unit area) was utilised in Council’s plantations, numerically equivalent to 0.1 dry matter tonnes per hectare (dmt/ha) of dry material for each component of the saplings – stems, branches, bark, leaves, coarse and fine roots.
- Soil conditions
 - Default values for soil-specific parameters such as soil properties and parameters relating to soil moisture have been adopted, as provided in the FullCAM database for each location.
- Events
 - Management activities and disturbance occurrences can be modelled as ‘events’ within FullCAM. Events were modelled in accordance with data supplied by Council.

4.6.4 Simulation of carbon stocks for each work zone per reporting period

Upon setting the key input parameters listed above, simulation for each vegetation zone was conducted to estimate the amount of cumulative carbon stored within the forest's biomass over time, within selected start and end dates for the simulation. Alternatively referred to as 'carbon stock', the cumulative stored carbon is further subdivided into different 'pools' consisting of above-ground and below-ground biomasses. The amount of carbon stock at the start of each financial year was then retrieved from the simulation output and subtracted from the value at the end of year to obtain the net carbon mass for the reporting period per unit area of land.

4.6.5 Calculation of net emissions abatement per reporting period

Net carbon masses for each reporting period as described in the previous step are then multiplied by a factor of 3.66, or the ratio of molecular weight of carbon dioxide CO₂ to the atomic weight of carbon C, to obtain the corresponding net amount of sequestered CO₂ into the forest's biomass for the reporting period per unit area of land. Consistent with Climate Active's guideline of discounting the modelled abatement by 30% to account for permanence and risk of reversal buffers, and in conjunction with Council's prescribed assumption of vegetated area only covering 75% of each work zone, the modelled abatement estimates are further multiplied by 70% and 75%, and subsequently by the corresponding land area of vegetation work.

4.7 Impact of sequestration on RCC’s carbon footprint and emissions trend

Utilising the modelling methodology established in the previous section, sequestration from plantation activities for the sites was calculated, and the abatement for each year is presented in Table 8 below. Detailed calculations corresponding to each identified work zone across all four sites are tabulated in Appendix 12.

TABLE 8: TOTAL EMISSIONS ABATEMENT FROM COUNCIL SITES FOR EACH REPORTING PERIOD

Scope	Total emissions abatement per reporting period (t CO ₂ -e)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
RCC’s 4 Listed Sites	1,625	1,616	1,649	1,705	1,736	1,779

Subtracting sequestered carbon dioxide from the six-year trend of emissions estimates presented in Section 3.4, Council’s regeneration work at the four sites amounts to abatement of around 29-36% for each year. Provided below is an amended emissions trend graph that shows the net emissions reduction due to Council’s revegetation initiatives.

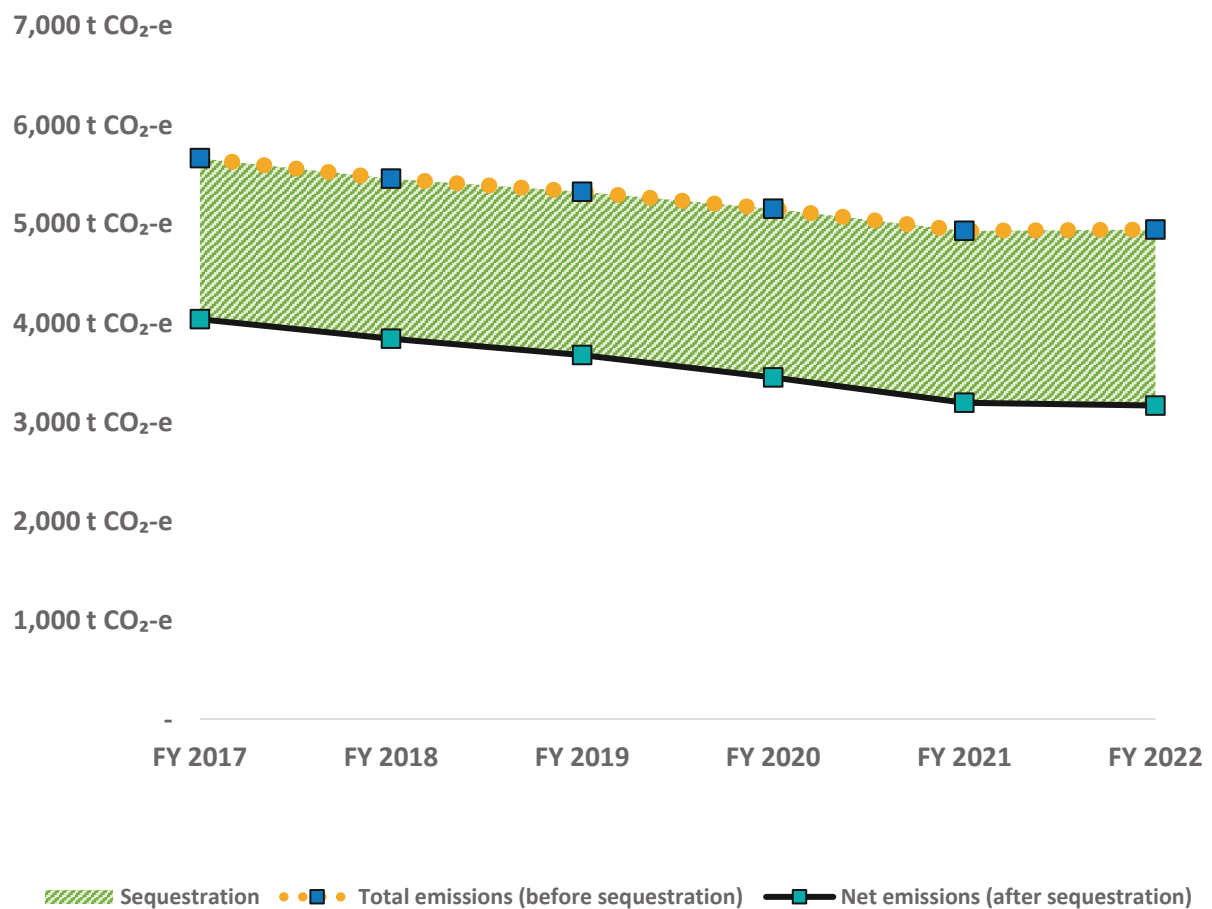


FIGURE 24: ROUS COUNTY COUNCIL'S AMENDED HISTORICAL EMISSIONS TREND

4.8 Strategic implications of sequestration dynamics

The dynamics of how carbon is cumulatively sequestered by a growing forest over a long period of time has implications for emissions reduction planning. To provide a picture of the ongoing cumulative impacts of Council’s plantation activities on its emissions reduction goals, three (3) distinct work zones of similar land areas but different dates of plantation were modelled. The cumulative abatement for each planting “event” has been projected until 2050 and graphically presented below in Figure 25.

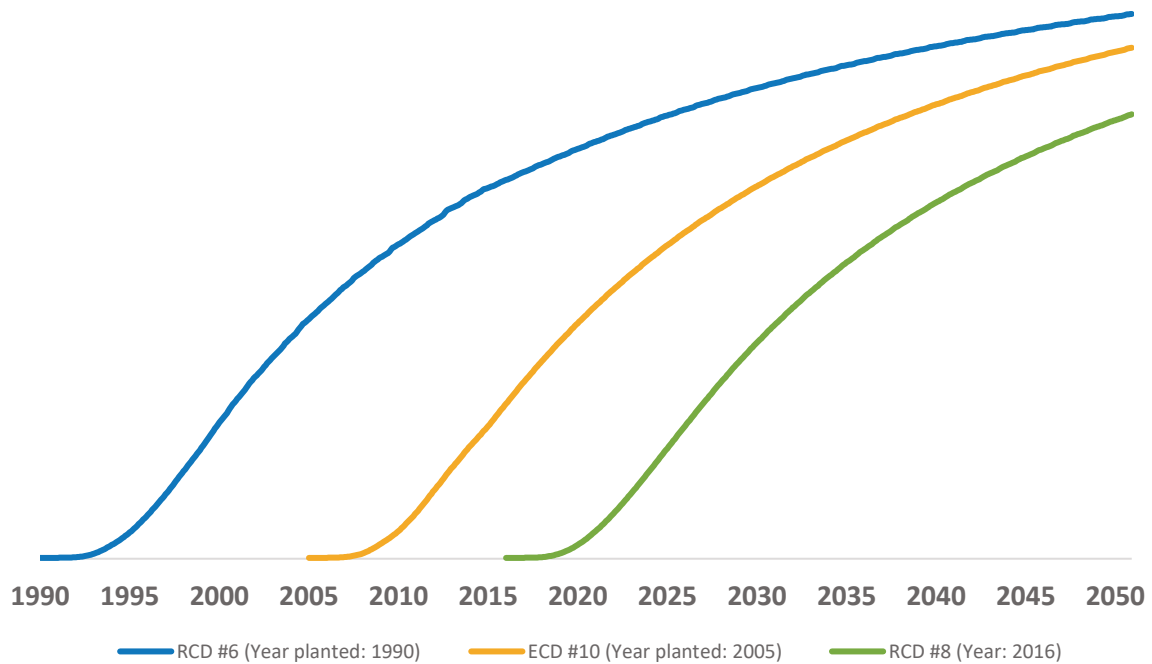


FIGURE 25: PROJECTED TRENDS OF CUMULATIVE EMISSIONS ABATEMENT FOR SELECT RCC SITES

The purpose of this analysis is to assess and demonstrate variations in the rate of sequestration over time, assuming no devastating fire occurs in the future. It can easily be seen in the graphical output that, while sequestration accrues exponentially in the short to medium term (10 to 15 years) as vegetation grows towards maturity, over the longer term (20+ years) sequestration dynamics are characterised by a logarithmic growth pattern with the rates of cumulative abatement diminishing significantly as time progresses.

The main strategic implications of forest growth and sequestration dynamics, as modelled by FullCAM, are that:

- Tree planting at the scale historically undertaken by RCC can have substantial mitigating effects on Council’s carbon footprint and could represent a cost-effective means of managing Council’s GHG emissions.
- Historical plantings should not be relied upon by Council to provide substantive year-on-year abatement benefits in the longer term.
 - Council should therefore consider, at the very least, maintaining tree planting activities at current rates.

- If availability of land for replanting activities becomes reduced as time goes on, this would likely lead to a corresponding reduction in year-on-year sequestration amounts in the longer term.
- Council should consider measures to support the resilience of revegetated areas to possible future disturbance by fire, as this would have a step change negative impact on Council's carbon footprint.

In summary, while RCC's historic tree planting activities have had a substantial impact on Council's net emissions outcomes over the last 6 years, the likelihood of declining sequestration benefits over time, or even reversal of benefit due to fire, should be considered and managed accordingly.

Adopting a comprehensive and holistic emissions reduction strategy, that prioritises cost-effective measures, but that does not rely too heavily on any one particular abatement option (whether that be tree planting, renewable energy, or energy efficiency) is likely to deliver the greatest benefits in the long term, with the lowest risks.

4.9 Formal requirements for Climate Active certification

If Council wishes to pursue Climate Active certification in future, further work will be required to formalise sequestration estimates to be compliant with the emerging standards. Third-party verification is required in the first year of including plantings in the emissions boundary. Entities with experience in vegetation assessments meeting specific criteria can undertake the verification.

The formal requirements for quantifying tree planting carbon impacts for Climate Active certification can be summarised as follows:

- Evidence of Time of Planting: Various forms of evidence can be used to verify the time of planting, including aerial or satellite images, date-stamped photographs, records of hiring contractors or purchasing plants/seeds, and canopy area estimates.
- Location Verification: The boundaries of each plot must be defined using field surveys, aerial photographs, date-stamped geo-referenced remotely-sensed imagery, or soil/vegetation/landform maps.
- Ongoing Requirements: If there are changes in site characteristics, land management regime, or parts of a planting fail to achieve forest potential, the plot must be modified. Modified boundaries must be identified in the next technical report submitted to Climate Active.
 - Biomass Harvesting: Certain biomass harvesting activities are allowed under specific conditions, such as ecological thinning or utilization of fruits/nuts/seeds.
 - Clearing Emissions: If a plot or portion of a plot is cleared, the emissions associated with clearing will be considered equivalent to the carbon sequestration that occurred since the tree plot was included in a carbon account.
 - Tree Clearing and Offset Retirement: If trees are deliberately cut down, offset units equivalent to the previously claimed sequestration must be retired. Once a tree planting is included in certification, it must remain within the emissions boundary even if certification is terminated and restarted.

- Proficiency Requirements: Modelling practitioners are expected to be proficient in using FullCAM, GIS, and vegetation carbon assessment.
- Statutory Declaration: Each technical report to Climate Active must include a completed statutory declaration that certifies compliance with certain requirements, including no clearing of vegetation outside the modelled area and no double counting of carbon sequestration.

5 Feasibility assessments for solar PV and battery systems at RCC sites

The project required assessment of a number of potential actions for site upgrades, additional PV installations, and replacing combustion engine outdoor equipment with battery-powered equipment. Assessment of feasibility was conducted using a variety of approaches including undertaking review of current technology performance, site evaluation, appropriate system sizing, performance modelling, and financial cashflow forecasting. Cost estimates have been provided for equipment installation, and the methodologies adopted have assessed lifecycle cost viability including estimation of net present values (NPV).

5.1 Battery technology benefits and feasibility

RCC has requested that the project provide advice on the current viability and of use of battery energy storage system (BESS) solutions. A detailed battery technology “memo” has been provided as an Appendix to this strategy. Provided below is a brief summary of the key issues and findings from the memo.

5.1.1 Benefits of BESS to water utility providers

BESS offer numerous potential benefits to water utility providers. As water utility electricity costs are so high, BESS can support substantial electricity cost savings when paired with onsite solar PV, especially by helping avoid peak rate electricity charges which typically occur after solar PV generation hours. From a climate change perspective, BESS enables reduced reliance on emissions-intensive grid electricity. BESS can also support improved equipment reliability/resilience and increased local grid stability through peak demand mitigation and voltage regulation. By using hybrid inverters and other appropriate hardware, many battery systems can also be wired to support back-up power provision.

5.1.2 Examples of BESS installed at water utilities in Australia

There are now many examples of combined PV and BESS being installed at water utilities across Australia. A few examples include Unitywater’s (QLD) 95 kW / 450 kWh system at its Kenilworth Water Treatment Plant, Yarra Valley Water’s (VIC) 100 kW / 200 kWh system at its Mitcham Water Treatment Plant, Western Water’s (VIC) 30 kW / 80 kWh system at its Sunbury Water Treatment Plant, and South East Water’s (VIC) 250 kW / 500 kWh system at its Boneo Water Recycling Plant. All of these installations use lithium-ion batteries.

5.1.3 Technology maturity and cost-effectiveness

Lithium-ion batteries can be considered a mature, reliable technology with clear advantages over other battery types. Although new battery types are under development, they cannot yet compete with lithium-ion for most applications. Beyond 2030, new battery types are likely to surpass lithium-ion for combined cost and performance, but this does not look likely before then. Most of the decline in lithium-ion battery prices has already occurred, and there is probably no financial benefit in waiting for further cost reductions, especially as electricity prices have been rising quickly, so any benefit gained by waiting would be more than offset by the need to pay more for electricity in the meantime.

Payback periods for BESS systems installed at water utilities are typically in the range of 6 to 10 years, depending on the specific circumstances of each installation. Factors affecting economic viability and payback period include:

- Absolute amount of exports at various times of the year
- Degree of match between exports and import quantities
- Degree and regularity of mismatch between solar production and grid demand
- Extent to which grid demand is occurring in peak vs off-peak times
- Degree of variation between peak and off-peak retail electricity charges
- The extent to which battery size and management have been optimised in relation to the above.

5.2 Feasibility assessment methodology

This section provides an overview of the methodology used to undertake feasibility assessments for each of the potential projects. The assessment process includes the following steps:

Review summary of sites' energy demand, import and export data

- Select potentially feasible sites on this basis, discard some from further analysis ie. Wyrallah Road.

Assess site energy demand and costs

- Examine distribution of grid energy demand and, where applicable, solar generation and export profiles.
- Determine electricity prices for purchased grid imports.

Consider site constraints and opportunities

- Unshaded rooftop/ land availability.
- Risks assessment including natural disasters and conflicts with other land uses
- Additional capital costs associated with site.

Determine appropriate system sizes for financial feasibility modelling

- Appropriate system size is one that is optimised to deliver reasonable payback period and net present value by avoiding underutilisation.
- A detailed description of battery size optimisation principles and issues is provided in the appended Battery Technology Memo.

Undertake cumulative cashflow analysis

- Include sensitivity analysis for at least one site.

Provide data summary

- Provide tables of modelling assumptions and related outputs.

Note: The assessments are intended to provide indicative feasibility only and are not intended to be used for determining actual system specifications, detailed business case planning or budgeting purposes.

5.3 Summary of sites with PV installations

Council has made progress in implementing solar PV and battery energy storage systems (BESS) at 6 sites since its adoption of the Greenhouse Gas Abatement Strategy in 2018. Among the systems is a 100-kW array recently installed in February 2023 at the Nightcap Water Treatment Plant for which data is not yet available. For the remaining five sites, exported and self-consumed energy from solar PV in comparison to imported electricity is summarised below:

TABLE 9: SOLAR GENERATION VS. GRID ELECTRICITY IMPORTS AT FIVE (5) ROUS WATER SITES

Site	FY 2020			FY 2021			FY 2022		
	Exports (kWh)	Self-consumed (kWh)	Grid imports (kWh)	Exports (kWh)	Self-consumed (kWh)	Grid imports (kWh)	Exports (kWh)	Self-consumed (kWh)	Grid imports (kWh)
Emigrant Creek WTP	1,791	18,042	301,254	5,910	49,214	328,773	5,678	44,545	423,641
Newrybar Pump Station	13,850	27,250	35,731	19,050	25,240	16,163	19,170	22,760	18,940
South Lismore Depot	-	-	-	1,333	30,483	4,818	917	24,234	4,179
Woodburn Depot	1,430	909	1,710	5,895	3,193	6,446	3,273	4,767	2,703
Wyrallah Road Depot	-	-	-	456	3,967	4,061	1,370	9,604	13,298
Total	17,071	46,201	338,696	32,644	112,095	360,261	30,408	105,910	462,760

A review of the data leads to several key observations:

- Total amount of exported electricity across all sites represents a relatively small proportion of total solar electricity generated, indicating that the solar PV systems are generally well-matched to site energy requirements in terms of quantity and sizing.
- Total amount of exported electricity, while small in proportional terms, is still significant in absolute terms. Capturing some of this exported energy to avoid costly grid imports could yield useful financial benefits while reducing emissions from electricity use.
- Some sites, specifically Newrybar Pump Station and Woodburn Depot, are good candidates for BESS installation in that the amount of exports is similar to the amount of grid imports, meaning a battery could help avoid almost all need for grid imports at those sites.

- For sites where the amount of exports is small in absolute terms, specifically Wyrallah Road (which already has a small battery installed), any potential financial benefits from (further) capacity increases would likely be outweighed by administrative cost, complexity and maintenance burden, and so BESS installation has been deemed as unfeasible/unnecessary.

5.4 Feasibility assessment: Newrybar Pump Station

A desktop-only approach was carried out for the modelling of a possible BESS implementation at the Newrybar Pump Station (located at Knockrow). The analysis highlights the relative mismatch between exports and grid imports as informed by the solar generation and load profiles.

Council has provided interval data for select dates around solstices and equinoxes of years 2019-2022. Depicted in the following charts are comparisons of solar self-consumption and export data, with imported grid electricity for representative dates in autumn, winter and spring of the calendar year 2022. The profiles suggest variation in grid electricity consumption in terms of times of peak-demand use between consecutive days, as well as frequent non-utilisation of exports due to site demand being relatively higher outside of peak sun hours, often between 10:00 am and 3:00 pm.

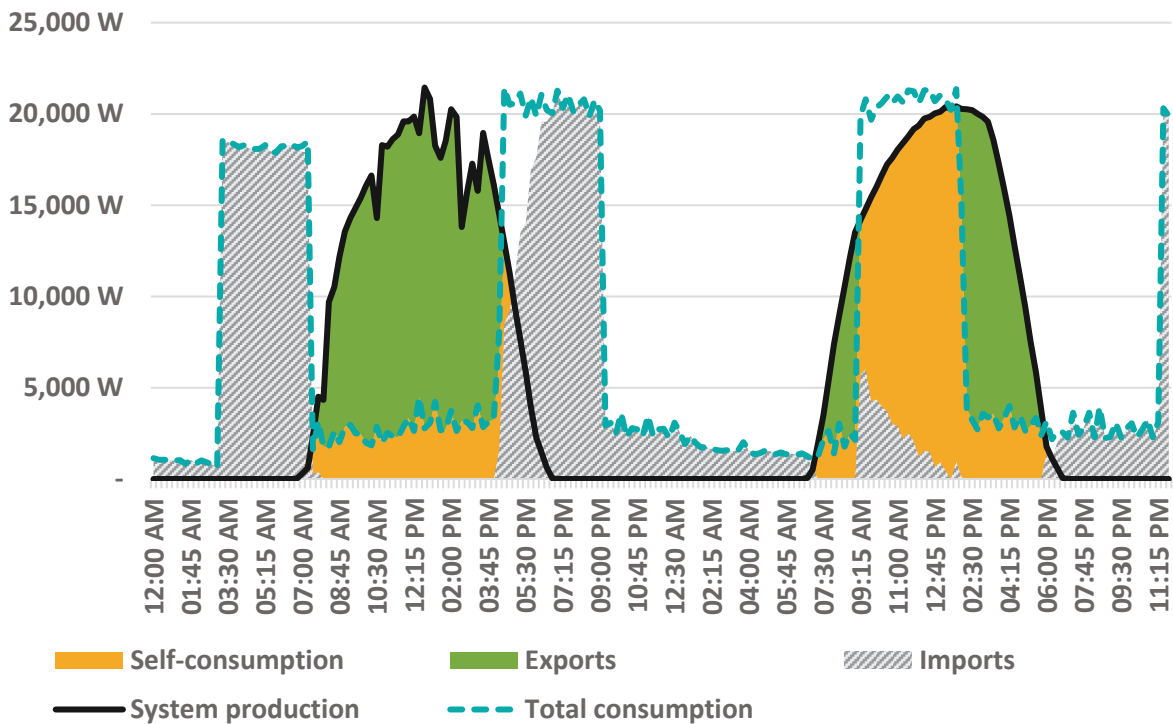


FIGURE 26: NEWRYBAR PS - SELF-CONSUMED & EXPORTED SOLAR AND GRID IMPORTS ON 21-22 MAR 2022

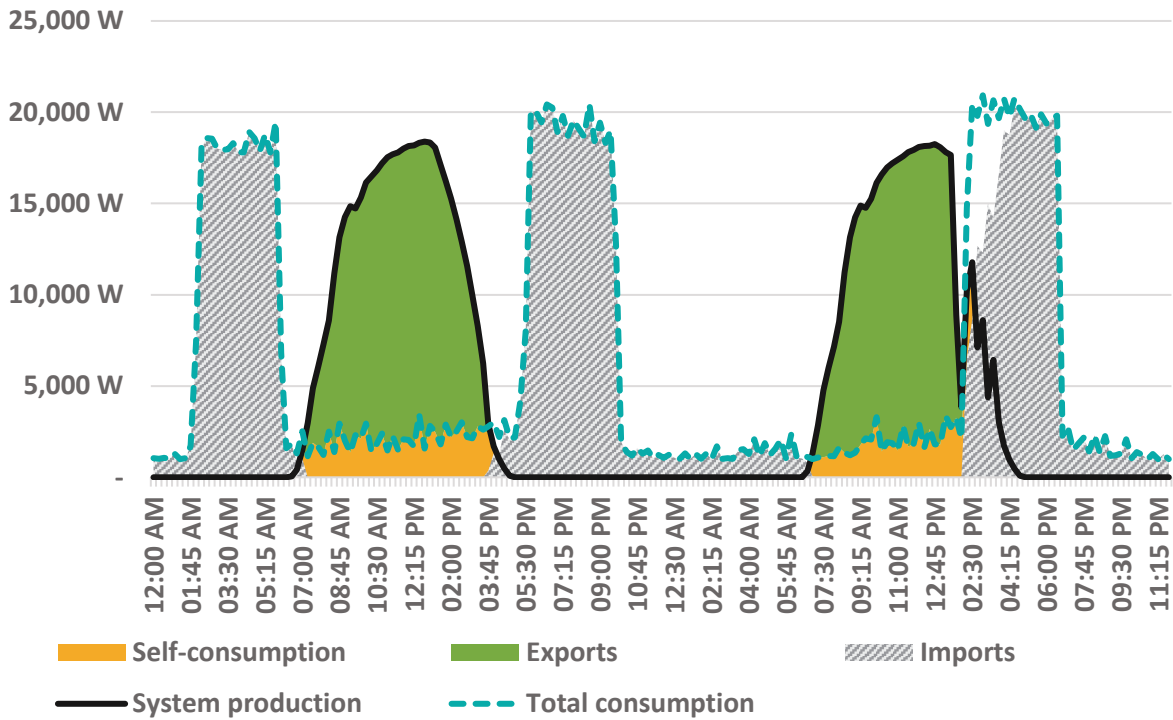


FIGURE 27: NEWRYBAR PS - SELF-CONSUMED & EXPORTED SOLAR AND GRID IMPORTS ON 22-23 JUN 2022

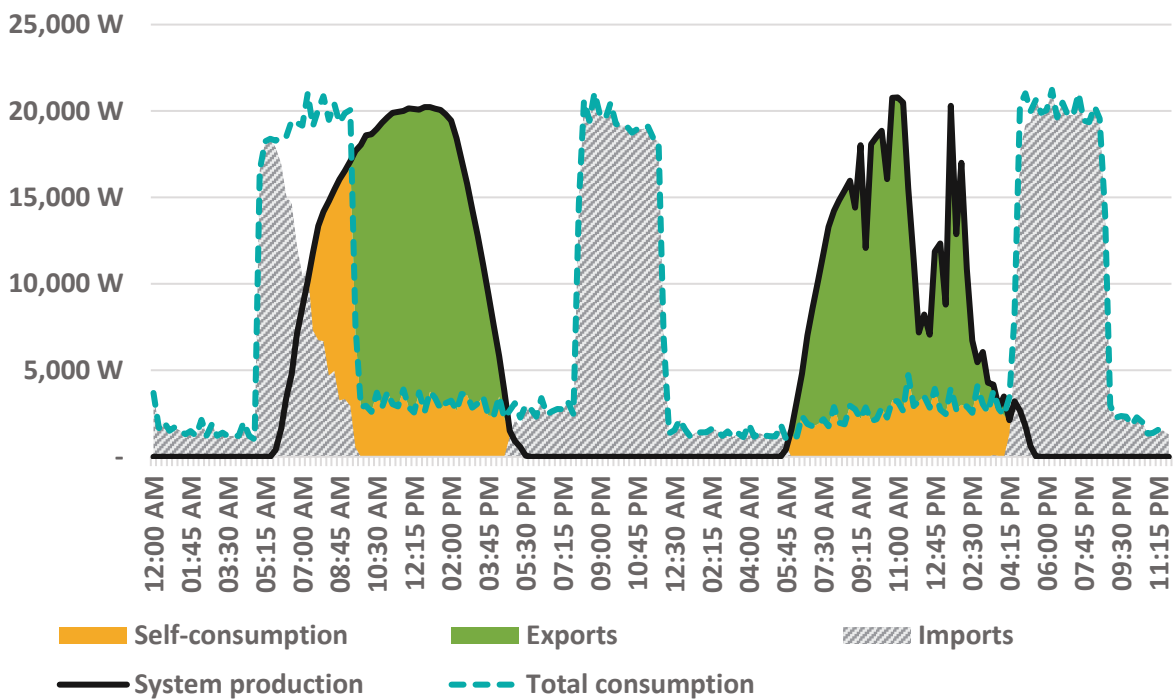


FIGURE 28: NEWRYBAR PS - SELF-CONSUMED & EXPORTED SOLAR AND GRID IMPORTS ON 19-20 SEP 2022

Installing battery storage with 45 kWh capacity would allow for a large proportion of currently exported solar to be consumed on-site and reliance upon the grid to be reduced during shoulder, peak and off-peak hours, with priority given to reducing grid imports during peak hours.

Based upon a high-level feasibility assessment, recent monthly consumption and generation data, a summary of the proposed system's performance is tabulated below:

TABLE 10: NEWRYBAR PUMP STATION 45-KWH BATTERY STORAGE SYSTEM PERFORMANCE SUMMARY

BESS size	Estimated annual storage	Estimated site demand	Energy offset by combining solar & BESS
45 kWh	14 MWh pa	45 MWh pa	50.5%

A summary of cost-benefit analysis for the proposed BESS system is presented below. Cost and savings figures are presented to be GST-exclusive.

TABLE 11: NEWRYBAR PUMP STATION 45-KWH BESS COST-BENEFIT ANALYSIS (2% ESCALATION RATE)

Description	Value
System size	45 kWh
Capital cost	\$ 40,581
Year-1 annual savings	\$ 4,445
Internal rate of return	7%
Payback period	9.2 years
Net present value	\$ 6,553
Annual storage	14,401 kWh pa
Electricity savings (includes self-consumed solar)	29,836 kWh pa

The following assumptions were considered in our initial assessment of the economic feasibility of adding battery storage at the site.

- Imported electricity, exported and self-consumed solar data were drawn from a monthly billing dataset from January to December 2022.
- Electricity rate of ~\$ 0.31 per kWh for estimating annual savings offset by battery storage is derived from mean electricity rates (excluding fixed costs eg meter reading) from January to December 2022.
- Indicative feed-in tariff for solar exports is estimated at ~\$ 0.06 per kWh.
- Escalation rate for electricity charges is at ~2% per annum.
- Degradation rate of BESS capacity estimated at ~3% per year.
- Battery reaches its useful life at Year 13 and is due for replacement.
- Discount rate of ~5% is applied for estimating battery replacement cost and net present value.

To provide an overview of the investment's financial performance throughout its lifecycle, cumulative net cashflow was calculated based on the assumptions listed above. The outputs are shown in the figure below.

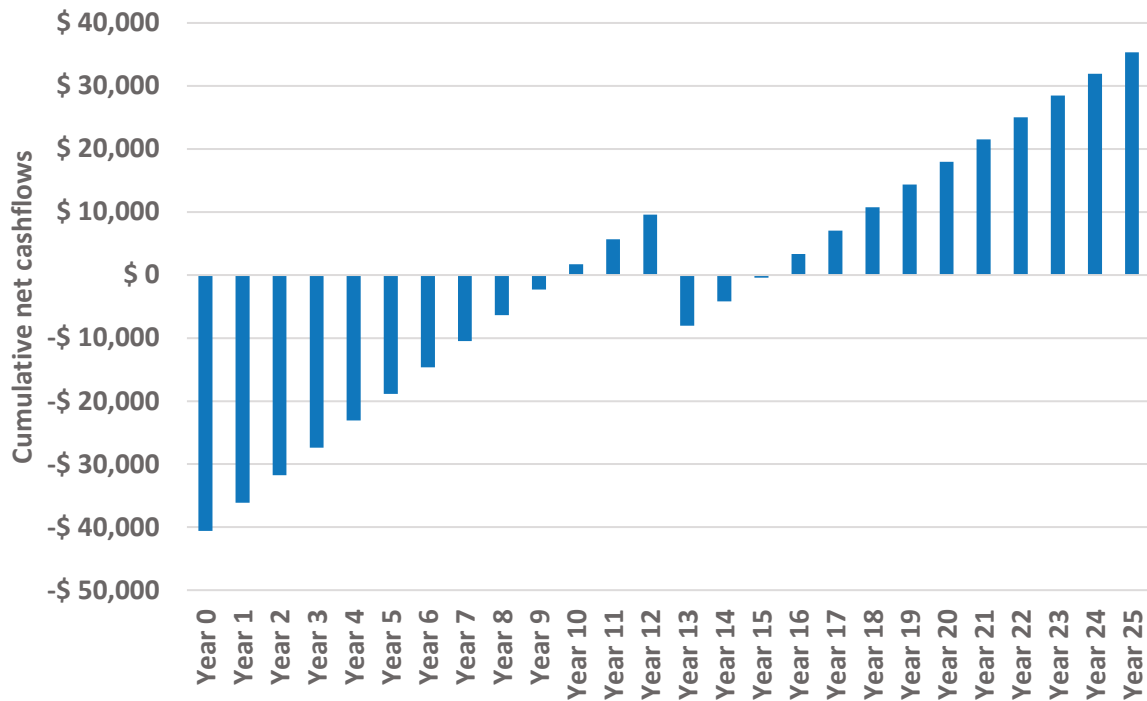


FIGURE 29: NEWRYBAR PUMP STATION 45-kWh BESS CUMULATIVE CASHFLOW (2% ESCALATION RATE)

In order to assess cost-benefit sensitivity to future changes in energy prices, an upper range estimate for price increase can also be tested. If the assumption for annual energy price ‘escalation’ is revised up from 2% per year to 10% per year, in line with current trends, then the project payback period improves from 9.2 to 7.2 years and net present value improves substantially, as shown below:

TABLE 12: NEWRYBAR PUMP STATION 45-kWh BESS COST-BENEFIT ANALYSIS (10% ESCALATION RATE)

Description	Value
System size	45 kWh
Capital cost	\$ 40,581
Year-1 annual savings	\$ 4,609
Internal rate of return	16%
Payback period	7.2 years
Net present value	\$ 81,271
Annual storage	14,401 kWh pa
Electricity savings (includes self-consumed solar)	29,836 kWh pa

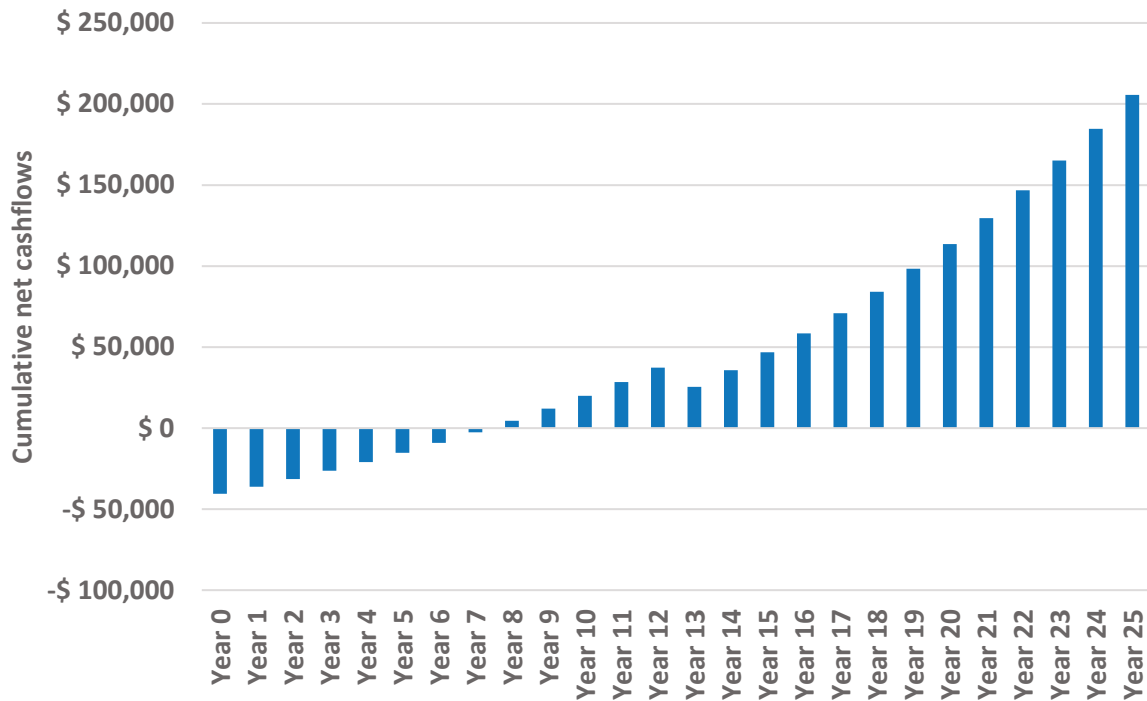


FIGURE 30: NEWRYBAR PUMP STATION 45-kWh BESS CUMULATIVE CASHFLOW (10% ESCALATION RATE)

5.5 Feasibility assessment: Emigrant Creek Water Treatment Plant

Following the battery sizing methodology conducted for the feasibility assessment for Newrybar Pump Station at Knockrow, including consideration of PV generation, self-consumption and export data from the pre-existing 40-kW array at the Emigrant Creek Water Treatment Plant, it is recommended to assess feasibility for a 30-kWh battery that would capture exports amounting to ~5.7 MWh from FY 2022. The proposed system’s performance is summarised below:

TABLE 13: EMIGRANT CREEK WTP 30-kWh BATTERY STORAGE SYSTEM PERFORMANCE SUMMARY

BESS size	Estimated annual storage	Estimated site demand	Energy offset by solar & BESS
30 kWh	11 MWh pa	272 MWh pa	18.4%

It is noted that the combined solar PV & BESS system’s capability to offset site energy demand measuring up to only about ~18% is primarily due to the limited capacity of the 40-kW array in relation to the substantial site demand. The table below presents a picture of the proposed system’s cost-effectiveness.

TABLE 14: EMIGRANT CREEK WTP 30-KWH BESS COST-BENEFIT ANALYSIS

Description	Value
System size	30 kWh
Capital cost	\$ 26,664
Year-1 annual savings	\$ 3,185
Internal rate of return	12%
Payback period	7.6 years
Net present value	\$ 25,157
Annual storage	10,814 kWh pa
Electricity savings (includes self-consumed solar)	51,905 kWh pa

The methodology used for developing the economic assessment is consistent with that of Newrybar Pump Station. The on-site electricity rates used for estimating associated annual savings from the additional storage are \$ 0.33 per kWh for Emigrant Creek WTP, and a mean escalation rate for such charges at 6% per annum. 6% has been used as the standard assumption for annual electricity price increase at each site as it is the mid-point between the likely range of 2% to 10% per annum.

Illustrated below is a cashflow diagram built upon the assumptions. Note the payback occurring between Years 7 and 8, as well as a cash outflow at Year 13 associated with charges for potential battery replacement.

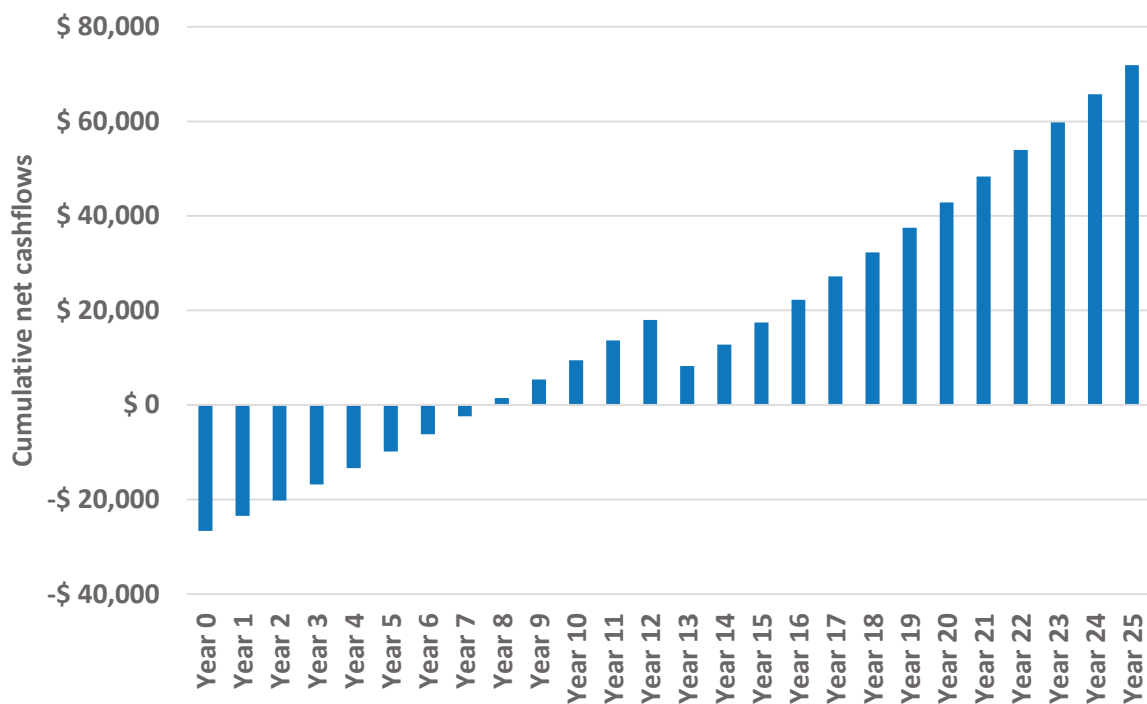


FIGURE 31: EMIGRANT CREEK WTP 30-KWH BESS CUMULATIVE CASHFLOW

5.6 Feasibility assessment: Gallans Road Site

Three separate options were considered for the Gallans Road site: PV only, PV plus BESS, and on-ground solar farm.

5.6.1 Rooftop solar PV

Modelling of the potential solar array at the Gallans Road Administration Offices was conducted via a desktop-only approach with HeliScope™, a commercial solar PV modelling software.

The analysis and feasibility assessment for solar were predicated upon energy demand for the site as informed by available interval data and load profiles, potential roof space to accommodate modules as given by up-to-date aerial satellite images by NearMap™, shading restrictions presented by nearby trees, obstructions from various components such as condenser units, as well as optimal roof selection as supported by shading constraints from differences in roof heights and pitches.

Select load profiles from representative days from March until June 2022 (the last four months of FY 2022) are illustrated below. As indicated from the availability of interval data, site load has been increasing substantially since October 2021 and it is assumed that the site has now reached expected occupancy and thus normal operations as at March 2022. Any future increases to occupancy are likely to further increase site electricity demand.

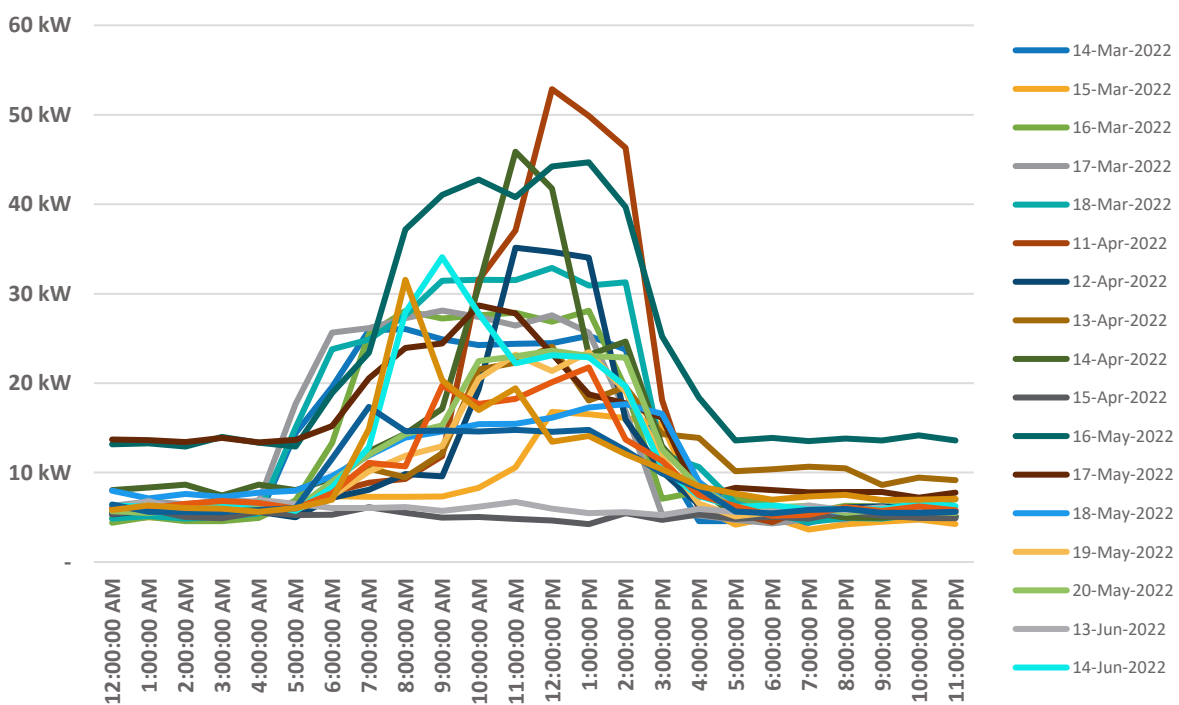


FIGURE 32: GALLANS RD ADMINISTRATION OFFICES LOAD PROFILES

We determined that the northern section of roof at the operational building would be an optimal placement for a flush-mounted 35.9-kW array comprised of individual 390-W modules. Annual system solar yield of ~51 MWh would be ~80% self-consumed on site, with ~20% exports back to the grid. Layout configuration was optimised to allow for maintenance access and sufficient setback from roof

edges of about ~0.5 m, as well as to limit induced shading losses from the N-W trees during the winter months.

Estimated from the solar output and demand profiles is a summary of the proposed system’s performance, as presented in the table below:

TABLE 15: GALLANS RD ADMINISTRATION OFFICES 35.9-kW SOLAR PV PERFORMANCE SUMMARY

Solar PV capacity	Estimated annual self-consumption	Estimated site demand	Energy offset by solar
35.88 kW	41 MWh pa	92 MWh pa	44.1%

Below is an aerial view of the proposed system’s layout configuration, highlighting shading induced by the closest N-W trees.

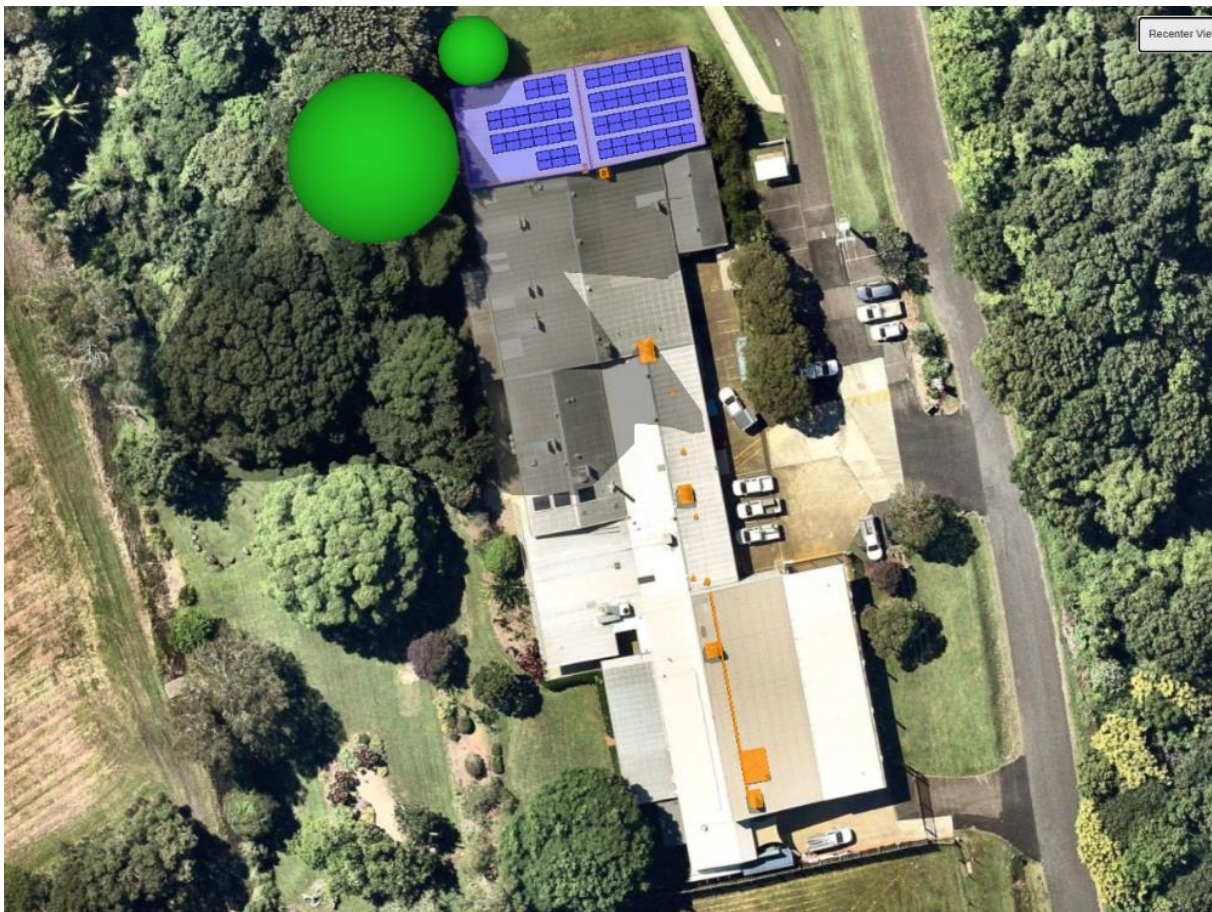


FIGURE 33: GALLANS RD ADMINISTRATION OFFICES 35.9-kW SOLAR PV SYSTEM

Illustrated below is a chart showing mean grid consumption before and after solar PV installation, as calculated from the available site’s interval data and solar generation figures.

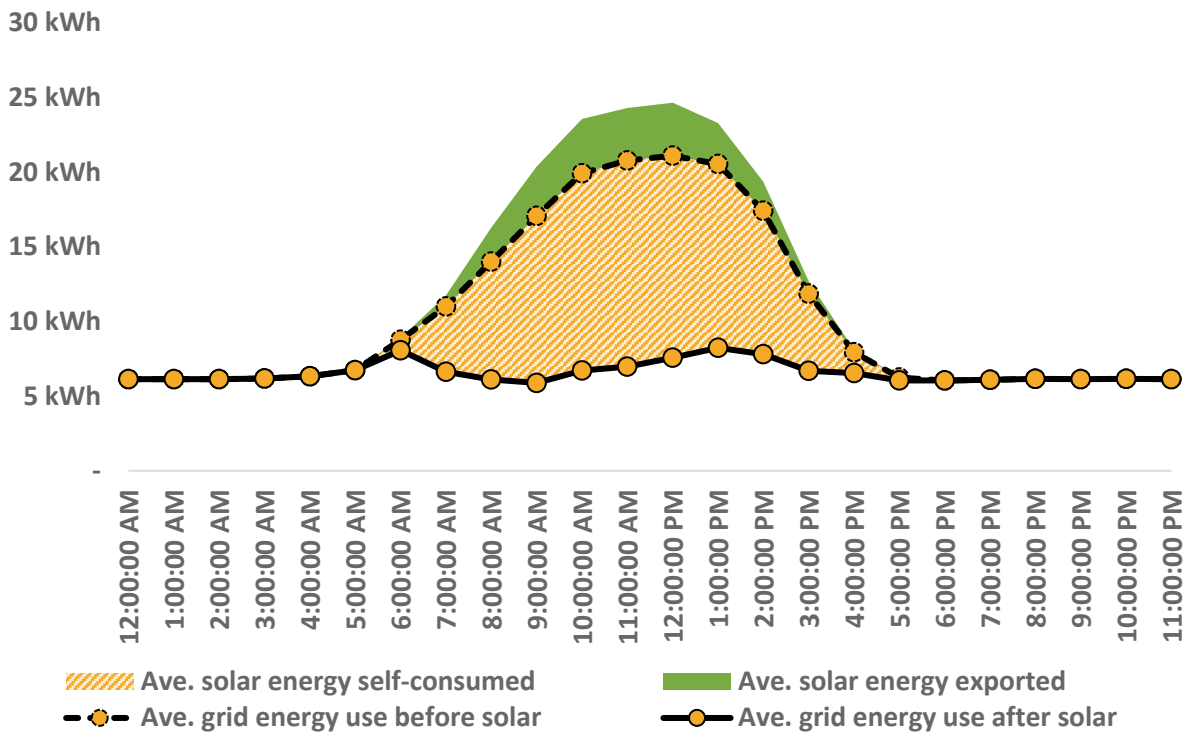


FIGURE 34: GALLANS RD ADMIN OFFICES AVERAGE GRID IMPORTS BEFORE & AFTER SOLAR PV

Presented below is a tabulation of costs and savings for the proposed system, with all figures being GST-exclusive:

TABLE 16: GALLANS RD ADMINISTRATION OFFICES 35.9-KW SOLAR PV COST-BENEFIT ANALYSIS

Description	Value
System size	36 kW
Capital cost	\$ 50,232
Annual savings	\$ 12,636
Internal rate of return	30%
Payback period	3.7 years
Net present value	\$ 247,838
Annual self-consumption	41 MWh pa

Assessing the economic viability of the solar array involved similar assumed figures as that of the BESS-only opportunity at Emigrant Creek WTP for feed-in tariff rates, escalation rates for electricity charges, and discount rates for calculating net present values, with the exception of annual solar PV capacity degradation rate of ~1% and \$ 0.37 per kWh for non-fixed electricity charges, as derived from retail rates for the Administration Offices. The following cashflow diagram indicates a favourable payback by the 4th year, which is primarily driven by low investment costs for solar PV and relatively high electricity charges at this site together with a good match between demand and generation profiles.

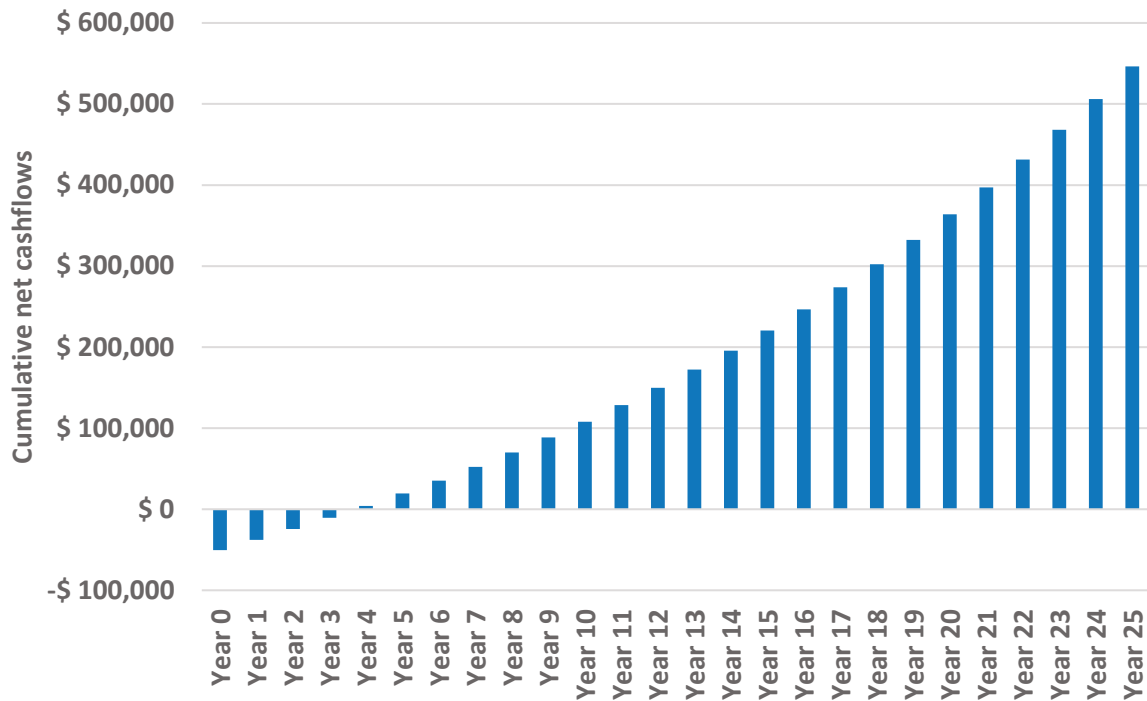


FIGURE 35: GALLANS RD ADMINISTRATION OFFICES 35.9-KW SOLAR PV CUMULATIVE CASHFLOW

5.6.2 Rooftop plus solar PV + BESS

A secondary option for the Administration Offices at Gallans Road is to upsize the solar array to utilise roof spaces that are optimal in terms of minimising shading losses caused by nearby elevated roofs and trees, and install BESS to capture solar yield for self-consumption that otherwise would have been exported back to the grid.

We determined the roof at the middle portion of the operational building premises to have ample space for a further 17-kW array on top of the preceding 36-kW system, and was estimated via calculations using Google StreetView™ images to have enough elevation to minimise shading losses induced by the N-W trees. In addition, we recommend up to a 140-kWh battery storage system to capture surplus solar energies. Presented in the table below is a summary of the proposed system’s performance:

TABLE 17: GALLANS RD ADMIN OFFICES 53.0-KW SOLAR PV + 140-KWH BESS PERFORMANCE SUMMARY

Solar PV capacity	BESS capacity	Est. consumption from solar + BESS	Estimated site demand	Energy offset by solar + BESS
53.04 kW	140 kWh	71 MWh pa	92 MWh pa	43.5%

We present below an optimal configuration of the flush-mounted 53-kW solar array below, noting layout limitations due to obstructions in the form of rooftop equipment, and keeping adequate space for maintenance access and setback from roof edges:

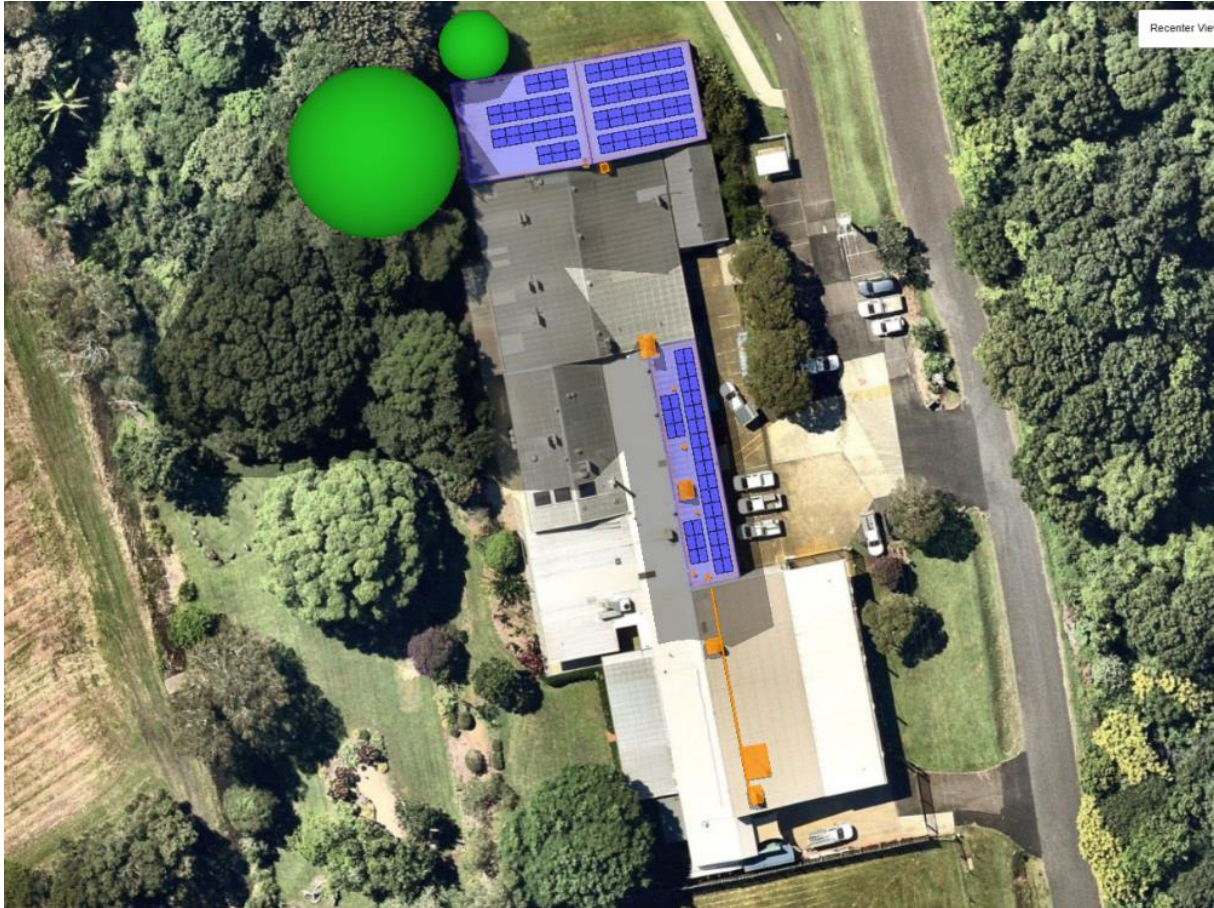


FIGURE 36: GALLANS RD ADMINISTRATION OFFICES 53-KW SOLAR PV SYSTEM

The figure below builds upon the preceding chart, now highlighting the influence of adding battery storage, as it is presumed to charge off generated solar during peak sun hours and discharge at other hours (primarily late afternoon and evenings) when the system does not produce adequate (or any) solar power.

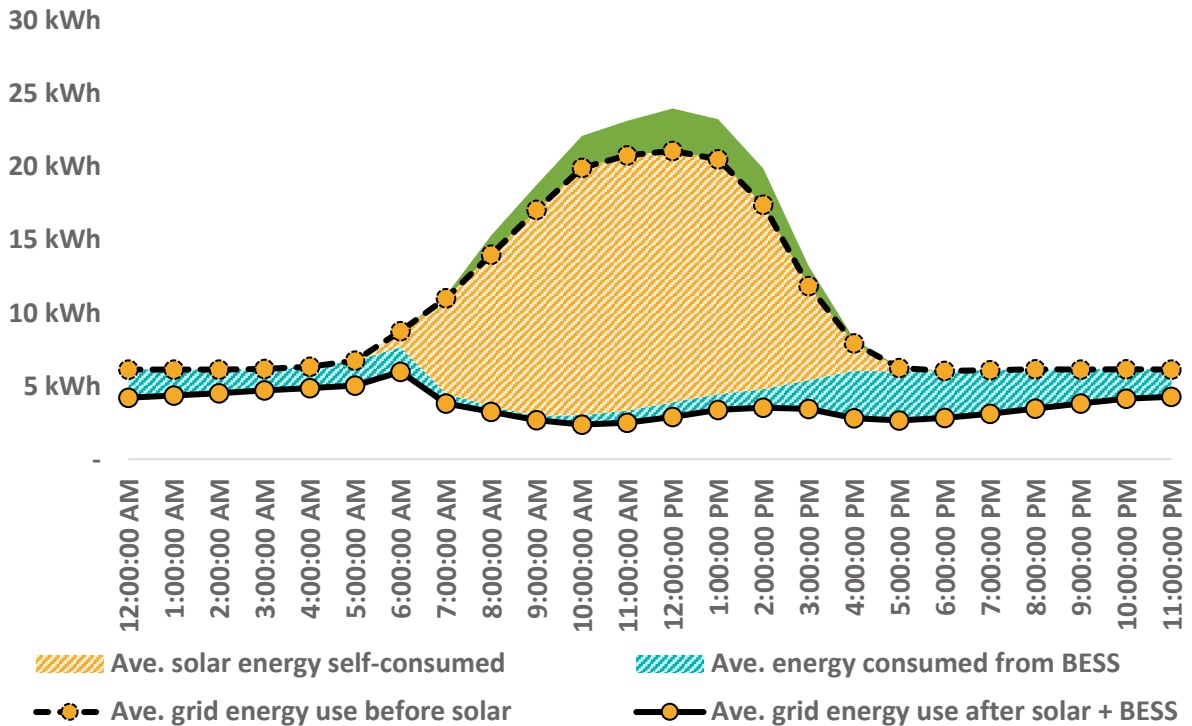


FIGURE 37: GALLANS RD ADMIN OFFICES AVERAGE GRID IMPORTS BEFORE & AFTER SOLAR PV + BESS

A summary of associated costs and savings is presented in the following table, with currency figures being GST-exclusive:

TABLE 18: GALLANS RD ADMIN OFFICES 53.0-kW SOLAR PV + 140-kWh BESS COST-BENEFIT ANALYSIS

Description	Value
Solar PV capacity	53 kW
BESS capacity	140 kWh
Capital cost	\$ 200,256
Annual savings	\$ 21,827
Internal rate of return	13%
Payback period	7.9 years
Net present value	\$ 253,404
Annual self-consumption	71 MWh pa

It can be inferred that the more expensive price ranges for battery storage on a per-kWh basis compared with PV alone has quadrupled the capital costs and increased the payback period to 7.9 years. Cash inflows in the form of savings and outflows in the form of overhead and replacement costs are presented in the following chart:

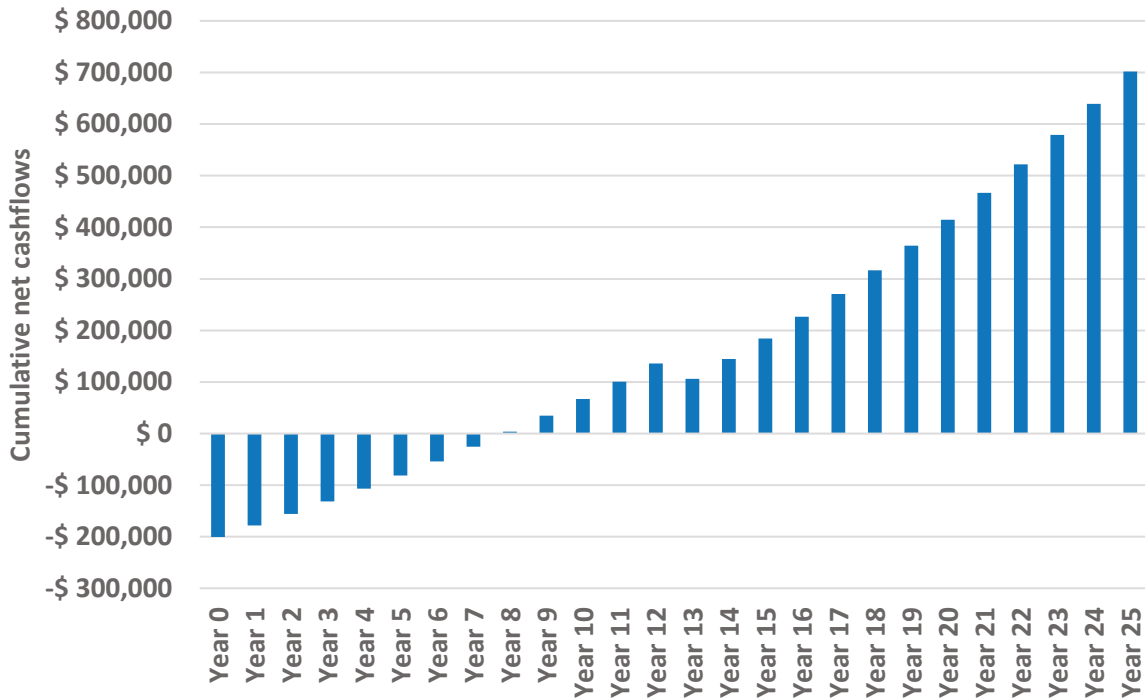


FIGURE 38: GALLANS RD ADMIN OFFICES 53.0-KW SOLAR PV + 140-KWH BESS CUMULATIVE CASHFLOW

5.6.3 Potential for on-ground solar

The project investigated potential for a large on ground solar array at the Gallans Road estate. Due to flood risk and the likely need for elevated mounting costs, the costs would be high relative to rooftop options. A solar glare study would also need to be undertaken to ensure risk to aviation was avoided. Project economic feasibility would largely depend on the price paid or credited (e.g. through virtual metering arrangement) for the exported solar.



FIGURE 39: ROUS COUNTY COUNCIL'S LAYOUT OF A 2.7-MW SOLAR FARM AT GALLANS RD ESTATE

5.7 Feasibility assessment: Rocky Creek Rainforest and Water Reserve

Council’s 2018 GHG Abatement Strategy considered the potential for solar PV at the Rocky Creek Dam Rainforest and Water Reserve, specifically for supplication of the aerator’s energy demand, to be economically unviable at the time, owing to factors such as subpar location of the land being on a hill, extra overhead costs for cabling to the aerator and tilt frames, as well as lower efficiency and higher costs for PV modules at that time. Council requested that the potential project be re-evaluated as part of the current project.

The load profiles below illustrate the demand for representative days for each of the four seasons, indicating a peak demand that continuously falls between 80-90 kW when the plant is operational throughout the day except for some duration during peak hours from 7:00 am until 1:00 pm. Such is the apparent trend for the aerator except during winter, for which the plant is ru n for shorter intervals in the late afternoon (4:00 – 6:00 pm) and evening (11:00 pm – 2:00 am).

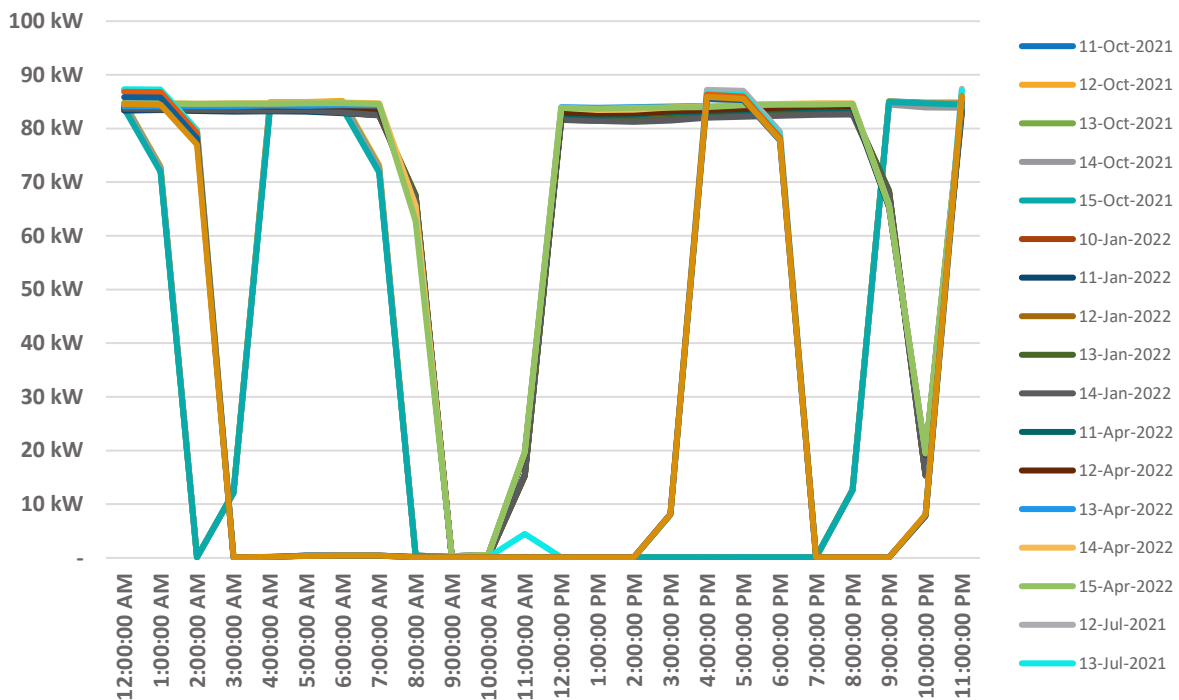


FIGURE 40: ROCKY CREEK DAM AERATOR LOAD PROFILES

It has been determined that an STC-scale ground-mount solar array of 97.50 kW capacity will be sufficient to cover land area that will also necessitate minimal land clearing and avoid shading constraints caused by nearby trees. A summary of the proposed system’s performance is provided below:

TABLE 19: ROCKY CREEK DAM 97.50-KW SOLAR PV PERFORMANCE SUMMARY

Solar PV capacity	Estimated annual self-consumption	Estimated site demand	Energy offset by solar
97.50 kW	48 MWh pa	408 MWh pa	10.5%

We recommend the tilt orientation of ground-mount array to be 30° facing direct north, as the location’s latitude is around this value in the southern hemisphere and thus will allow for optimal solar irradiance on the panels. A 2.0-m row clearance between the panels has been set to limit inter-panel shading and to allow for maintenance access. These configurations are illustrated in the following HelioScope™ images:

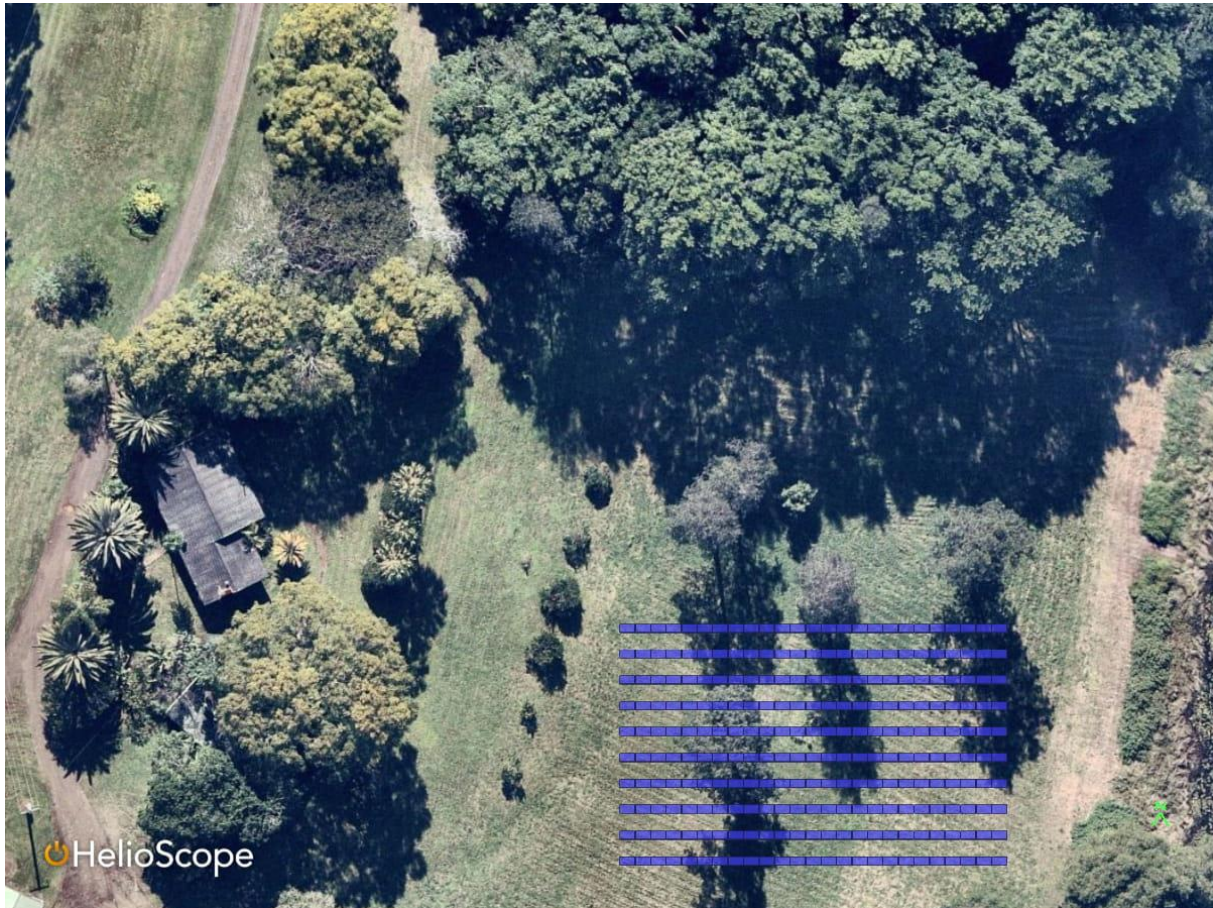


FIGURE 41: ROCKY CREEK DAM 97.5-KW SOLAR PV SYSTEM (TOP VIEW)

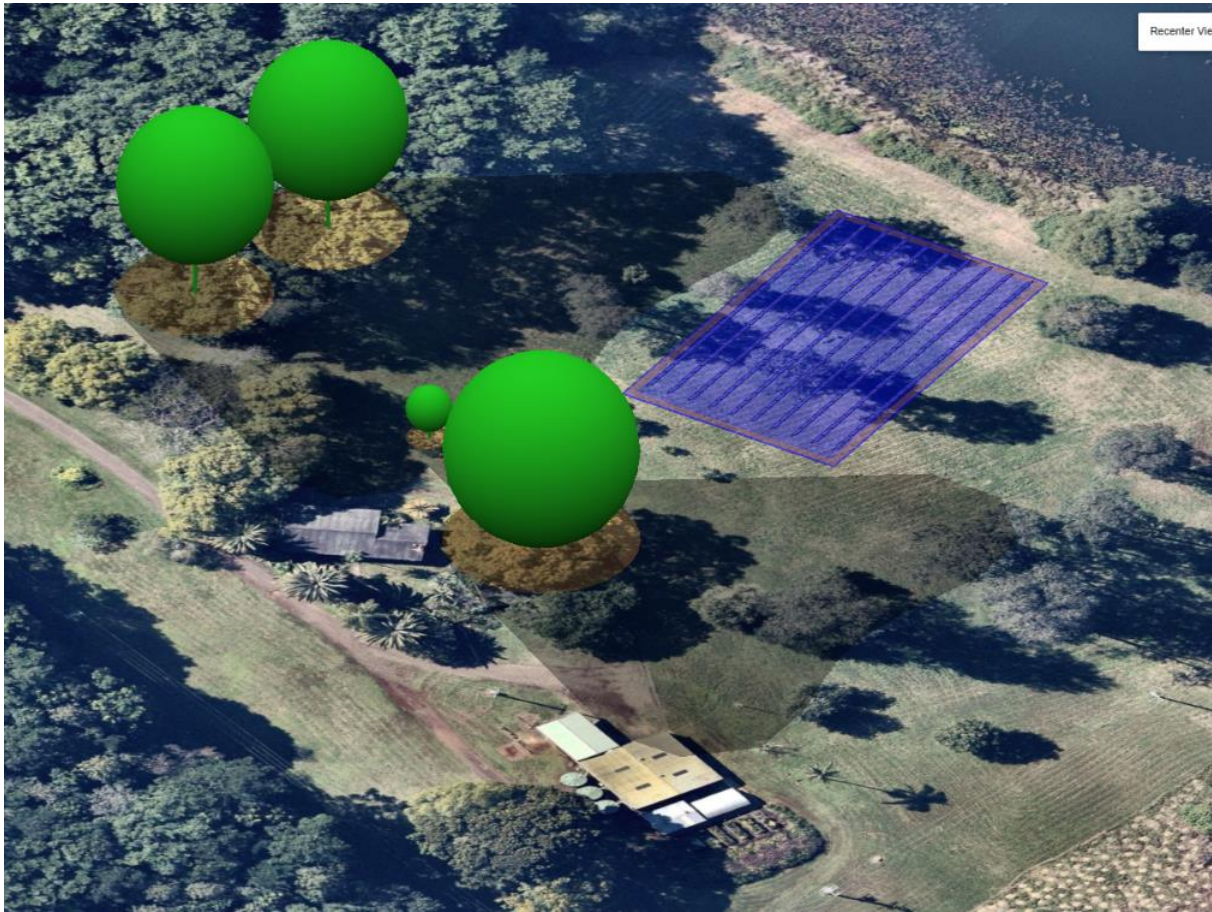


FIGURE 42: ROCKY CREEK DAM 97.5-kW SOLAR PV SYSTEM (ISOMETRIC VIEW)

A cost-benefit assessment for the site is provided in the following table and chart. Additional overhead costs for land clearing, ~400-m cabling to the aerator and extra racking systems have increased capital costs significantly leading to a relatively long payback period.

TABLE 20: ROCKY CREEK DAM 97.5-kW SOLAR PV COST-BENEFIT ANALYSIS

Description	Value
System size	98 kW
Capital cost	\$ 212,673
Annual savings	\$ 13,881
Internal rate of return	7%
Payback period	12.8 years
Net present value	\$ 58,619
Annual self-consumption	48 MWh pa

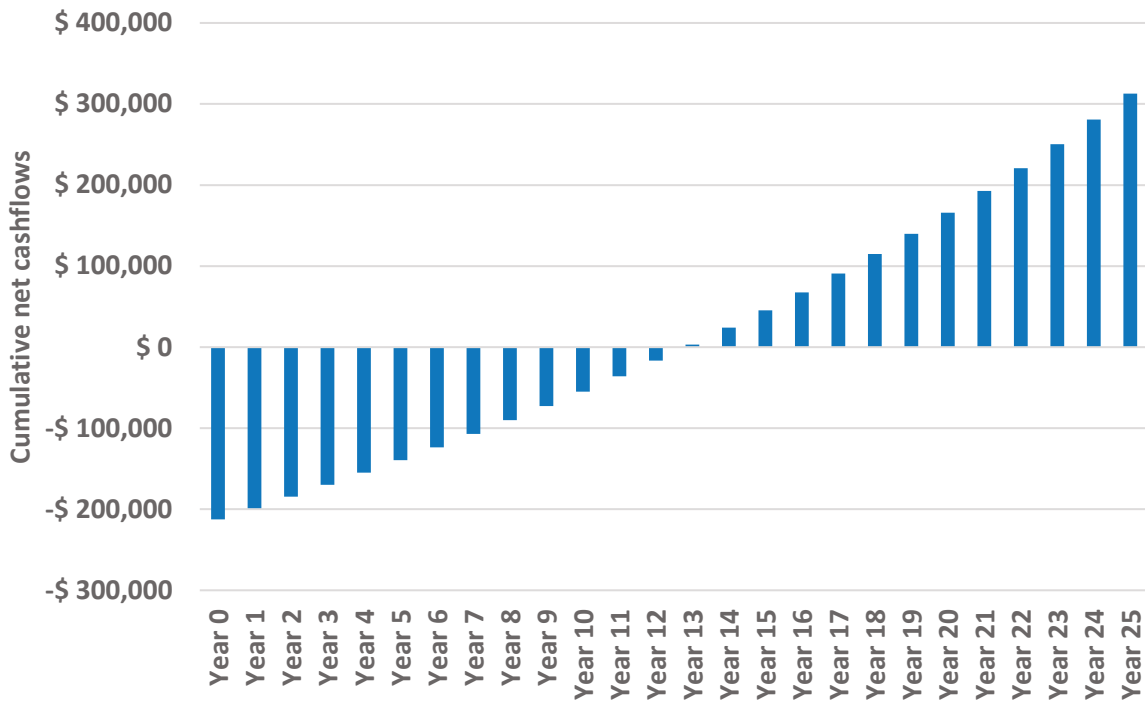


FIGURE 43: ROCKY CREEK DAM 97.5-kW SOLAR PV CUMULATIVE CASHFLOW

The low cost-effectiveness of the system may be attributed to the underutilisation of solar energy due to the lack of operation during peak hours. To enhance the economic viability of the system, it is recommended to shift the site’s utilisation forward for more utilisation during daytime. Taking hourly demand averages on a seasonal basis and transposing forward by six hours yields the following profiles:

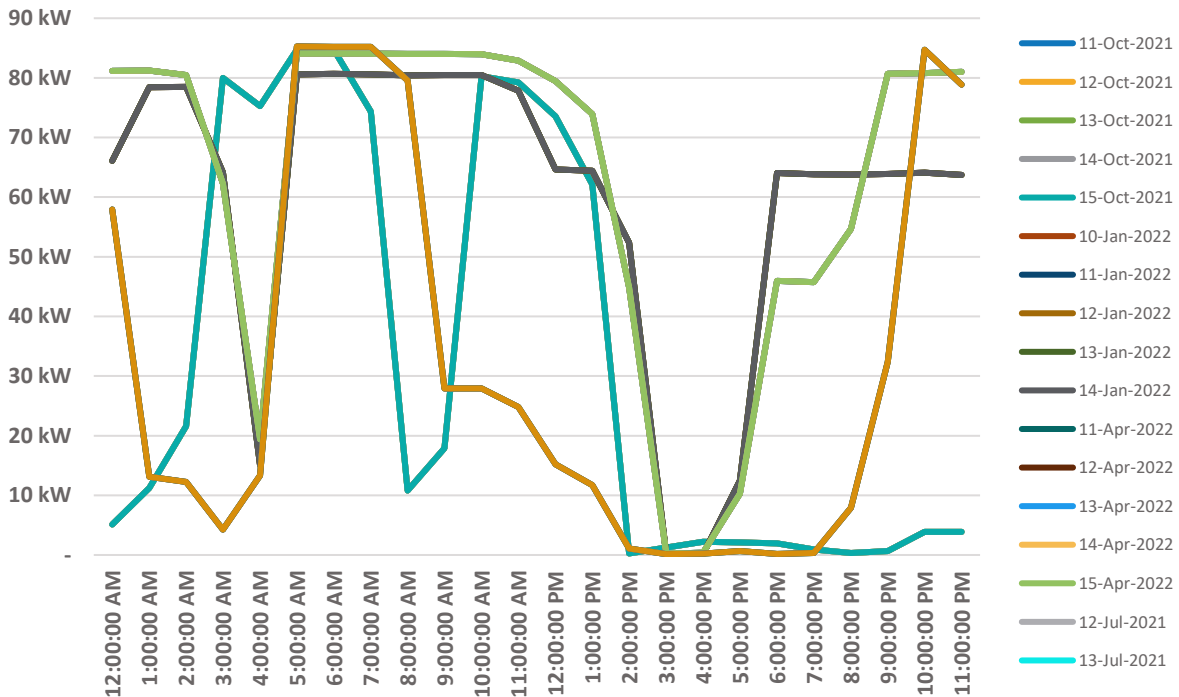


FIGURE 44: ROCKY CREEK DAM AERATOR SIMULATED LOAD PROFILES (DEMAND-SHIFT-TO-DAY TIME SCENARIO)

This would translate into an increase in self-consumption of solar energy and overall offset of grid imports by the system, as given by the following table:

TABLE 21: RCD 97.5-kW SOLAR PV PERFORMANCE SUMMARY (DEMAND-SHIFT-TO-DAY TIME SCENARIO)

Solar PV capacity	Estimated annual self-consumption	Estimated site demand	Energy offset by solar
97.50 kW	48 MWh pa	408 MWh pa	10.5%

Associated with this shift in demand profiles is an improvement on the system’s profitability, as indicated by the financial assessment and cashflow diagram below:

TABLE 22: RCD 97.5-kW SOLAR PV COST-BENEFIT ANALYSIS (DEMAND-SHIFT-TO-DAY TIME SCENARIO)

Description	Value
System size	98 kW
Capital cost	\$ 212,673
Annual savings	\$ 23,256
Internal rate of return	14%
Payback period	7.8 years
Net present value	\$ 324,714
Annual self-consumption	116 MWh pa

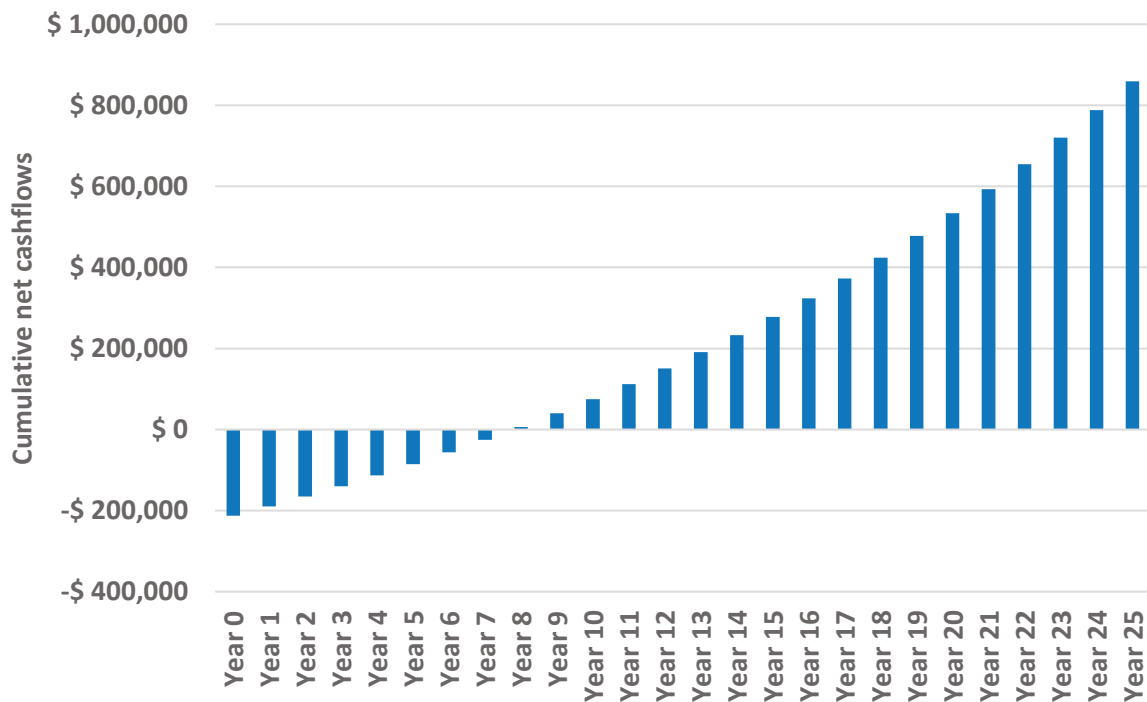


FIGURE 45: RCD 97.5-kW SOLAR PV CUMULATIVE CASHFLOW (DEMAND-SHIFT-TO-DAY TIME SCENARIO)

5.8 Feasibility assessment: *(Proposed) Russellton Estate Water Treatment Plant*

Council has affirmed that a new Water Treatment Plant will be constructed at the Russellton Estate in Wollongbar. It was suggested that the demand profiles will roughly be equivalent to that of the existing Emigrant Creek WTP, for which a 40-kW flush-mounted rooftop array is installed. Hence, for this solar PV opportunity, it is assumed that the proposed establishment will have a similar structural configuration and dimensions in length, width and height as that of Emigrant Creek WTP's, as well as the capacity to accommodate rooftop solar PV. By simultaneously considering proxy demand, location and structural constraints, we approximate a flush-mounted rooftop solar PV system with a maximum capacity that ranges between 90-100 kW combined with a battery storage close to ~200 kWh in capacity will be feasible to meet site demand. Presented in the table below is a performance summary of a modelled sample configuration, which helps to provide a picture of the potential system output.

TABLE 23: (PROPOSED) RUSSELLTON ESTATE WTP SAMPLE SOLAR PV + BESS SYSTEM PERFORMANCE SUMMARY

Solar PV capacity	BESS capacity	Est. consumption from solar + BESS	Estimated site demand	Energy offset by solar + BESS
93.60 kW	210 kWh	127 MWh pa	429 MWh pa	29.5%

A cost-benefit analysis tabulated below was derived from the specifications listed above, with all figures being GST-exclusive.

TABLE 24: (PROPOSED) RUSSELLTON ESTATE WTP SAMPLE SOLAR PV + BESS SYSTEM COST-BENEFIT ANALYSIS

Description	Value
Solar PV capacity	94 kW
BESS capacity	210 kWh
Capital cost	\$ 320,040
Annual savings	\$ 37,819
Internal rate of return	14%
Payback period	7.4 years
Net present value	\$ 444,200
Annual self-consumption	127 MWh pa

A cashflow chart supporting the assessment above is presented below, with consideration for a potential battery replacement at Year 13.

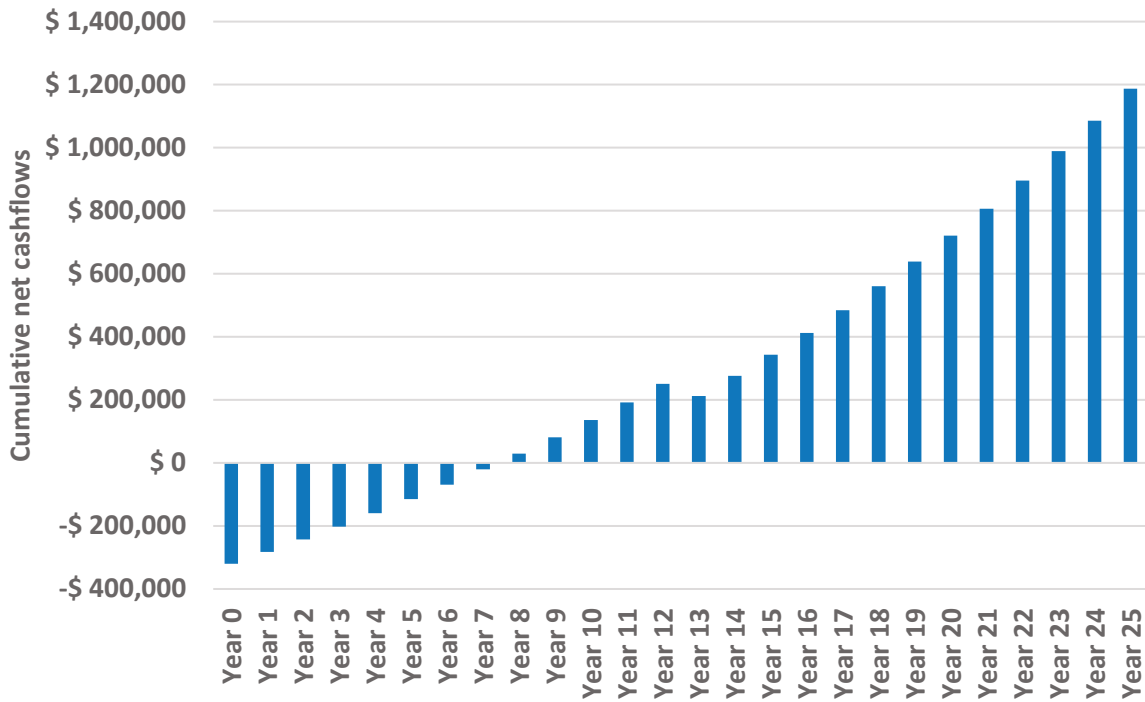


FIGURE 46: (PROPOSED) RUSSELLTON ESTATE WTP SAMPLE SOLAR PV + BESS CUMULATIVE CASHFLOW

5.9 Feasibility assessment: *Nightcap Water Treatment Plant and Raw Water Pumps*

Council commissioned a ~100-kW solar PV array in February 2023 at the Water Treatment Plant along Nightcap Range Road in Dorrroughby. Council requested an assessment of the feasibility of battery storage for supplementing the array’s capacity. However, as the system is newly installed, detailed interval data on its solar generation for a full year was unavailable, thus a granular analysis based on actual data was not possible at this time. Presented below is a model of the system via HelioScope™, which was accomplished by making inferences from site images and supplier-provided specifications.



FIGURE 47: NIGHTCAP WATER TREATMENT PLANT ~100-KW SOLAR PV SYSTEM (RE-MODELLED)

Estimating the exported solar energy from this system to be 10% and following the high-level approach conducted previously for sizing BESS, the overall system performance summary for an additional 54-kWh battery is as follows:

TABLE 25: NIGHTCAP WTP ~100-KW SOLAR PV + 54-KWH BESS PERFORMANCE SUMMARY

Solar PV capacity	BESS capacity	Est. consumption from solar + BESS	Estimated site demand	Energy offset by solar + BESS
~100 kW	54 kWh	145 MWh pa	1,890 MWh pa	7.1%

Costs and savings over the system’s lifespan are presented below, with figures being GST-free:

TABLE 26: NIGHTCAP WATER TREATMENT PLANT ~100-kW SOLAR PV + 54-kWh BESS COST-BENEFIT ANALYSIS

Description	Value
Solar PV capacity	~100 kW
BESS capacity	54 kWh
Capital cost	\$ 186,878
Annual savings	\$ 24,339
Internal rate of return	17%
Payback period	6.6 years
Net present value	\$ 381,819
Annual self-consumption	145 MWh pa

A cumulative net cashflow diagram is given below, with calculations accounting for both expenditures on the recently installed ~100-kW solar PV and proposed battery:

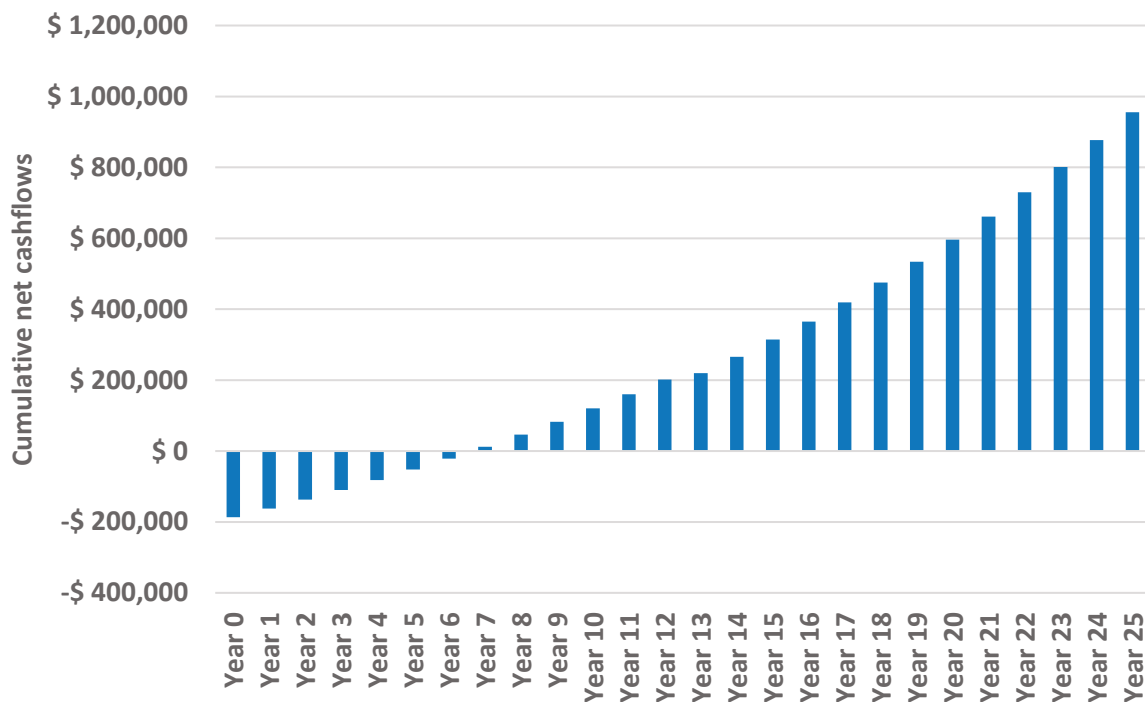


FIGURE 48: NIGHTCAP WATER TREATMENT PLANT ~100-kW SOLAR PV + 54-kWh BESS CUMULATIVE CASHFLOW

Council also confirmed its consideration to installing another ~100-kW system on the roof of the nearby water reservoir, which will be connected to the separate NMI dedicated to the Raw Water Pumps. The layout for this system was derived from supplier’s specifications and was re-modelled for the purpose of simulating the annual solar yield output.

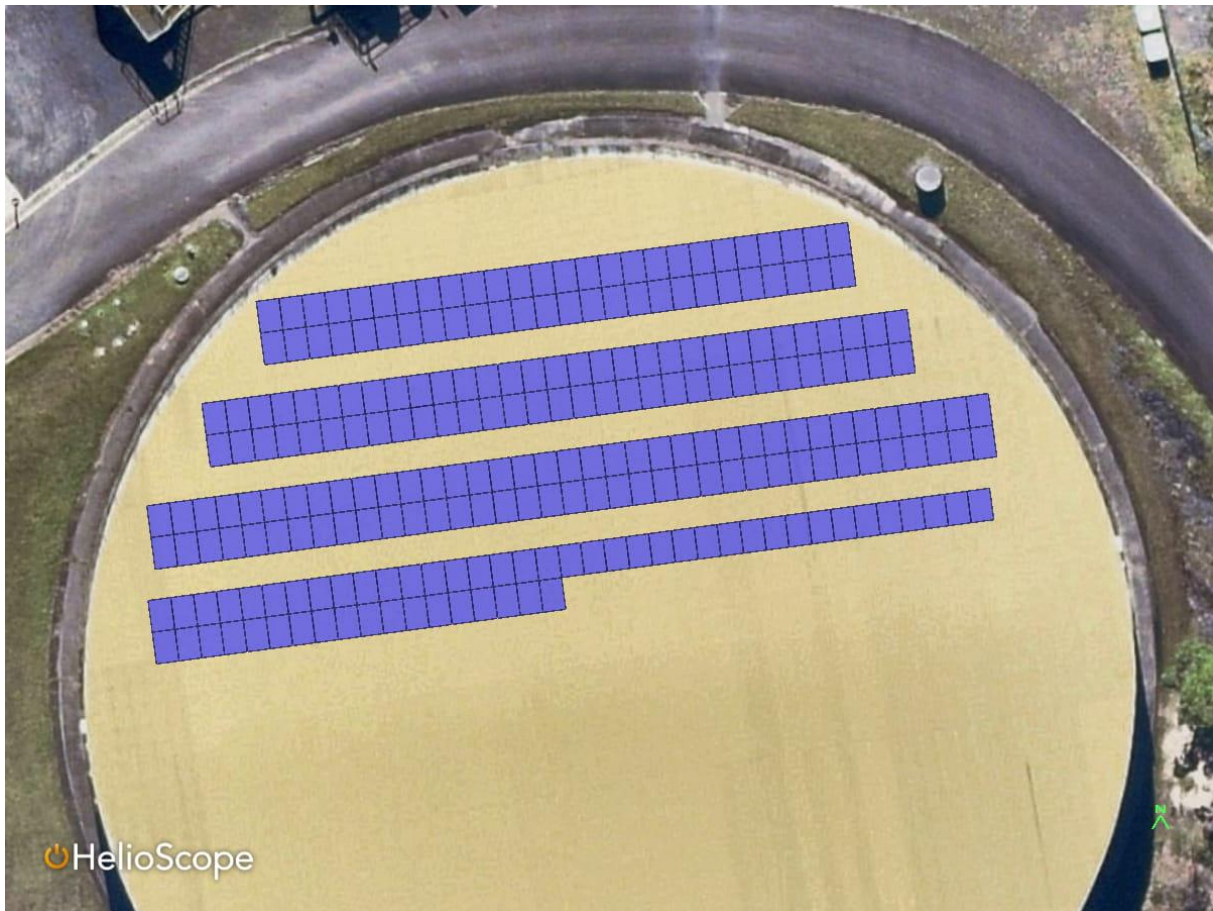


FIGURE 49: NIGHTCAP RAW WATER PUMPS ~100-KW SOLAR PV SYSTEM

To augment the system, a 68-kWh of additional battery storage was modelled, and overall system performance was summarised as follows:

TABLE 27: NIGHTCAP RAW WATER PUMPS ~100-KW SOLAR PV + 68-KWH BESS PERFORMANCE SUMMARY

Solar PV capacity	BESS capacity	Est. consumption from solar + BESS	Estimated site demand	Energy offset by solar + BESS
~100 kW	68 kWh	168 MWh pa	1,182 MWh pa	12.5%

Expected costs and savings for the proposed combined system are tabulated below. Indicative capital costs include quoted price of ~\$ 200K for the ~100 kW system, on top of estimated costs for the additional battery. Cumulative cashflow diagram for this system is presented in the succeeding chart.

TABLE 28: NIGHTCAP RAW WATER PUMPS ~100-kW SOLAR PV + 68-kWh BESS COST-BENEFIT ANALYSIS

Description	Value
Solar PV capacity	~100 kW
BESS capacity	68 kWh
Capital cost	\$ 264,149
Annual savings	\$ 26,710
Internal rate of return	13%
Payback period	8.2 years
Net present value	\$ 355,333
Annual self-consumption	168 MWh pa

Cumulative cashflow diagram for this system is presented in the following chart.

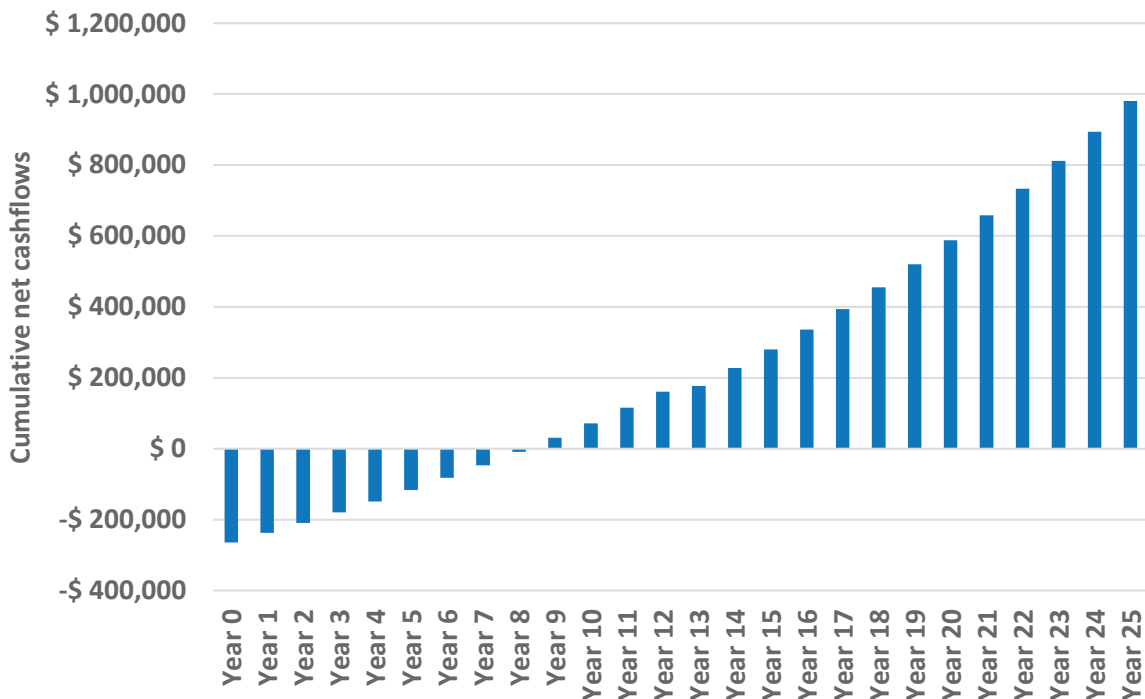


FIGURE 50: NIGHTCAP RAW WATER PUMPS ~100-kW SOLAR PV + 68-kWh BESS CUMULATIVE CASHFLOW

5.10 Summary of feasibility assessments for solar PV & battery storage at Rous County Council sites

Tabulated below are the initiatives for solar PV and BESS systems identified in the preceding sub-chapters that are deemed to be feasible for Council to implement in the coming years.

TABLE 29: SUMMARY OF SOLAR PV & BESS OPPORTUNITIES AT ROUS COUNTY COUNCIL SITES

Site name	Description of potential opportunity	Solar PV size	Battery capacity	Indicative capital costs (\$)	Payback ⁹ (years)	IRR ⁹	Year-1 savings (\$)	NPV ⁹ (\$)
Gallans Road Admin Offices	<i>Option 1:</i> Install a 35.9-kW roof-mounted solar PV at the northern roof to offset most of the site’s daytime grid imports.	35.9 kW	-	~50,232	~3.7	30%	~12,636	~247,838
	<i>Option 2:</i> Alternatively, Council can consider utilising roof spaces in the middle portion and expand the solar PV capacity to 53.0 kW with ~140 kWh of battery storage.	53.0 kW	140 kWh	~200,256	~7.9	13%	~21,827	253,404
Newrybar Pump Station	Consider supplementing the existing 30-kW solar PV system with a ~45-kWh battery storage unit to reduce exports back to the grid.	-	45 kWh	~40,581	~8.0	12%	~4,609	~\$ 33,869

⁹ For estimation of payback period, internal rate of return & net-present values, escalation rate for electricity charges is set at 6% (average of 2-10% based on market ranges).

Site name	Description of potential opportunity	Solar PV size	Battery capacity	Indicative capital costs (\$)	Payback ⁹ (years)	IRR ⁹	Year-1 savings (\$)	NPV ⁹ (\$)
Emigrant Creek WTP	Investigate the potential to implement a ~30-kWh battery storage unit to support the existing 40-kW solar array.	-	30 kWh	~26,664	~7.6	12%	~3,185	~25,157
Rocky Creek Dam aerator	Council can consider installing a ground-mount 97.5-kW solar array in a small area south of the aerator. Additionally, it is suggested to transpose the site's operational hours forward to daytime to improve the system's economic viability amidst additional expenses for land clearing and extra cabling works.	97.5 kW	-	~212,673	~7.8	14%	~23,256	~324,714

Site name	Description of potential opportunity	Solar PV size	Battery capacity	Indicative capital costs (\$)	Payback ⁹ (years)	IRR ⁹	Year-1 savings (\$)	NPV ⁹ (\$)
Nightcap Raw Water Pumps	Council confirmed its plans of installing a further ~100-kW system on the roof of the water reservoir next to the Nightcap WTP. It is suggested to investigate the potential of augmenting the system with a battery storage unit for capturing exports during daytime.	~100 kW	68 kWh	~264,149	~8.2	13%	~26,710	~355,333
(Proposed) Russellton Estate Water Treatment Plant	Council affirmed that a new WTP will be situated at the Russellton Estate. Taking energy load profiles and structural configurations from the existing Emigrant Creek WTP as proxy, it is estimated that a roof-mounted solar PV system of 90-100 capacity with a ~200-kWh battery will be suitable to meet the proposed site's demand.	93.6 kW	210 kWh	~320,040	~8.3	12%	~33,276	~345,913

5.11 Virtual Net Metering

RCC requested consideration be given to the potential for “virtual net metering”, which in theory has significant implications for PV and BESS strategies. In virtual net metering, the solar panels typically aren’t connected to the energy end-user. The solar panels never directly provide power to the consumer; instead, all the electricity produced goes straight into the grid in return for credits.

Potential applications for a virtual net metering arrangement in the RCC context would include:

- Crediting excess solar PV from a large rooftop or ground mounted / solar farm to a site with high grid demand (such as Emigrant Creek WTP)
- Providing an alternative to batteries in trying to get better value out of exported solar electricity

Virtual net metering was originally proposed in the context of efforts to establish discounted tariffs for local generation to reduce the full network charges, but there has been little progress towards achieving its initial aims. Research undertaken for this project indicates that virtual net metering remains somewhat of an abstract ideal rather than a practical reality.

However, there are options already available in Australia by which an organisation can credit renewable energy generated at one site against its grid demand at one or more other sites. In this arrangement a retailer/broker would allow the credit at the time of use retail rate of the site receiving the credit.

The main issue to consider whether is the value or credits received for the exported solar can provide sufficient cashflow to make the business case competitive with other potential investment options. In terms of emissions reduction accounting, if the PV array is STC-scale then the emissions benefits will be realised anyway whether exported for a feed-in-tariff or credited elsewhere.

6 Energy efficiency measures

6.1 Demand scheduling

Analysis of demand profiles at RCC sites shows that the pattern of electricity demand varies considerably from day to day. On some days the electrical demand occurs in hours when there is no PV generation (e.g. early morning or at night), meaning grid electricity must be imported while solar PV generation goes unused and must be exported. The pumping station at the Knockrow reservoir is a good example of this.

The project investigated if there is any scope for scheduling demand at RCC sites so that it more regularly occurs during full sunshine (i.e. PV generation) hours. Feedback from the questionnaire of operational staff suggests most processes operate in response to water demand but it may be possible to run some equipment more during sunlight hours subject to more detailed assessment.

6.2 Pump upgrades

The 2018 GHG Abatement Strategy identified that the bulk of potential efficiency savings lies in pump system upgrades and decisions taken on whether to incorporate VSDs and other controls that will optimise pump system performance and energy consumption, noting that operational benefits would likely drive the final decision and cost-benefit analysis. The potential for energy savings across RCC sites in the medium term was assessed as likely to be 5-10% or less.

The current project investigated if the pumping equipment has been, or could be, fitted with VSDs. Feedback from operational staff indicated that most pumps are already using VSDs, and that further measures to improve pump efficiency are likely limited to pump replacement cycles.

6.3 Note on energy efficiency measures and PV/battery sizing

Changes to demand scheduling and/or pumping equipment is likely to significantly affect the business case for, and optimal sizing of, PV and BESS systems. It is therefore recommended that any feasible measures be implemented prior to PV/BESS system specification/installation.

7 Rous County Council vehicle fleet emissions

As part of this project, Rous County Council has requested advice about what an optimal emissions reduction and fleet transition strategy for Council’s vehicles might look like. This section provides an overview of key issues relevant to advising on target dates for replacement of light vehicle fleet with hybrid vehicles, followed by replacement with zero emissions vehicles.

7.1 Emissions and energy use

Fleet emissions currently represent 7.6% of RCC’s carbon footprint. Transport fuel use had been steadily dropping from 2017 to 2021, however 2022 saw a significant uptick in consumption with transport diesel use increasing 22%. This is likely due to increased operational requirements in response to wet weather and/or floods. When complete, the data for 2023 will indicate whether 2022 was just a temporary exception to a downward trend, or the beginning of a trend reversal. This ought to be monitored and managed accordingly.

Fleet fuel use for FY 2022 is provided in the table below.

Vehicle sub-type & fuel type	Diesel	Petrol	Ethanol
Passenger vehicles	15,553 L	10,528 L	208 L
<i>Small car</i>	-	1,876 L	208 L
<i>Medium car</i>	646 L	8,652 L	-
<i>Large car</i>	14,907 L	-	-
Commercial vehicles	98,703 L	-	-
<i>Utility</i>	95,168 L	-	-
<i>Truck</i>	3,534 L	-	-

TABLE 30: SPLIT OF TRANSPORT FUEL USE BY VEHICLE TYPE AND SIZE

7.2 Fleet characteristics

RCC’s fleet consists of staff leased vehicles plus operational (field duty) vehicles.

7.2.1 Fleet age and turnover

The frequency distribution of RCC’s vehicle ages indicates 2 classes of vehicle:

- Short term turnaround (staff lease vehicles – up to 3 years)
- Long term turnaround (operational vehicles – up to 11 years)

Information gathered from survey of RCC staff indicated that Rous has no standard fleet turnover period, however this is currently under review. RCC’s fleet replacement processes are informed by several internal policy documents including *D21/436 – Procurement Policy* and *D21/522 - Conditions of use for road registered motor vehicles procedure*.

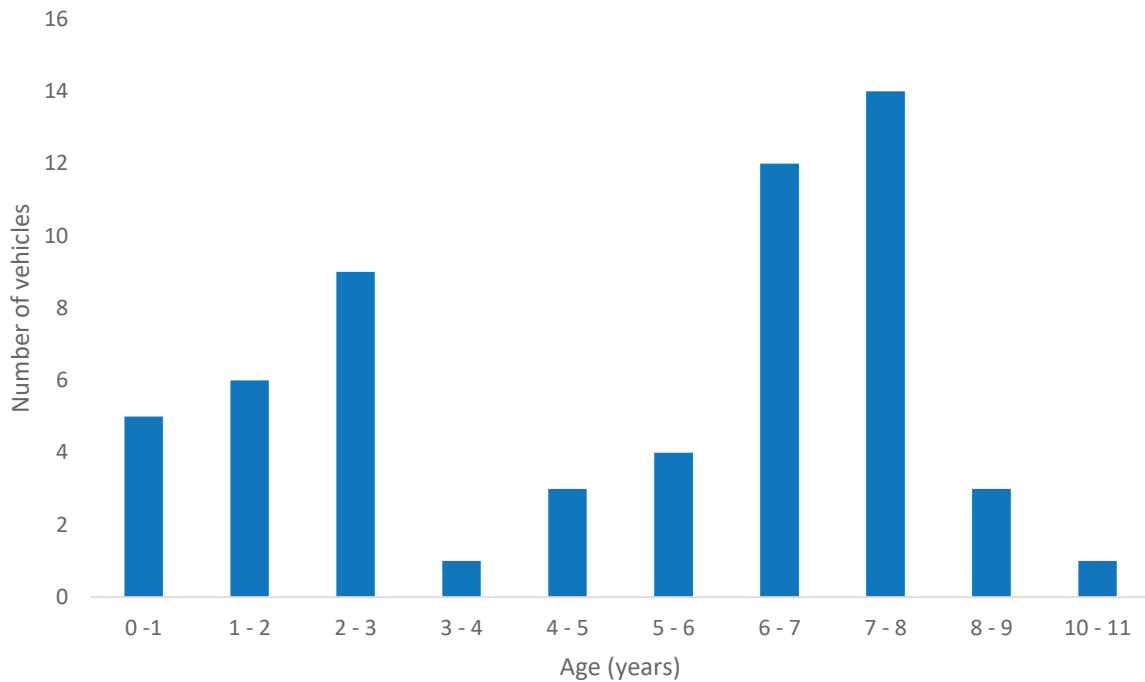


FIGURE 51: DISTRIBUTION OF RCC VEHICLE FLEET BY AGE (YEARS)

7.2.2 Operational requirements

Council currently uses a lot of utility vehicles (utes) in its operations, and they are needed on a regular basis, including for carrying heavy bulky loads.

Project investigations indicated there is limited potential to reduce the proportion (or absolute number) of utes within the fleet without compromising service delivery.

There may be some further opportunities to purchase hybrid vehicles in the short term, building on the existing small fleet, without compromising service capacity.

RCC operational vehicles can cover hundreds of kilometres per day, and ought to be able to operate all day without charging downtime.

7.3 Options to reduce fleet emissions

RCC could consider a number of options as part of an overall emissions reduction and fleet transition strategy. These options include:

- Replacing current internal combustion engine (ICE) vehicles with hybrids
- Replacing current ICE vehicles with EVs
- Replacing current ICE vehicles with more fuel-efficient ICE vehicles
- Reducing the amount of kilometres driven
- Encouraging fuel-efficient driving practices
- Purchasing renewable electricity to charge EVs
- Purchasing carbon offsets to offset some or all of Council’s fleet emissions
- Council currently uses a lot of utility vehicles (utes) in its operations.

7.4 ICE vehicle fuel efficiency potential

ICE vehicles getting are towards the end of their development potential in terms of further fuel efficiency (and thus emissions reduction) potential. The difference between the current standard fuel efficiency in Australia and the Euro 6D, the current highest standard in the world, is only about 13%. Beyond the 13% improvement potential, many ICE manufacturers recognise its difficult to get much more efficiency out of them, without adding hybrid drivetrains, and have planned to cease R&D activities over the coming years, preferring instead to focus their resources on the development of hybrids and EVs.

The other way to get more efficiency out of ICE fleet is right sizing to the requirements, and encouragement of efficient driving practices. Studies have shown there is about a 30% difference in fuel efficiency between the best and worst drivers in terms of efficiency. However, these savings are just as likely to be achievable regardless of vehicle type.

7.5 Likelihood of ICE vehicle sales ban

Many jurisdictions around the world including in Australia are already announcing bans in the sale of ICE vehicles by 2035. Countries with proposed bans or implementing 100% sales of zero-emissions vehicles include China, Japan, Singapore, the UK, South Korea, Iceland, Denmark, Sweden, Norway, Slovenia, Germany, Italy, France, Belgium, the Netherlands, Portugal, Canada, and the U.S. states that adhere to California's Zero-Emission Vehicle (ZEV) Program.

In Australia, The Australian Capital territory is the first jurisdiction to ban the sale of new petrol vehicles by 2035. There is a high chance that other jurisdictions in Australia may follow their example in the coming years. This suggests there is a risk in *not* planning for fleet transition to all electric, and that it is best to move well in advance to avoid a less than optimal changeover.

7.6 Hybrids

Hybrid vehicles typically have better fuel efficiency than conventional vehicles, but the exact amount of fuel saved depends on the specifics of the hybrid system. In general, hybrid vehicles can offer fuel savings of up to 30-40% compared to conventional ICE vehicles. The claims of fuel efficiency for some brands of hybrids have not borne out in real world driving conditions, with some hybrids saving less than 20%. Toyota's hybrid system is considered superior to most other brands, as it has been developed and refined over many decades. Real world fuel efficiency savings for Toyota hybrids can be in excess of 40%.

Australia's most popular utes, Toyota Hilux and Ford Ranger, both plan on releasing hybrid versions in the coming years as a transition technology before releasing full electric models towards the end of the decade. The Hilux is likely to only be fitted with a "mild" hybrid system, that may only save 15-20% fuel use, a low number compared with the Toyota Rav4 hybrid which can deliver up to 40% fuel savings. The Ranger is expected to be a fully developed plug-in hybrid, and so would have significantly more emissions reduction potential than the Hilux, especially if paired with a renewable electricity supply, however abatement potential may be limited by its final battery capacity.

Over the next few years, buying hybrid vehicles could provide a more practical and cost-effective route to reducing emissions for some applications, especially where EV model availability is limited.

7.7 Electric vehicles (EVs)

Beyond 2026, electric vehicles will have clear emissions advantages compared with both conventional ICE vehicles and hybrids. Electric vehicles (EVs) are generally considered to be the surest path to reducing vehicle emissions over the longer term, especially as the grid becomes substantially decarbonised after 2030.

However, EVs have a number of short-term limitations relevant to Rous County Council:

- In terms of total-cost-of-ownership (TCO) EVs will (for the next few years, at least) cost more than both conventional vehicles and hybrid vehicles
- Model availability for EVs is still very limited, especially for utes.
- The emissions reduction potential of EVs is currently limited by the high emissions intensity of grid-sourced electricity.

7.7.1 EV Range

The typical EV range beyond 2025 is expected to be in the 300 – 500km range. Some EV utes will feature range in excess of 500kms. The perception of EVs as having limited range is only partially valid. Most drivers only travel 30kms per day and so have ample spare charge at all times. Even for the most heavily used of RCC’s vehicles, operational range requirements are not likely to be compromised by transitioning to EVs, provided models are selected appropriately.

7.7.2 Projections for EV upfront cost decline

Similar to batteries, EVs are getting cheaper but at a declining rate. The graph below shows the expected cost decline trajectories for a variety of different priced utility vehicles.

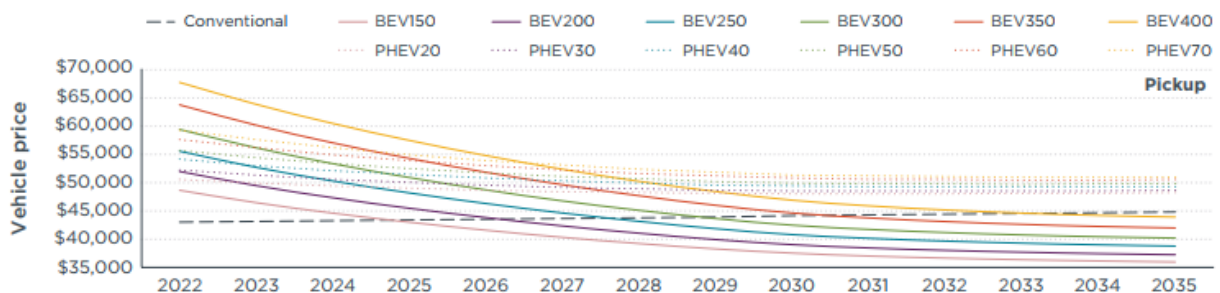


FIGURE 52: PRICE FORECAST OF ELECTRIC UTILITY VEHICLES IN USD¹⁰

Source: International Council on Clean Transportation, 2021

The forecasts suggest an approximate 20% reduction in upfront (not TCO) cost for EV utes over next 5 years to 2028, and about 33% or a third cheaper by 2033. Rate of decline expected to slow significantly after 2033.

7.7.3 Battery warranty

EV batteries can last for up to 10 years or sometimes longer, however the standard warranty period is 8 years. Review of the age of RCC’s vehicle fleet shows that it is rare for vehicles to be kept for longer than 8 years and therefore this likely marks the logical maximum age at which to change over vehicles.

¹⁰ Sourced from ICCT: <https://theicct.org/wp-content/uploads/2022/10/ev-cost-benefits-2035-oct22.pdf>

After 8 years of ownership it is likely that the cost of new EVs will have fallen sharply and the technology will have improved significantly including potentially much better battery performance and range.

7.7.4 Total cost of ownership (TCO)

The TCO of electric vehicles (EVs) compared to conventional vehicles in Australia is influenced by various factors, including the cost of the vehicle, fuel costs, maintenance costs, and government incentives. According to recent studies, it is predicted that the TCO of EVs in Australia will reach parity with conventional vehicles in the mid 2020s, after which owning an EV will become cheaper than owning a conventional vehicle when all costs are factored in.

Several factors are contributing to this trend, including the falling cost of EV batteries, which are the most expensive component of EVs. Additionally, the increasing availability of public charging infrastructure and the increasing popularity of EVs are driving down the cost of EV ownership.

In Australia, the federal government and several state governments are offering incentives to encourage the uptake of EVs, such as grants, tax credits, and exemptions from registration fees. These incentives are helping to make EVs more affordable and accessible to Australian consumers.

Overall, the TCO of EVs in Australia is expected to become cheaper than conventional vehicles after 2025, but the exact timing will depend on various factors such as the pace of technological advancements, government policies, and consumer adoption rates.

7.7.5 Low emissions vehicle model availability

A literature review was undertaken to identify the likely dates of availability of low emissions vehicle models. The focus of the investigation was limited to low emission utility vehicles.

For most popular ute models, including Hilux and Ranger, there are no plans for full electric options until late this decade. In the meantime, hybrid versions will start to come online from 2024.

As at April 2023, there are currently only potentially viable 2 electric 4WD utility vehicles available in Australia, the Chinese LDV and the locally-converted electric Landcruiser (used mainly in mining operations). However, there are a number of American ute manufacturers planning to release electric utes from 2025 onwards, including Ford Lightning, Dodge Ram, and Rivian Ute. It is currently unclear whether or not the Tesla Cybertruck will ever make it on to Australian roads.

Electric ute model availability is expected to increase exponentially, with a rapid expansion in available vehicle models after 2027.

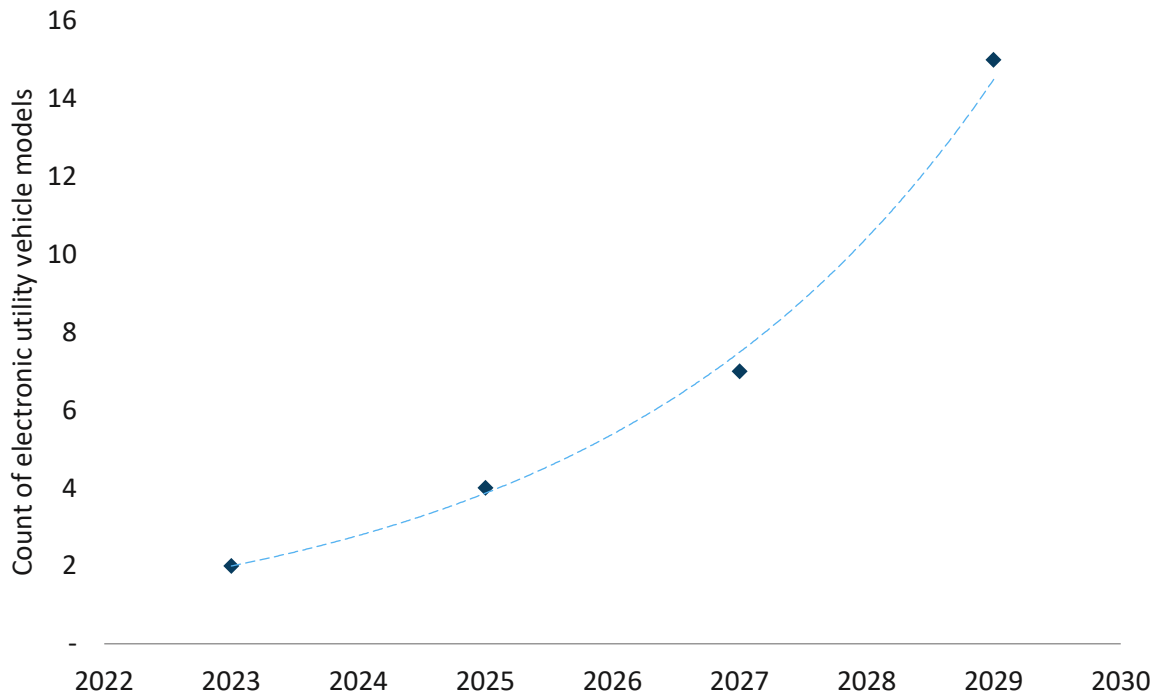


FIGURE 53: AVAILABILITY OF ELECTRIC UTILITY VEHICLE MODELS

7.7.6 Novated leasing of EVs

Due to an Australian Government policy change (November 2022), employers providing electric vehicles for staff have been exempt from fringe benefits tax (FBT) from 1 July 2022. The changes have resulted in a substantial reduction to the annualised cost of electrified vehicles purchased by employers on behalf of their staff, while potentially slashing tax costs on electric cars operated by fleets and company-car drivers.

Organisations looking to take advantage of the new policy settings may wish to consider the case for switching to EVs in their novated lease arrangements. When running costs are factored in, we may soon be approaching a tipping point where it will no longer make economic sense to buy an internal combustion car from a dealer. Providing employees with the option to upgrade to an EV could assist organisations to attract and retain staff, while providing a practical pathway towards reducing emissions.

7.8 Charging infrastructure

There are different levels of electric vehicle (EV) charging, each with its own electrical infrastructure requirements and costs.

- **Level 1 Charging:** This is the slowest and most basic type of EV charging, using a standard domestic power outlet (2.3 kW). Level 1 charging can take up to 12-20 hours to fully charge an electric vehicle, depending on the battery size. The electrical infrastructure requirements for Level 1 charging are minimal, as it only requires a standard power outlet.
- **Level 2 Charging:** This type of EV charging is faster than Level 1 and requires a dedicated charging station that is usually installed at home or in public places like parking lots, workplaces, and shopping centres. Level 2 charging typically takes 3-8 hours to fully charge an electric vehicle, depending on the battery size. The electrical infrastructure requirements for Level 2 charging include a dedicated circuit, a higher amperage breaker, and a 22kw (3 phase) 240-volt power supply.
- **DC Fast Charging:** This is the fastest type of EV charging and is commonly found at public charging stations along highways or in metropolitan areas. DC Fast Charging can fully charge an electric vehicle in as little as 30 minutes, depending on the battery size. The electrical infrastructure requirements for DC Fast Charging include a high-voltage transformer, a specialized charger, and a high-voltage cable.

7.9 Charging infrastructure costs

The cost of installing public EV charging infrastructure in Australia can vary widely depending on a range of factors, including the type of charger, the number of charging stations, the location, and the necessary electrical upgrades.

- Public Level 2 EV chargers have significantly higher installation costs compared to home charging stations, accounting for 60-80% of the total cost. Charging unit costs for single-port public charging stations typically range from \$2000 to \$3,000, while installation costs can be up to \$10,000.
- For DC fast charging stations (Level 3), the hardware costs are significantly higher, ranging from \$50,000 to \$100,000 per station. Installation costs for Level 3 chargers can range from \$30,000 to \$60,000, depending on the specific project requirements and the need for electrical infrastructure upgrades.

Project-specific factors affecting per-unit charger price include:

- The number of chargers being set up per site (with per-unit costs declining for multiple chargers). Similarly, dual socket systems or dual-mounted chargers are available, which can further affect the per-unit installation expenses.
- The distance between the charger and the breaker box plays a crucial role in determining installation expenses. If the distance exceeds 30 meters, installation costs can become prohibitively high, requiring consideration of relocating the charging point.
- Curb side vs building mounted.
 - Curb side / pedestal-mounted stations tend to be relatively expensive due to associated costs like trenching or directional boring for conduit and wiring.

- Installing Level 2 EV chargers in car parks and garages tends to be a simpler and more cost-effective option.
- If the chargers require management and billing connectivity, such as Ethernet or 4G, additional costs will be incurred.

7.10 Charging infrastructure for RCC vehicles

DC Fast Charging stations are far more expensive to install than Level 2 charging stations due to their higher electrical infrastructure requirements. Council may not require fast chargers to meet normal requirements, however, at least one or two fast chargers should be provided in the area for emergency situations and potentially be made available for public use (for example to support tourism at Rocky Creek Dam, and to enable community electric vehicle transition).

The most logical and convenient locations to begin trialling Level 2 charging infrastructure are at RCC's most used infrastructure locations, depots, offices, and at home for commuter use vehicles. In the medium term, Level 2 charging stations for RCC use should be provided at all depots and water treatment plants, although Molesworth Street and Emigrant Creek may be exceptions. Emigrant Creek has limited use for vehicles as the plant is not operational most days.

RCC could also consider a trial of solar PV covered charging/carparking at the Gallan's Road administration / operational site. Solar PV covered EV charging offers a number of benefits including reduced emissions from grid electricity, cost savings from lower electricity bills, shade and protection, and increased infrastructure visibility and support for EV adoption.

If RCC's budgetary and procurement framework allows, charging infrastructure could easily be financed by product suppliers.

7.11 Key dates to consider for fleet transition

A review of key milestones in the evolution of the low emissions vehicle market is summarised below. The dates shows a coalescing of key events in the 2026 to 2028 time period that, taken together, tip the scales in favour of seriously progressing the transition to EVs. Until then, hybrid vehicles will continue to have a lot of advantages over ICE-only vehicles both economically and environmentally. Beyond 2028, the case for electric vehicles becomes undeniable, just as model availability will be expanding rapidly. It would be wise to complete the transition to an all-electric fleet by 2035 in order to avoid both the risk of being impacted by an ICE vehicle ban as well as the likelihood of missing out on the substantial total cost of ownership and emissions savings offered by EVs by that time.

TABLE 31: KEY MILESTONES IN THE TRANSITION TO LOW-EMISSION VEHICLES

Key Milestone	Year
EVs become cheaper on total-cost-of-ownership (TCO) basis	2025
EVs become less emissions-intensive over their lifespan than hybrids	2026
EVs become 20% cheaper to buy (relative to 2023 prices)	2027
Rapid expansion in electric Ute model availability	2028
Grid emissions drop by 50% (relative to 2023 levels)	2030
EVs become 33% cheaper to buy (relative to 2023 prices)	2033
Risk of ban on internal combustion vehicles	2035

8 Emissions from outdoor equipment

A requirement of the project is to consider RCC’s outdoor equipment emissions and provide advice on the viability and timing of replacing outdoor equipment with electric alternatives.

8.1 Fuel consumption breakdown

A review of RCC’s outdoor equipment fuel consumption reveals the types of equipment responsible for most of the fuel consumption (and thus emissions).

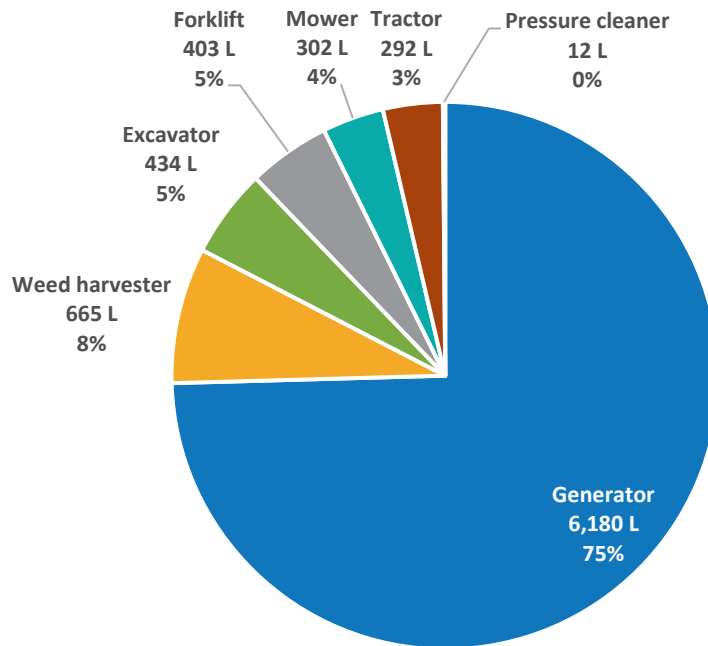


FIGURE 54: SPLIT OF OUTDOOR EQUIPMENT FUEL USE BY EQUIPMENT TYPE

As can be seen in the pie chart above, the generator used 75% of the outdoor equipment fuel. However this is due to its major refuelling in 2022 with 6.15 kL of diesel, which has had a small but significant impact on the carbon footprint for the 2022 FY.

The project investigated how essential is the generator to RCC’s operations and system resilience, and what are the practical potential/known impediments for replacement with a renewable energy/battery storage solution. The generator(s) provide backup to the primary water treatment plant and are considered a critical asset. As they are only utilised occasionally, their remaining lifespan is likely substantial and swapping to a solar/BESS system lacks operational and financial feasibility.

Generators could in future provide emergency charging capability for EVs. The most feasible way to reduce emissions from generator use would be through the use of biodiesel, however an assessment of the engine’s compatibility with various levels of biofuel blends would need to be undertaken to better assess the suitability of this strategy.

Aside from the pressure cleaner, all other equipment categories consume a significant share of fuel with the weed harvester having consumed the most, followed by excavator, forklift, mower and tractor.

8.2 Availability of electric alternatives

Desktop research was undertaken to assess the availability of electric alternatives built by high quality brand names, such as John Deere, Komatsu, Wacker Neuson and Toyota. The review indicated that by 2026 there will be high quality electric alternatives for all equipment types. In the case of the weed harvester, electric alternatives are already available but at small scale. RCC has since outsourced the weed harvesting function to an external contractor.

TABLE 32: AVAILABILITY OF ELECTRIC ALTERNATIVES PER OUTDOOR EQUIPMENT TYPE

Equipment type	Availability of e-alternatives by 2026
Weed harvester	Unsure
Excavator	Yes
Tractor	Yes
Forklift	Yes
Mower	Yes
Pressure cleaner	Yes



Most equipment types can be charged from standard Type 2 EV chargers

8.3 Synergy with electric fleet transition

Like electric vehicles, the availability of electric outdoor equipment is set to expand rapidly around the middle to the end of this decade. Electric outdoor equipment shares other similarities with EVs, for example in the potential total cost of ownership savings, and in the requirement for similar (type 2) charging infrastructure. For these reasons, it would be advisable to consider outdoor equipment transition and fleet transition as one process and undertake planning and technical trials accordingly, with a target date for 100% transition to be 2035 in both cases.

9 Recommendations

The recommended plan for RCC has considered a range of factors including:

- Progress on renewable energy and emissions reduction measures since 2018.
- Views of RCC stakeholders including Councillors and operational staff.
- Current global, state and local government policy context.
- Outlook on technology maturity, costs and benefits.
- Economic and practical feasibility of potential capital works projects.
- Relevant trends, constraints, risks and opportunities.
- The current and projected impact of RCC's historic tree planting activities.

With these factors in mind, it is advised that RCC consider and adopt the following recommendations:

Emission reduction targets

- Council to target zero emissions by 2050 (in line with State and Federal targets).
- Council to target 70% emissions reduction by 2035 (in line with NSW Government target).
- **Grid decarbonisation will deliver the bulk, but not all, of these required reductions.**

Tree planting / revegetation

- Maintain or (if space allows) increase current rates of revegetation until at least 2035 in order to ensure significant rates of cumulative sequestration can be supported through to 2050.
- Consider measures to support the resilience of revegetated areas to possible future disturbance by fire to avoid any negative "step change" impacts on Council's carbon footprint.

Energy efficiency

- By 2025, review options for demand scheduling optimisation.

PV & BESS Projects

- By 2028, implement prioritised projects. Prioritisation should be made with the following factors in mind:
 - Economic feasibility as indicated by payback period, Net Present Value (NPV), and other financial metrics. The ratio of capital cost to NPV can also be considered as a rough indicator of project return on investment.
 - Scale of additional renewable energy generation and emissions reductions.
 - Potential for "bundling" or scheduling with other infrastructure projects, where clear synergies or efficiencies can be identified.

Renewable electricity purchases

- From 2023, conduct market sounding ahead of contract cycle along with constituent councils and look to secure a PPA where there is no additional cost compared with a regular grid offer.

Fleet and outdoor equipment transition

- Implement trial program to run 2025 to 2028.
- Trial findings to inform full scale transition to be implemented 2028 to 2035.
- Target for all new vehicle and equipment purchases to be electric by 2035.

Residual emissions

- From 2028 to 2035, implement a strategy to reduce emissions from suppliers in order address any of RCC’s residual scope 3 emissions.
- From 2035 progressively build a quality carbon offset portfolio to offset any remaining emissions by 2050.

REERP Review

- Undertake a review of this Plan in 2028 to include at a minimum:
 - Review of progress on implementing PV/BESS projects and assessment of additional opportunities in relation to new/planned infrastructure or building works.
 - Review progress on PPA implementation. In the absence of a PPA, and with consideration to positive cashflow forecasts from projects, agreements, and EV transition, revisit capacity for Greenpower purchases.
 - A detailed business case assessment for a ground-mounted PV array at Gallans Road estate including a detailed business case assessment for ‘virtual net metering’ and a comparison to other potential larger-scale projects such as pumped hydro.

The recommendations for getting to net zero emissions by 2050 have been presented in timeline form below:

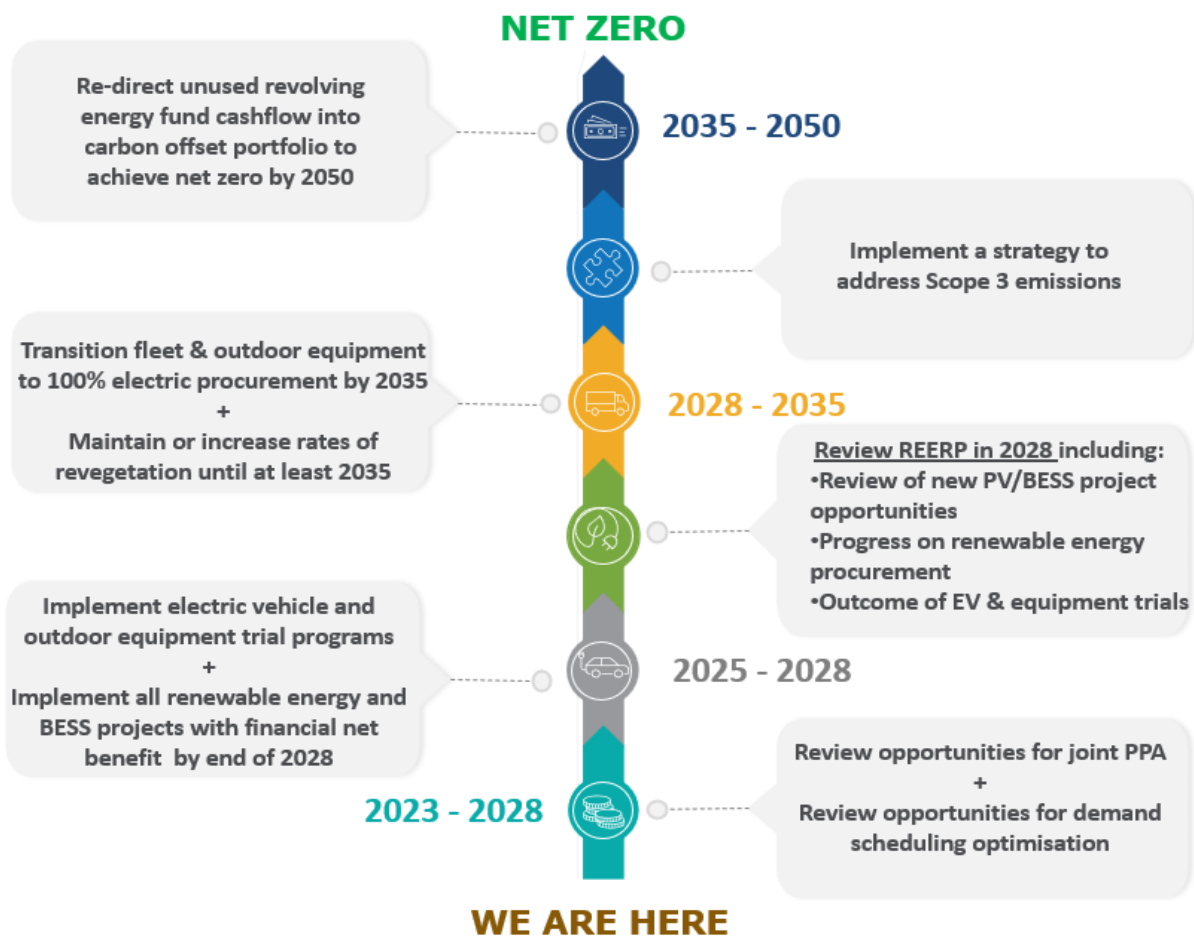


FIGURE 55: ROUS COUNTY COUNCIL'S TIMELINE OF ACTIONS TOWARDS NET ZERO BY 2050

10 APPENDIX: Survey results

10.1 Summary of findings

The summary of the questionnaire findings is provided below.

10.1.1 Emission reduction trajectory and financial capacity

The survey collected information on Councillors' views regarding emission reduction trajectories and financial capacity for accelerated decarbonisation. The responses indicated support for alignment with Federal and State emission reduction targets, however did not support bearing additional costs (at least in the short term) to pursue more ambitious targets.

TABLE 33: COUNCILLORS' RESPONSES ON EMISSION REDUCTION PROPOSALS

Proposal	Response summary
Having an emissions reduction strategy ensuring at a minimum, that emissions are reduced in line with Federal Government and NSW Government targets for 2030 (43%), 2035 (70%) and 2050.	Majority for
Developing emission reduction targets that are more ambitious than these targets, for example to align with targets more closely being set by NSW regional councils.	Majority against
Rous has the ability to absorb the additional costs necessary for adopting more ambitious targets and paying extra for renewable electricity.	Unanimous against
Accept a small (>10%) premium on electricity costs to reduce emissions further.	Majority against
Switch to 100% renewable electricity immediately if it could be sourced at similar or cheaper price.	Majority for

10.1.2 Replacing fleet and outdoor equipment

The survey collected information on Councillors' views regarding replacement of fleet and outdoor equipment with electric alternatives. The responses indicated general support for a transition to electric or low-emission alternatives when they become available, including support to undertake trials of electric vehicles and install related infrastructure where appropriate.

TABLE 34: COUNCILLORS' RESPONSES ON THE ELECTRIFICATION OF FLEET AND OUTDOOR EQUIPMENT

Proposal	Response summary
Undertake trials of electric vehicles, including electric utes	Strongly support
Replacement of Light vehicle fleet with hybrid or electric vehicles	Support / Strongly support
Installing electric vehicle charging infrastructure at appropriate sites	Support / neutral
Replacement of outdoor equipment with electric alternatives when available	Support / neutral

10.1.3 Large-scale renewable energy

The survey collected information on Councillor's views regarding investing in large-scale renewable energy projects. Responses indicated this was not very likely, but that support would probably be stronger for proposals within RCC's operational areas as opposed to projects beyond council boundaries. Responses indicated no objections to sourcing large scale renewable energy if it could be purchased at a similar or cheaper price, for example through a joint Power Purchase Agreement (PPA).

TABLE 35: COUNCILLORS' RESPONSES ON INVESTING IN LARGE-SCALE RENEWABLE ENERGY PROJECTS

Proposal	Response summary
Investment in large scale renewable energy projects in the region (e.g. solar farms)	Somewhat likely
Investment in a large-scale renewable energy project for an area outside of RCC's operational area	Less likely
Sourcing large scale renewable electricity at similar or cheaper price (e.g. through PPA)	Likely

10.1.4 New PV and battery projects

The survey collected information on the level of Councillor’s support for a range of potential emissions reduction projects including solar PV and battery storage projects. All potential projects were supported, assuming net financial benefit and practical feasibility can be indicated.

TABLE 36: COUNCILLORS' RESPONSES ON POTENTIAL SOLAR PV AND BATTERY OPPORTUNITIES

Proposal	Response summary
Solar PV and BESS at Gallans Road administration buildings and large estate	Support / strongly support
Solar PV and Battery Energy Storage Systems (BESS) at future water project sites	Support / strongly support
Investigate new sites for renewable energy projects	Support / strongly support
Solar PV and BESS near the Rocky Creek Dam Rainforest and Water Reserve	Support / strongly support / neutral
Installation of BESS solutions at viable sites	Support / strongly support / neutral
Other projects not listed above, which are viable for meeting renewable energy and emissions reduction targets	Support / strongly support / neutral

11 APPENDIX: Battery technology memo

This battery technology memo has been prepared to assist Rous County Council to consider the feasibility of installing more Battery Energy Storage Systems (BESS) at Council's facilities.

11.2 Battery technology overview

This section provides an overview of the current state of battery technology and feasibility.

11.2.1 Economics of BESS

The economic viability of BESS systems has improved significantly over the last 5 years. This is due to substantial reductions in the cost of battery technology, increases in retail electricity prices, and improvements in battery performance and optimisation. The business case for BESS is particularly strong where the following conditions are present:

Significant levels of solar generation export and grid imports

If existing solar PV systems are exporting large amounts of energy to the grid due to temporal mismatches between generation and demand, BESS can be effective in allowing greater use of available onsite renewable energy and thereby reduce the need for purchased energy.

Time-of-use electricity pricing

If the electricity pricing in a given area varies significantly throughout the day (e.g. peak, shoulder and off-peak), batteries can be charged during low-cost periods (for example late at night) and discharged during high-cost periods (for example in the late afternoon and evenings). In NSW, off-peak rates can be much lower than peak demand periods.

Demand charges

Commercial and industrial customers may be subject to demand charges, which are fees based on the peak amount of electricity used during a given period. Batteries can be used to reduce peak demand by discharging stored solar energy during high-demand periods, thereby reducing the amount of electricity purchased from the grid during those times.

Grid instability

In areas with unreliable or emergency-prone infrastructure, batteries can be used to provide backup power during outages or to smooth out fluctuations in solar energy production. The benefit of the ability to provide backup power will vary from site to site. Where the backup power allows the continued function of essential services during emergencies, the benefit can be thought of in terms of avoided negative impacts and/or avoided need for grid infrastructure upgrades.

Remote locations

In remote locations where grid electricity is not available or is prohibitively expensive, batteries can be used to store solar energy generated during the day for use at night or during periods of low solar radiation.

11.2.2 Commonly available technologies

There are several types of battery technologies that are commonly used for commercial applications, including:

Lithium-ion batteries

Lithium-ion batteries are currently the most popular choice for commercial applications due to their high energy density, long cycle life, and low maintenance requirements. They are commonly used for energy storage systems, electric vehicles, and portable electronics.

Different types of lithium batteries rely on unique active materials and chemical reactions to store energy. Each type of lithium battery has its benefits and drawbacks, along with its best-suited applications. The most common type of lithium battery for larger BESS systems is Lithium Iron Phosphate (LFP). LFP batteries use phosphate as the cathode material and a graphitic carbon electrode as the anode. LFP batteries have a long lifecycle with good thermal stability and electrochemical performance. Other lithium-ion battery chemistries with superior energy density are often used for residential or small business applications where space is most limited.

Lithium-ion (Li-ion) batteries are generally considered to be the best type of rechargeable battery available today for a variety of reasons:

- **High energy density**
Li-ion batteries have a high energy density, which means they can store a lot of energy in a small and lightweight package.
- **Low self-discharge rate**
Li-ion batteries have a lower self-discharge rate than other rechargeable batteries, meaning they can hold their charge for longer periods of time when not in use.
- **No memory effect**
Unlike some other types of batteries, Li-ion batteries do not suffer from memory effects, which means they do not need to be fully discharged before being recharged.
- **High cycle life**
Li-ion batteries have a longer cycle life than other types of rechargeable batteries, meaning they can be recharged and used many times over without a significant loss of capacity.
- **Safe and reliable**
Li-ion batteries are generally considered safe and reliable when used and handled properly, and they are used in many consumer electronics devices, electric vehicles, and even some aerospace applications.

Flow batteries

Flow batteries use two different electrolyte solutions separated by a membrane. They are easily scalable and capable of storing large amounts of energy, making them suitable for commercial and utility-scale applications. They are commonly used for load shifting, renewable energy integration, and backup power.

Besides lithium-ion batteries, flow batteries could emerge as a breakthrough technology for stationary storage as they do not show performance degradation for 25-30 years and are capable of being sized according to energy storage needs with limited investment.

The 2 main types of flow batteries are redox and zinc bromine. Rapid improvements are expected in the overall cost, performance, life, technology readiness levels, and manufacturing readiness levels, however the overall system efficiency of redox flow batteries is low. These batteries are best for large projects that require power in the tens of kilowatts to tens of megawatts range.

The zinc-bromine battery is a hybrid redox flow battery. Zinc-bromine batteries offer great promise in terms of cost and life, but their technology and manufacturing readiness levels are currently low.

Nickel-cadmium batteries

Nickel-cadmium batteries have been used for many years for commercial applications due to their high reliability and long cycle life. However, they are less commonly used today due to concerns over their environmental impact and the availability of alternative battery technologies. A major drawback of this technology is that nickel-cadmium batteries suffer from the memory effect leading to capacity decline, which occurs when a Ni-Cd battery is recharged before it is fully discharged. They are also susceptible to damage due to overcharging.

Lead-acid batteries

Lead-acid batteries have been used for energy storage for many years and are still a popular choice for some commercial applications due to their low cost and high reliability. They are commonly used for backup power, uninterruptible power supply (UPS) systems, and off-grid power systems. Due to lower energy density, lead acid batteries require substantially more space.

11.2.3 Battery technologies under development

Battery energy storage system adoption is expanding at a rapid rate and so are the technologies that power the systems. There are several battery technologies that are currently being developed for commercial applications that show promise in terms of their performance, safety, and cost-effectiveness. It is also worth noting there may be other battery technologies that emerge as promising options for commercial applications in the future.

Some of the most promising battery technologies currently under development include:

Solid-state batteries

Solid-state batteries use a solid electrolyte instead of a liquid electrolyte, which can offer several advantages over traditional lithium-ion batteries, including increased safety, higher energy density, and longer cycle life.

Sodium-ion batteries

Sodium-ion batteries have the potential to become lower cost than lithium-ion batteries and may be suitable for use in large-scale energy storage systems. Sodium-ion batteries are emerging as a viable alternative to lithium-ion technology, but until 2030 the cost of manufacture will remain relatively high. Aside from potentially becoming cheaper than lithium-ion batteries, sodium-ion batteries are also less flammable.

Zinc-air batteries

Zinc-air batteries use a zinc anode and oxygen from the air as the cathode. They are lightweight, low cost, and have a high energy density. They have shown promise for use in applications such as grid-scale energy storage and electric vehicles.

11.2.4 Battery “stacking”

Batteries can be stacked in order to increase the overall capacity of the battery bank. Stacking batteries involves connecting multiple batteries together in a series or parallel configuration, depending on the desired outcome. Combining series and parallel configurations can increase both the voltage and capacity of the battery bank, depending on the number and arrangement of the batteries.

It is important to note that when stacking batteries, care must be taken to ensure that the batteries are of the same type, capacity, and voltage, and that they are connected properly to avoid overcharging or over-discharging of individual batteries. Additionally, stacking batteries can be dangerous if not done properly, so it is recommended to seek the advice of a qualified professional before attempting to stack batteries.

11.2.5 Product life expectancy

The lifespan of a lithium-ion battery depends on a variety of factors, including its usage, storage conditions, and overall quality. Lithium-ion batteries can last for 13 years or more if they are well maintained and operated. The warranty periods for commonly available commercial battery brands in Australia can vary depending on the manufacturer and the specific battery model. However, the vast majority of manufacturers provide a 10-year warranty. With much longer cycle life, flow batteries can last over 20 years with some manufacturers offering warranties for longer than 10 years.

Capacity decline

The capacity of a lithium-ion battery, which is its ability to hold a charge, will degrade over time with use. This degradation is a natural process and cannot be avoided entirely, but it can be slowed down by avoiding extremes in temperature, avoiding deep discharges, and avoiding overcharging.

After many years of use, the capacity of a lithium-ion battery can decrease to the point where it is no longer able to provide the required energy storage capacity. For this reason, it may be a good idea to oversize the battery somewhat to allow for this decline.

The rate of battery capacity decline for commonly available commercial battery brands in Australia can vary depending on the manufacturer, the specific battery model, and the usage conditions. However, the typical rate of capacity decline for commercial batteries is in the range of 2–3.5% per year, depending on how well the charge and discharge cycles are managed.

11.2.6 Price trends

The price of lithium-ion batteries has dropped approximately 80% since 2013. However, the rate of decline in battery prices has flattened out since 2020, and Bloomberg have noted a slight increase in the last 2 years, as shown below. The price of installing BESS in Australia is currently about \$900 per kWh.

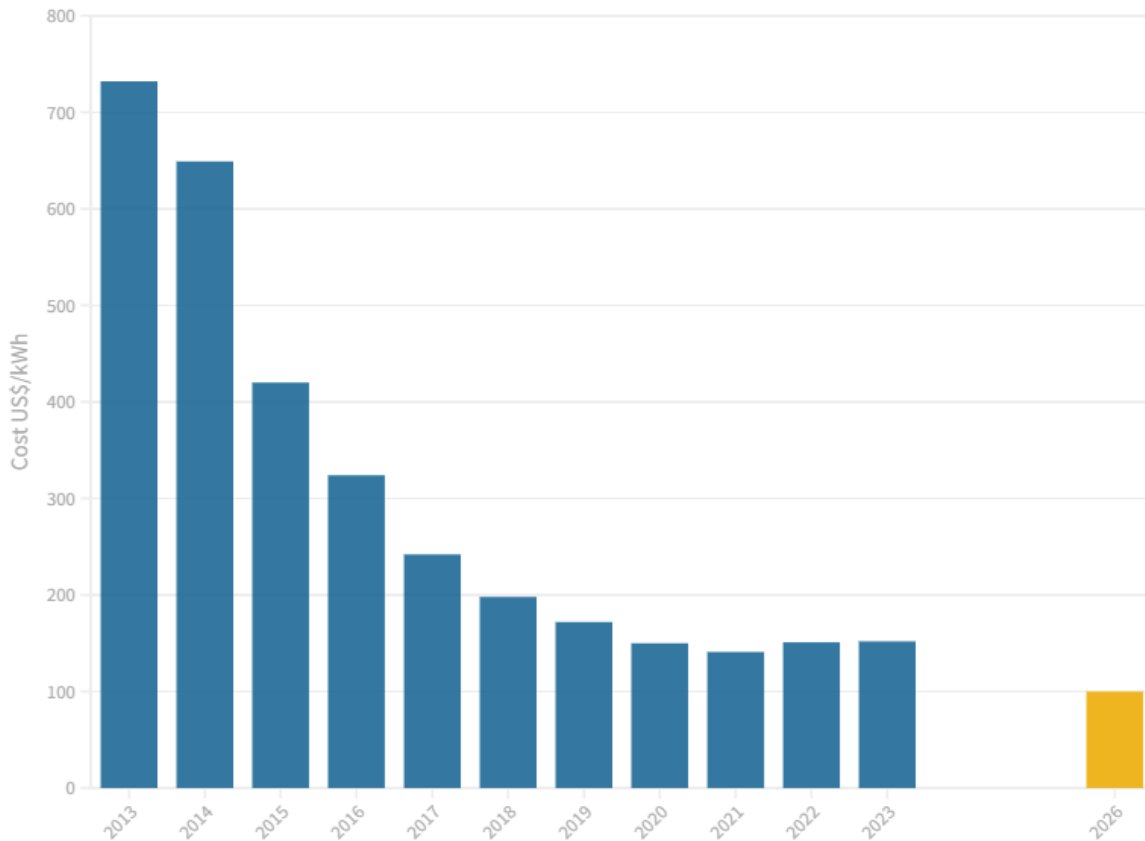


FIGURE 56: BATTERY PRICING TREND IN USD PER KWH OF RATED CAPACITY¹¹

The recent temporary reversal of downward trend is likely due to high input costs of metals in recent years including lithium, cobalt, nickel and copper. While the past decade has witnessed substantial reductions in the price of lithium-ion batteries, it is now becoming evident that further cost reductions rely not just on technological innovation, but also on the rate of increase of battery mineral prices.

Fortunately, lithium spot prices peaked in late 2022 and have fallen about 40% in the last 6 months due to an aggressive pullback in demand expectations and signs of strong supply. The overproduction of batteries in China at the end of 2022 to take advantage of Chinese Government subsidies led top battery producer CATL to sell products at a steep discount this year, with the firm expecting carbonate prices to halve in the upcoming months. On the supply side, top producer Australia’s projected global output of lithium carbonate equivalent to reach 915,000 tonnes in 2023, a 32% rise from 2022’s estimate.

This suggests, following a lag, lithium battery prices should continue to fall again in the next few years though at a slow rate compared to the last decade. Beyond 2025, however, there is a risk metal prices could again rise and exceed their previous peaks, putting upward pressure on battery prices once again.

¹¹ Energy Storage News – *Lithium battery pack prices go up for first time since BloombergNEF began annual survey:* <https://www.energy-storage.news/lithium-battery-pack-prices-go-up-for-first-time-since-bloombergnef-began-annual-survey/>

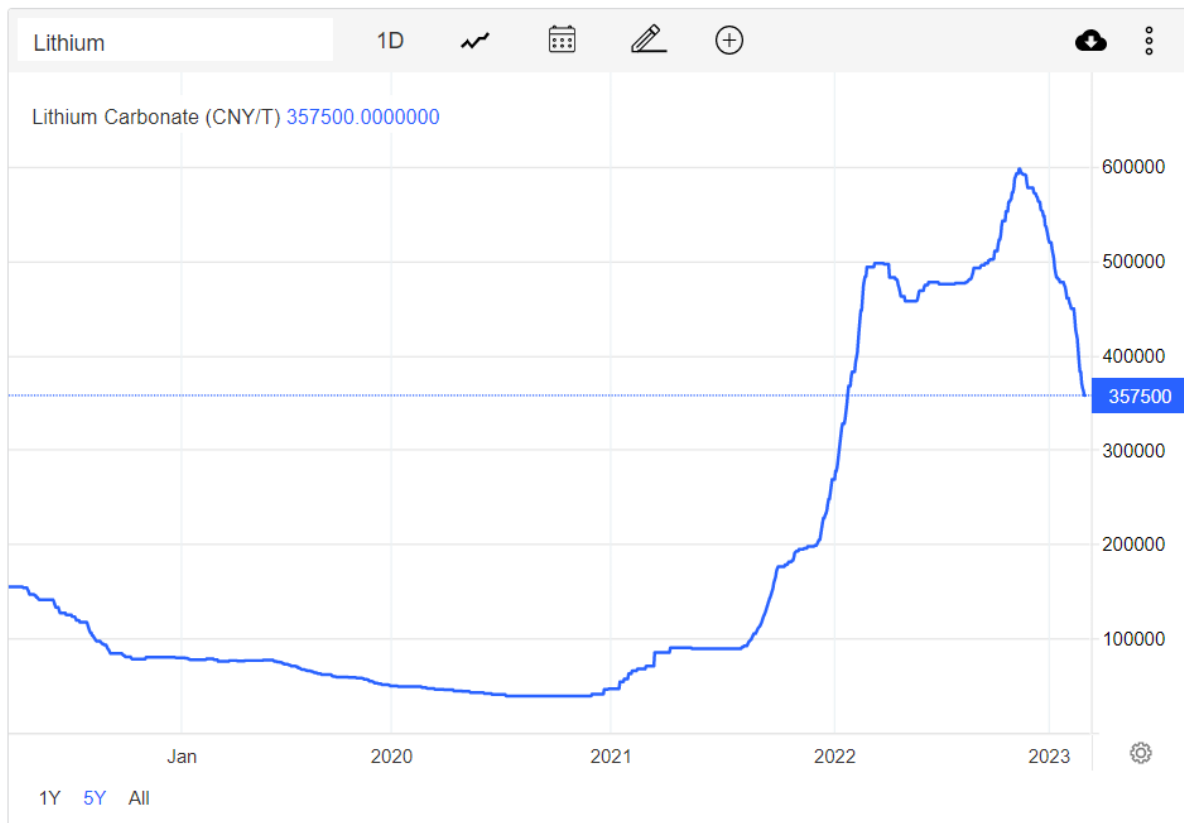


FIGURE 57: FIVE-YEAR TRAJECTORY OF LITHIUM CARBONATE PRICING IN CNY PER TONNE¹²

11.2.7 Future BESS price trajectory

Despite the recent halt in the downward price of batteries, and the potential for future fluctuations, it is likely that commercial battery storage systems will generally tend to get cheaper over time due to several factors:

Technological advancements

As battery technology continues to improve, the cost of manufacturing batteries is expected to decrease. This can be due to advancements in materials, manufacturing processes, and energy density, among other factors.

Increasing demand

As more businesses and industries adopt renewable energy and energy storage systems, there will be increasing demand for commercial batteries. This can lead to economies of scale, which can help to reduce the cost of manufacturing.

¹² Trading Economics – *Lithium carbonate pricing*: <https://tradingeconomics.com/commodity/lithium>

Policy incentives

Governments and regulatory bodies around the world are implementing policies and incentives to encourage the adoption of renewable energy and energy storage systems. This can include tax credits, subsidies, and grants, which can help to reduce the cost of commercial batteries for businesses.

Competition

As more companies enter the market for commercial batteries, there will be increasing competition. This can lead to innovation and cost reduction as companies try to differentiate themselves from their competitors.

11.2.8 Summary

Lithium-ion batteries can be considered a mature, reliable technology with clear advantages over other battery types. Although new battery types are under development, they cannot yet compete with lithium-ion for most applications. Beyond 2030, new battery types are likely to surpass lithium-ion for combined cost and performance, but this does not look likely before then. Most of the decline in lithium-ion battery prices has already occurred, and there is probably no financial benefit in waiting for further cost reductions. This is especially the case as electricity prices have been rising quickly, so any benefit gained by waiting to buy a slightly cheaper battery system would be more than offset by the need to pay more for electricity in the meantime.

11.3 Benefits of BESS for water and sewage facilities

Installing Battery Energy Storage Systems (BESS) at water and sewage utilities can offer several advantages to utility operators and the community more generally, including:

- **Cost savings**
Water utilities typically have high electricity costs. BESS can help reduce energy costs by storing excess energy from solar PV or during off-peak periods when energy rates are lower and then using that energy to reduce the need for electricity purchases. This can help utilities save on energy costs and reduce their overall operating expenses.
- **Improved reliability**
BESS can potentially provide backup power in the event of a power outage, ensuring that critical operations at water and sewage utilities continue to function. This can help prevent disruptions in service and improve overall reliability.
- **Reduced reliance on emissions-intensive grid electricity**
By using BESS to store and use renewable energy sources, such as solar or wind power, water and sewage utilities can reduce their carbon footprint and support broader climate change initiatives.
- **Increased grid stability**
BESS can help stabilise the grid by providing grid services such as frequency regulation and voltage support. This can help improve the overall stability and reliability of the local grid, helping ensure continued service delivery.
- **Peak demand management**
By using BESS to manage peak energy demand, water and sewage utilities can help reduce strain on the grid during periods of high demand. This can help prevent blackouts and brownouts and improve the overall reliability of the grid.

11.4 Examples of BESS systems installed in Australian water utilities

Battery energy storage systems are increasingly being used by Australian water and sewage utilities. Here are some examples of battery energy storage systems used by Australian water and sewage utilities:

- **South East Water (VIC)**

South East Water has installed a 250 kW / 500 kWh lithium-ion battery storage system at its Boneo Water Recycling Plant. The system is used to store excess solar energy generated on-site and to provide grid support services, such as frequency regulation and peak demand management.

- **Sydney Water (NSW)**

Sydney Water has installed a 500 kW / 1 MWh battery energy storage system at its Bondi Sewage Treatment Plant. The system is used to store excess solar energy generated on-site and to provide grid support services, such as frequency regulation and voltage support.

- **Unitywater (QLD)**

Unitywater has installed a 95 kW / 450 kWh lithium-ion battery storage system at its Kenilworth Water Treatment Plant. The system is used to store excess solar energy generated on-site and to provide backup power during grid outages.

- **Yarra Valley Water (VIC)**

Yarra Valley Water has installed a 100 kW / 200 kWh lithium-ion battery storage system at its Mitcham Water Treatment Plant. The system is used to store excess solar energy generated on-site and to provide backup power during grid outages.

- **Western Water (VIC)**

Western Water has installed a 30 kW / 80 kWh lithium-ion battery storage system at its Sunbury Water Treatment Plant. The system is used to store excess solar energy generated on-site and to provide backup power during grid outages.

These are just a few examples of battery energy storage systems used by Australian water and sewage utilities. There are many more examples across the county, and the use of battery energy storage is expected to continue to grow as the cost of batteries continues to decline and the benefits of energy storage become more widely recognised.

11.5 Risk management

General risk management

Batteries of any kind are a serious safety risk if not correctly installed or commissioned. They can cause electric shock, explosions, flash burns, and exposure to hazardous chemicals. Battery casings can degrade or be damaged from a variety of impacts. If a battery casing is ruptured, the fluid or gel (electrolyte) inside can leak, resulting in toxic fumes, burns, corrosion or explosions.

Workers and management can work together to reduce the risks of battery energy storage systems.

Workers should:

- ... use safe systems at work.
- ... only do work they are licenced and competent for.
- ... take care of their own health and safety as well as the health and safety of others.
- ... cooperate with management to meet health and safety requirements and reduce risks.

Organisations have:

- ... legal responsibilities as outlined in the Electrical Safety Act 2002 and Work Health and Safety Act 2011 (WHS Act) for the health and safety of every worker and visitor.
- ... the option to use the practical advice in the Electrical safety codes of practice 2021 - Managing electrical risks in the workplace.

Relevant standards

Relevant standards include:

- [Electrical Safety Act 2002](#)
- [Electrical Safety Regulation 2013](#)
- AS/NZS 5139 Electrical installations – Safety of battery systems for use with conversion equipment
- AS/NZS 3000 Electrical installations (known as the Australian/New Zealand Wiring Rules)

Other relevant standards include:

TABLE 37: OTHER RELEVANT STANDARDS FOR RISK MANAGEMENT RELATING TO BESS IMPLEMENTATION

Code	Name
AS 1319	Safety signs for the occupational environment
AS 1530.4	Methods for fire tests on building materials, components and structures - Fire-resistance test of elements of construction
AS 3011.2	Electrical installations - Secondary batteries installed in buildings - Sealed cells
AS/NZS 4509.1	Stand Alone Power Systems - Installation
AS 4086.2	Secondary batteries for use with stand-alone power systems - Installation and maintenance
AS/NZS 3000	Electrical installations (known as the Australian/New Zealand Wiring Rules)
AS/NZS 5033	Installation and safety requirements for photovoltaic (PV) arrays
AS/NZS 4777.1	Grid connection of energy systems via inverters - Installation requirements
AS/NZS 4777.2	Grid connection of energy systems via inverters - Inverter requirements
AS 62040.1.1	Uninterruptible power systems (UPS) - General and safety requirements for UPS used in operator access areas
AS 62040.1.2	Uninterruptible power systems (UPS) - General and safety requirements for UPS used in restricted access locations
AS/NZS 60529	Degrees of Protection Provided by Enclosures (IP Code)
AS/NZS 60898.2	Circuit-breakers for overcurrent protection for household and similar installations - Circuit-breakers for AC and DC operation
AS/NZS 60947.3	Low-voltage switchgear and control gear - Switches, disconnectors, switch-disconnectors and fuse-combination units
AS/NZS 60950.1	Information technology equipment - Safety - General requirements
IEC 62109-1 Ed. 1.0 (English 2010)	Safety of power converters for use in photovoltaic power systems - Part 1: General requirements
IEC 62109-2 Ed. 1.0 (Bilingual 2011)	Safety of power converters for use in photovoltaic power systems - Part 2: Particular requirements for inverters

Electrical/chemical fire risk

Lithium-ion Battery Energy Storage Systems (BESS) have a risk of catching fire due to their chemical composition, which can ignite and cause a fire when exposed to certain conditions. The risk of fire in a lithium-ion BESS depends on various factors, such as the quality and design of the batteries, the operating conditions, and the presence of any safety features or protection systems.

Some of the factors that can increase the risk of fire in a lithium-ion BESS include:

- Overcharging or undercharging of the batteries, which can cause overheating and increase the risk of fire.
- Physical damage to the batteries, such as punctures or dents, which can damage the internal components and cause a short circuit.
- Exposure to high temperatures or heat sources, such as direct sunlight or proximity to other heat-generating equipment.
- Poor quality or defective batteries, which may have lower safety standards or may be more prone to failure.

To reduce the risk of fire in a lithium-ion BESS, it is important to take proper safety measures and follow manufacturer guidelines and safety protocols. This may include regular inspections and maintenance of the batteries, proper installation and ventilation of the system, and the use of safety features such as fireproof enclosures or automatic shut-off systems in case of a malfunction.

Overall, while the risk of fire in a lithium-ion BESS cannot be completely eliminated, proper safety precautions and measures can help reduce the risk and ensure the safe and reliable operation of the system.

Bushfire risk

It is important to protect Battery Energy Storage Systems (BESS) from bushfires as exposure to extreme heat and fire can cause significant damage to the batteries and other electrical components, and can also pose safety hazards.

Batteries used in BESS are typically made of flammable materials, such as lithium-ion or lead-acid, which can ignite and cause a fire when exposed to high temperatures. In addition to the risk of the batteries catching fire, extreme heat and fire can also damage other electrical components in the system, leading to a loss of functionality or safety hazards.

In the event of a bushfire, it is important to take precautions to protect BESS, such as installing the system in a location that is less prone to bushfires, using fire-resistant barriers or other protective measures, and having an emergency plan in place in the event of a fire. Additionally, it is important to follow manufacturer guidelines and safety protocols when installing and operating BESS to ensure proper safety and functionality of the system.

Overall, protecting BESS from bushfires is essential to ensure the safety and proper functioning of the system, as well as to prevent potential damage or hazards to people and the environment.

It is possible to purchase fireproof battery enclosures for Battery Energy Storage Systems (BESS). These enclosures are designed to protect the batteries and other electrical components from fire and heat, and can help prevent or minimize damage in the event of a fire. Some enclosures may also be designed with additional safety features, such as ventilation systems or automatic fire suppression systems, to further minimize the risk of fire or damage. When selecting a fireproof battery enclosure for a BESS, it is important to consider factors such as the size and capacity of the battery bank, the location and environment of the system, and any applicable safety regulations or guidelines. It is also important to ensure that the enclosure is properly installed and maintained according to manufacturer guidelines and safety protocols.

Flood risk

It is important to take precautions to protect BESS from flooding, as exposure to water can lead to significant damage to the batteries and other electrical components, and can even cause safety hazards.

Batteries used in BESS typically contain a large amount of electrolyte, which is a liquid or gel substance that can be highly corrosive and can cause damage to the battery cells if it comes into contact with water. Flooding can also cause electrical shorts, which can damage the battery cells and other electrical components in the system.

In addition to damage to the BESS itself, exposure to flood water can also pose safety risks to people and the environment. Flood water can contain hazardous chemicals and debris that can cause harm if they come into contact with people or are released into the environment.

Therefore, it is important to take precautions to protect BESS from flooding, such as installing the system in a location that is less prone to flooding, using flood barriers or other protective measures, and having an emergency plan in place in the event of a flood. It is also important to follow manufacturer guidelines and safety protocols when installing and operating BESS to ensure proper safety and functionality of the system.

11.6 BESS life cycle economic feasibility

11.6.1 Likely payback period

A number of factors need to be considered when assessing BESS feasibility, including the financial business case in terms of net benefits, as well as payback period. Payback periods for BESS systems installed at water utilities are typically in the range of 5 to 10 years, depending on the specific circumstances of each installation. Factors affecting economic viability and payback period include:

- Absolute amount of exports at various times of the year
- Exports as a proportion of total demand and total generation
- Degree of match between exports and import quantities
- Degree and regularity of mismatch between solar production and grid demand
- Extent to which grid demand is occurring in peak vs off-peak times
- Degree of variation between peak and off-peak retail electricity charges

11.6.2 Optimal sizing

In order to optimise the balance between upfront BESS cost and energy cost savings, it is important to ensure BESS are optimally sized. Battery size optimisation is a complex challenge and there are no agreed universal formulas.

Optimisation is particularly challenging for grid connected systems where the demand profile shifts substantially on a day-to-day basis. Precise determination of optimal battery sizing should be undertaken with specialised software modelling packages but is beyond the scope of this project. Instead, for purposes of undertaking indicative feasibility assessment, we have adopted a simple optimisation model that provides an estimate of an appropriate (though not 'perfect') battery size.

There are a number of limitations and trade-offs that we have considered when assessing appropriate BESS size and associated economic feasibility for RCC's potential infrastructure projects.

11.6.2.1 Optimisation objective(s)

Optimal battery sizing requires a method that allows for easy testing of, and selection between, a wide range of potentially suitable battery size scenarios. The final decision of battery size will depend on which aspect (or aspects) of system performance the proponent wishes to maximise. For example, a specific battery size would be preferred depending on whether the main (or singular) objective was:

- Minimizing payback period on investment
- Maximising cumulative cash flow position after 25 years
- Maximising the capture/storage of the available exported electricity

The approach we have taken for indicative feasibility assessment at RCC's sites is to select a battery size for evaluation that represents the most reasonable trade-off between these objectives, given consideration of Council's operational and strategic context.

11.6.2.2 Utilisation

Due to the high upfront cost of installing battery system capacity, subsequent under-utilisation of that capacity is a major detriment to overall project economics. Rather than capturing the maximum possible amount of exported solar power, the economically optimal battery size is one that can capture a substantial proportion of exported solar power while at the same time avoiding frequent under-utilisation of battery capacity.

In sizing batteries for optimal economic outcomes, the focus should be on cost-effectively capturing the main financial benefit of adding batteries, that is, enabling reduced imports of expensive grid-sourced electricity. While there can be an additional financial benefit of adding batteries related to their ability to charge up from the grid at off-peak price periods to offset grid demand during peak price periods, the business case for sizing batteries specifically for this purpose is only marginal, especially for facilities where a large proportion of equipment energy demand is already occurring during off-peak periods - as is the case with RCC's pumping equipment.

11.6.2.3 Onsite energy requirements

In general, battery capacity should not be sized significantly larger than is needed to offset existing grid-sourced electricity. Capturing exported electricity with a battery system only makes economic sense if that electricity can be used to meet existing (or expected) energy demand on site (that would otherwise require the import of grid electricity at retail prices).

Consideration should be given to patterns of energy demand and whether those patterns can be more cost-effectively serviced through the addition of a battery. Analysis of energy demand profiles and how they vary day-to-day and at different times of the year can help inform these considerations.

For example, in the case of Knockrow Reservoir, analysis of a representative sample of demand profiles reveals that there are regular ‘blocks’ of 20 kW electricity demand occurring outside of solar PV generation hours, over periods of 4 to 5 hours, and equating to around 80-100 kWh per block. These blocks of demand sometimes occur in the evening during peak electricity periods, and sometimes after midnight during off-peak periods.

Assessing energy demand profiles can help provide an indication of upper-range possibilities for battery system storage size requirements as well as charge/discharge capacities.

11.6.2.4 Quantity of exported electricity

The ability of a battery to help offset the need for grid-sourced electricity is necessarily limited to the quantity of exported electricity available for capture and storage. Therefore, the quantity of exported electricity at a site can be used as a useful reference point for estimating an appropriate battery size.

The day-to-day quantity of exported electricity can be significantly affected by the combined impact of variations in solar PV generation output together with variations in the magnitude and timing of energy demand.

For sites where exported electricity is relatively consistent on a day-to-day basis, it is sufficient to refer to the *average daily exported electricity* as the basis for estimating an appropriate battery size.

For sites where exported electricity varies significantly on a day-to-day basis, *average daily exported electricity* can still be used as an initial starting point for battery sizing, however a more detailed, iterative approach that tests multiple scenarios can also be undertaken to inform optimal sizing for these sites.

11.6.2.5 Optimising utilisation through battery sizing in the context of high export variability

For some of RCC’s sites, such as Knockrow Reservoir, battery capacity sizing is complicated by the need to consider very large fluctuations in the amount of exported energy available for capture on a day-to-day basis. While the solar PV generation curve remains relatively consistent throughout the year, substantial differences in energy demand patterns are apparent, resulting in a wide range of possible values for daily export quantities.

The choice of battery size in this context directly and significantly affects the number of days per year that the battery capacity can be fully utilised, and the degree of underutilisation on other days. As battery storage size increases, the potential annual cashflow benefit may increase as more grid electricity imports can be offset, however the annual cashflow benefits may not increase in a linear manner but rather demonstrate diminishing returns for each incremental step up in battery size. As progressively smaller annual financial benefits must be balanced against the fixed incremental higher upfront costs for more battery system capacity, there reaches a point where the proposed system is unable to ‘pay for itself’ over the life of the project.

The way that annual financial benefits vary in response to selection of different battery sizes is largely determined by the pattern of distribution of export data within the typical range of exports for the site. The plot below illustrates the magnitude and distribution of the range of daily export quantities for Knockrow Reservoir. The plot shows estimates for exported electricity for a representative sample of 40 days. Export quantities range from days with less than 10 kWh exported, to days with over 100 kWh exported. The red line represents a theoretical battery size of 45 kWh. The dots above the line are the days in which the system would make full use of its capacity, while the dots below the line represent days when the battery capacity would not be able to be fully utilised.

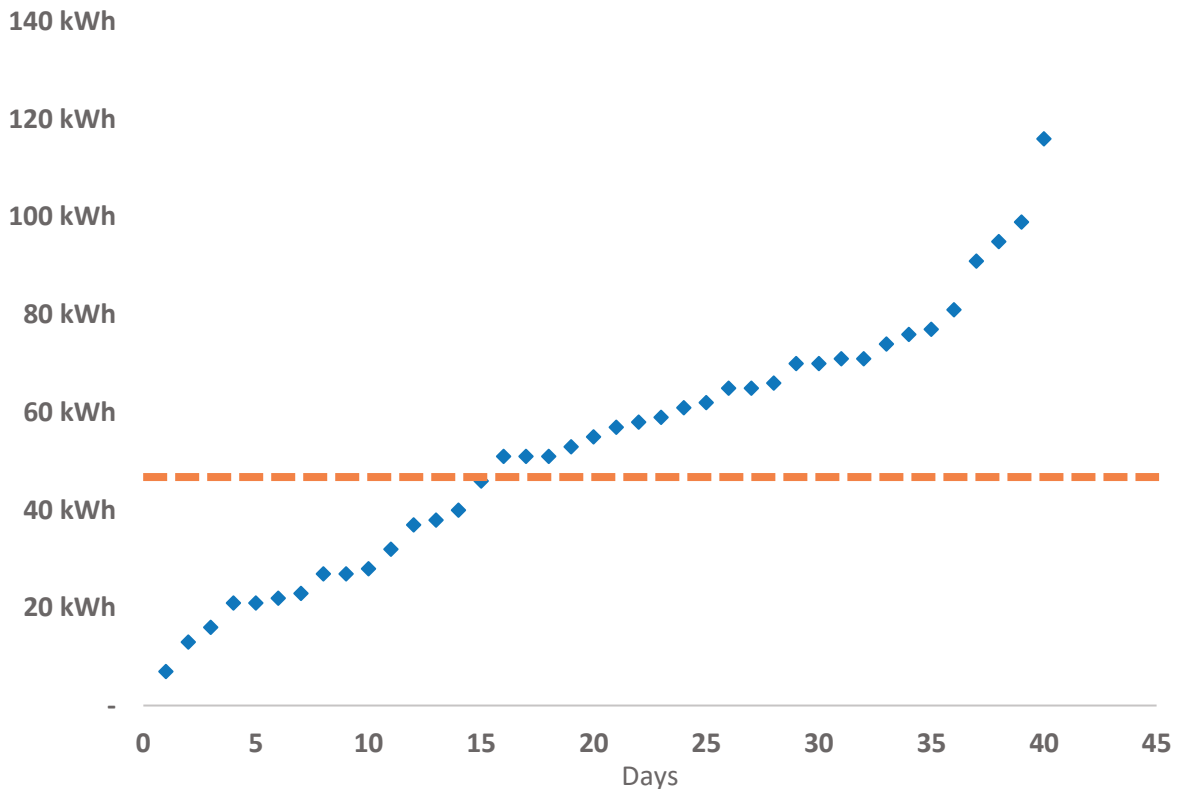


FIGURE 58: MAP OF SOLAR EXPORTS FOR A REPRESENTATIVE SAMPLE OF 40 DIFFERENT DAYS AT NEWRYBAR PS

Optimal battery sizing estimation in this context therefore requires a formula to account for battery utilisation. The calculation approach we have adopted considers:

- The number of days in a year that battery capacity would be 100% utilised
- The quantum of underutilisation for days when battery capacity would not be 100% utilised

For the pattern of export variability at Knockrow Reservoir our calculations show that:

- A 45-kWh battery would have an overall utilisation potential of around 87.5% and could achieve payback on investment in 6 to 10 years, depending largely on future electricity costs.
- A 54-kWh battery would have a lower utilisation potential of around 80%. While its extra size would allow it to offset about 10% more grid electricity than the 45-kWh system, the higher upfront cost combined with lower utilisation potential means it could take 2-3 years longer to achieve ‘payback’ on investment.

11.6.2.6 Oversizing to increase battery life and system reliability

When finalising battery size specifications, an appropriate ‘oversizing factor’ may be applied to better account for potential battery degradation issues.

The rate of battery capacity decline for commonly available commercial batteries is in the range of 2 - 3.5% per year, depending on how well the battery’s charge and discharge cycles are managed. This can mean battery capacity can decline to as little as two thirds of its original capacity after 10 years.

Battery capacity decline can be minimised by ensuring enough “spare” capacity is initially specified so that the battery does not need to operate regularly at very high or very low states of charge to meet required demand, even as it ages. Good quality battery management software is also essential for making the most of available capacity in a way that preserves battery longevity.

Oversizing in the order of 20% has been shown to improve battery lifespan and reliability, and reduce maintenance and battery changeover costs, thereby improving overall financial outcomes despite the higher upfront costs.

12 APPENDIX: Calculations of emissions abatement from revegetation activities

TABLE 38: EMISSIONS ABATEMENT CALCULATIONS FOR EMIGRANT CREEK DAM

ID	Area (ha)	Plantation date	Net carbon abatement per area for reporting period (t CO ₂ -e)					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1	0.878	2006	12.28	11.73	11.08	10.49	9.86	9.30
2	0.99	2003	11.56	10.96	10.38	9.84	9.28	8.77
3	0.633	2003	7.38	6.99	6.62	6.28	5.92	5.60
4	1.605	2007	22.45	21.99	20.95	19.84	18.65	17.58
5	1.832	2007	25.63	25.11	23.92	22.65	21.29	20.07
6	1.293	2008	18.56	18.47	18.06	17.24	16.22	15.28
7	1.31	2008	18.78	18.70	18.28	17.46	16.42	15.47
8	2.629	2009	37.44	38.15	37.91	37.15	35.23	33.22
9	1.234	2008	17.83	17.75	17.36	16.57	15.59	14.69
10	1.744	2005	22.99	21.78	20.58	19.49	18.33	17.30
11	1.256	2005	16.66	15.78	14.92	14.12	13.29	12.54
12	0.533	2006	7.43	7.10	6.71	6.35	5.97	5.63
13	1.199	2006	16.68	15.93	15.06	14.25	13.40	12.63
14	2.776	2005	36.67	34.74	32.83	31.09	29.25	27.60
15	0.549	2005	7.25	6.87	6.49	6.15	5.78	5.46
16	0.821	2017		0.09	0.86	3.11	5.93	8.43

TABLE 39: EMISSIONS ABATEMENT CALCULATIONS FOR ROCKY CREEK DAM

ID	Area (ha)	Plantation date	Net carbon abatement per area for reporting period (t CO ₂ -e)					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1	18.839	1990–2010	174.69	166.41	158.15	150.60	142.40	135.11
2	9.787	1990–2010	90.65	86.37	82.09	78.18	73.93	70.15
3	9.119	1990–2010	83.10	79.17	75.25	71.66	67.76	64.29
4	5.159	1980–1990						
5	40.923	2020–2022					4.42	41.12
6	1.869	1990	9.10	8.94	8.70	8.44	8.11	7.80
7	5.831	2010–2022	0.63	5.84	20.85	40.03	56.74	68.98
8	1.258	2010–2022	0.14	1.26	4.51	8.66	12.27	14.92
9	3.103	2000–2010	40.34	38.21	36.10	34.18	32.14	30.33
10	4.153	2010–2022	0.46	4.31	15.40	29.58	41.93	50.98
11	3.941	2010–2022	0.43	4.08	14.57	27.99	39.67	48.23
12	1.241	2010–2022	0.14	1.29	4.60	8.82	12.51	15.21
13	8.409	2010–2022	0.92	8.69	31.02	59.57	84.45	102.67
14	7.626	2010–2022	0.84	7.87	28.12	54.00	76.55	93.06

TABLE 40: EMISSIONS ABATEMENT CALCULATIONS FOR WILSON RIVER

ID	Area (ha)	Plantation date	Net carbon abatement per area for reporting period (t CO ₂ -e)					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1	0.569	2009	8.28	8.44	8.38	8.21	7.79	7.34
2	1.737	2010	21.13	22.30	22.69	22.60	21.99	20.91
3	1.26	2010	15.29	16.14	16.41	16.35	15.91	15.13
4	1.721	2010	20.89	22.04	22.42	22.33	21.74	20.67
5	2.285	2011	25.01	27.86	29.36	29.93	29.60	28.89
6	3.932	2011	43.06	47.98	50.55	51.54	50.98	49.75
7	3.202	2011	35.07	39.08	41.18	41.98	41.53	40.53
8	1.281	2009	16.33	16.64	16.54	16.21	15.37	14.50

TABLE 41: EMISSIONS ABATEMENT CALCULATIONS FOR DUNOON

ID	Area (ha)	Plantation date	Net carbon abatement per area for reporting period (t CO ₂ -e)					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1	6.69	2002	70.30	66.73	63.22	60.03	56.61	53.58
2	22.098	1990s	149.31	144.49	139.01	133.72	127.45	121.80
3	3.814	1990s	25.61	24.76	23.81	22.90	21.82	20.85
4	3.992	1990s	26.87	26.01	25.02	24.07	22.94	21.93
5	7.028	1990s	47.35	45.82	44.09	42.41	40.42	38.63
6	23.101	1990s	150.59	145.77	140.27	134.94	128.61	122.92
7	2.174	1990s	14.50	14.03	13.49	12.98	12.37	11.82
8	10.038	1990s	65.54	63.45	61.05	58.73	55.98	53.50
9	9.097	2005	112.41	106.48	100.62	95.26	89.58	84.52
10	12.656	1990s	82.55	79.90	76.87	73.95	70.48	67.36
11	2.174	1990s	14.08	13.62	13.11	12.61	12.02	11.49

Policies for approval

Responsible Officer: Group Manager People and Performance (Helen McNeil)

Report Author: Governance and Risk Manager (Lauren Edwards)

Recommendation

That Council:

1. Revoke the following policies and any policy revived as a result of the revocation:
 - (a) [Work Health Safety dated 20 October 2021](#)
 - (b) [Drinking Water Quality dated 21 March 2018](#)
 - (c) [Privacy dated 17 August 2022](#)
 - (d) [Public Interest Disclosures dated 17 August 2022](#)
2. Approve the revised policies of the same name outlined in and attached to this report.

Background

Council's policies are continually reviewed for suitability and currency to promote and deliver against Council's commitment to continuous improvement and legislative compliance.

The policies outlined below were reviewed as part of their ordinary review cycle or due to recent legislative changes necessitating the making of amendments.

Policies for approval

1. Work Health and Safety

This policy was reviewed as part of its regular review cycle and remains compliant with regulatory requirements and Council objectives.

It is recommended that Council re-approve this policy ([Attachment 1](#)) without amendment.

This policy was tabled at, and the above recommendation supported by, Council's Health and Safety Committee.

2. Drinking Water Quality

This policy was reviewed as part of its regular review cycle and remains compliant with the Australian Drinking Water Guidelines (ADWG) published by the National Health and Medical Research Council / National Resource Management Ministerial Council.

It is recommended that Council re-approve this policy ([Attachment 2](#)) with the following minor administrative amendments (identified as 'tracked changes' in the attached document):

- The Contact Officer be changed from Manager Planning and Delivery to Group Manager Operations; and
- The reference to the 'New South Wales Code of Practice for Fluoridation of Public Water Supplies 2011' be replaced with a reference to the 'New South Wales Code of Practice for Fluoridation of Public Water Supplies 2018'.

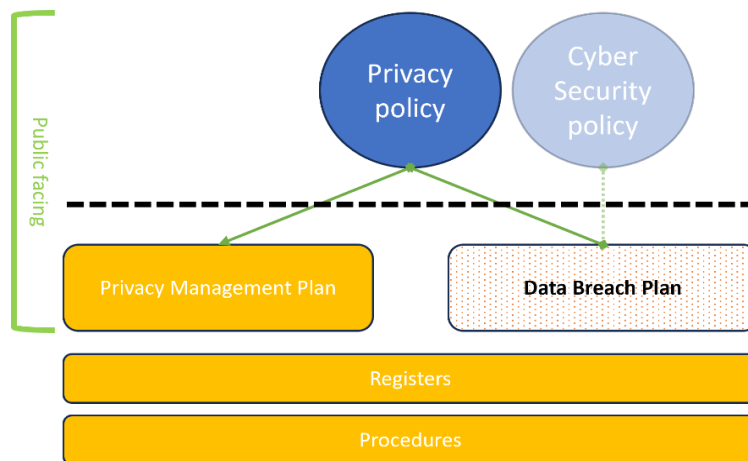
3. Privacy

This policy was reviewed as a result of changes to the *Privacy and Personal Information Protection Act 1998* ('PIIP Act') relating to the Mandatory Notification of Data Breach ('MNDB') scheme due to come into effect in November 2023.

Under the changes to the PPIP Act, Council will be required to:

- Have a Data Breach Policy/Plan ('DBP'),
- Update its Privacy Management Plan ('PMP') to reference its DBP,
- Maintain an internal incident register of all eligible data breaches, and
- Maintain a public notification register of any MNDBs made by Council.

Consistent with the approach adopted following the previous review of the Privacy policy (refer to Agenda Item 12.5 within the [17 August 2022 Business Papers](#)), staff propose to maintain a policy adopted by the governing body that sets out Council's overarching commitment to privacy that is supported operationally by a PMP and a DBP approved by the General Manager:



It is recommended that Council approve the revised Privacy policy ([Attachment 3](#)) with the following minor amendments (identified as 'tracked changes' in the attached document):

- Reference to the voluntary data breach reporting scheme be amended to refer to the MNDB scheme, and
- Reference to Council's DBP and data breach notification responsibilities be included.

Subject to the adoption of the revised policy, staff will finalise the development of a DBP and complete any necessary amendments to the PMP, obtain the approval of the General Manager, and make the documents available as open access information on Council's website.

4. Public Interest Disclosures

From October 2023, the new *Public Interest Disclosures Act 2022* ('PID Act') will replace the 1994 Act of the same name.

Under the new PID Act, Council must have a Public Interest Disclosures policy that includes the following information:

- o How to make a Public Interest Disclosure ('PID')
- o Protections afforded to people who make a PID
- o Responsibilities of the General Manager (i.e. Head of Agency), Disclosure Officers, and managers, and
- o A list of Disclosure Officers and how to contact them.

The NSW Ombudsman is developing resources to assist agencies understand and implement the changes under the new PID Act. A video summarising the key obligations under the new PID Act can be viewed via the NSW Ombudsman's YouTube channel or by following the below link: https://youtu.be/mHOLQ_zy9M4?si=oRNyzK5zEEpiRrj0

A new Public Interest Disclosures policy has been developed that adopts the [model Public Interest Disclosure policy published by the NSW Ombudsman](#) and complies with the requirements of [section 43](#) of the new PID Act.

To ensure the currency of the information provided in the policy, the document has been drafted to permit amendments to be made by staff to Annexures B and C which contain the lists of Disclosure Officers and Integrity Agencies and their contact information.

It is recommended that the existing Public Interest Disclosures policy be revoked and the new Public Interest Disclosures policy ([Attachment 4](#)) be adopted by Council.

Finance

Not applicable.

Legal

Contained in the body of the report.

Consultation

There is no legislative requirement to place the above policies on public exhibit prior to being adopted.

Conclusion

The above policies have been reviewed and updated, where appropriate, to ensure alignment with legislative and regulatory requirements and Council objectives. The existing policies of the same name are recommended for revocation and the revised policies recommended for adoption/re-adoption by Council.

Attachment

1. Work Health Safety policy (**for re-adoption**)
2. Drinking Water Quality policy (**for re-adoption**)
3. Revised Privacy policy (**for adoption**)
4. Revised Public Interest Disclosures policy (**for adoption**)

Policy



Work Health and Safety

Approved by Council: XX/XX/XXXX

To establish Council's expectations and commitment to worker and workplace health and safety.

Safety

Teamwork

Accountability

Respect

Background

The primary duty of Council under WHS Legislation is the protection of the health and safety of its workers and to avoid putting the health and safety of other people at risk through Council's actions or omissions.

Council staff, Councillors and visitors to Council's workplaces similarly have duties under the WHS Legislation to protect their own and others health and safety.

Policy statement

Council is committed to the prevention of both mental and physical work-related injuries through the provision of safe and healthy work environments, facilities, equipment and systems aligned with relevant Australian and international standards and legislative requirements.

Council will achieve this by implementing proactive strategies aimed at:

- A. **Culture** - promoting and maintaining a safety-first workplace culture where we take care of each other and provide a work environment where safety is prioritised.
- B. **Resources and processes** - ensuring appropriate resources are allocated and processes are followed, including the hierarchy of control methodology, to eliminate or minimise risks to safety, especially for higher risk activities.
- C. **Targets** - establishing measurable health and safety objectives and targets and regularly reviewing and reporting on our performance.
- D. **Standards** - fulfilling all legal requirements and meeting the AS/NZS ISO 45001 standard for safety.
- E. **Continuous Improvement** - continuously improving our WHS Management System, including a formal review of the management system and this policy every two years.
- F. **Information and activities** - providing information, wellbeing programs and regular training for our workers and consulting with them and other stakeholders regarding health, safety, and wellbeing activities at work.
- G. **Early intervention** - encouraging effective early intervention practices (hazard reporting, PERforM (manual handling program), and employee assistance programs, for example) to better identify risk and minimise the impact on the physical and mental health of our workers.
- H. **Remedial action** - ensuring there are effective processes in place to record, investigate and carry out remedial actions to prevent a recurrence should an incident occur.
- I. **Induction** - ensuring workers understand their general responsibilities for work health and safety and the specific responsibilities for safety relating to their job descriptions.
- J. **Return to Work programs** - actively promoting return to work programs for injured workers.

Responsibilities

- *Leadership Team*
 - Promote a safety culture that is inclusive, supportive, and free from harassment, discrimination and bullying.
- *Workers and Councillors*
 - Take reasonable care of their own safety and others.
 - Contribute to building and maintaining a physically and mentally healthy work environment by caring for one another and always putting safety first.
 - Engage in meaningful, respectful, and open consultation about health and safety matters to achieve Council's strategic outcomes.
 - Consult on and cooperate with health and safety investigations, activities and objectives.

Definitions

- **Council** means Rous County Council.
- **WHS Legislation** means the *Work Health Safety Act 2011 (NSW)* and the *Work Health Safety Regulation 2017 (NSW)* as amended from time to time.
- **WHS Management System** means the set of plans, policies, procedures and programs utilised by Council to systematically manage health and safety.
- **Worker(s)** has the meaning prescribed under the WHS Legislation and includes Council staff, contractors, volunteers and trainees.

Contact officer

General Manager.

Related documents

Policies

N/A

Procedures

Work Health and Safety procedures

Health and Wellbeing procedure

Legislation

Local Government Act 1993 (NSW)

Work Health and Safety Act 2011 (NSW)

Work Health and Safety Regulation 2017 (NSW)

Work Health and Safety Act 2011 (Cth)

Work Health and Safety Regulation 2011 (Cth)

Other

WHS Management System

Safe Work Method Statements

AS/NZS ISO 45001 - *Occupational health and safety management systems*

<i>Office use only</i>	File no.: F20/324-01	Next review date: 2 years	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0	To establish Council's expectations and commitment to worker and workplace health and safety.	20/02/2019	7/19
2.0	Updated to align with AS/NZS ISO 45001 – Occupational health and safety management systems	20/10/2021	53/21
3.0	Policy reviewed – no amendments required.	TBC	TBC

Policy



Drinking Water Quality

Approved by Council: XX/XX/XXXX

To describe Council's commitment to drinking water quality and how this will be achieved.

Safety

Teamwork

Accountability

Respect

Background

The *Australian Drinking Water Guidelines* (NHMRC/NRMMC, 2011) prescribe a holistic approach to drinking water quality management. Rous County Council has implemented the Framework for Management of Drinking Water as set out in the ADWG through a Drinking Water Management System (DWMS). This includes formalising Council's commitment to drinking water quality management through a drinking water quality policy.

Policy statement

Rous County Council is committed to managing its water supply effectively to provide a safe, high-quality drinking water that protects public health and consistently meets the National Health and Medical Research Council/National Resource Management Ministerial Council *Australian Drinking Water Guidelines* (ADWG), and consumer and other regulatory requirements.

To achieve this, Rous County Council has implemented a DWMS that is based on the following principles:

- i). Managing water quality at all points along the delivery chain from source water to consumer;
- ii). Using a risk-based approach in which potential threats to water quality are identified and managed;
- iii). Integrating the requirements of our consumers, stakeholders, regulators and employees into our planning;
- iv). Establishing regular monitoring of the quality of drinking water and effective reporting mechanisms to provide relevant and timely information and to promote confidence in the water supply and its management;
- v). Developing appropriate contingency planning and incident response capability;
- vi). Participating in appropriate research and development activities to ensure continued understanding of drinking water quality issues and performance;
- vii). Continually improving our practices by assessing performance against corporate commitments and stakeholder expectations.

Rous County Council will implement and maintain a DWMS consistent with the ADWG to effectively manage the risks to drinking water quality.

All managers and employees involved in the supply of drinking water are responsible for understanding, implementing, maintaining and continuously improving the DWMS.

Contact officer

Manager Planning and Delivery [Group Manager Operations](#)

Related documents**Policies**

N/A

Procedures

Drinking Water Management System

Legislation

Public Health Act 2010 (NSW)

Fluoridation of Public Water Supplies Act 1957 (NSW)

Environmental Planning and Assessment Act 1979 (NSW)

Other

NHMRC/NRMMC (2011) Australian Drinking Water Guidelines, National Health and Medical Research Council/Natural Resource Management Ministerial Council.

NSW Health (2005), Drinking Water Monitoring Program.

New South Wales Code of Practice for Fluoridation of Public Water Supplies (2014). [\(2018\)](#)

Office use only	File no.: 172	Next review date: 5 years	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0		21/12/2011	115/11
2.0	Review	21/10/2015	99/15
3.0	Review	21/03/2018	19/18
4.0	Policy reviewed – minor amendments to policy 'contact officer' and Drinking Water Guidelines citation	TBC	TBC

Policy

Privacy

Approved by Council: XX/XX/XXXX

To outline Council's commitment to the protection of personal information and its plan for the management and notification of data breaches.

Safety

Teamwork

Accountability

Respect

Background

Council handles a broad range of information including personal information. The collection, storage, use and disclosure of personal information is regulated under various legislation. The following plans are in place to govern the practices and procedures within Council to ensure compliance with the 'principles' of information management, protection and notification:

1. Privacy Management Plan; and
2. Data Breach Plan.

Policy statement

Council collects personal and health information to enable it to operate and perform its functions. It is committed to managing that information in accordance with its legal obligations.

Personal and health information will be used and disclosed for the purpose it is collected or a directly related purpose, unless consent for another use or disclosure is provided or otherwise required or legally authorised. A person may access their personal information, without excessive delay or expense, and may also request the correction of that information in certain circumstances.

Data breaches will be reported to the NSW Privacy Commissioner and affected individuals under the Mandatory Notification of Data Breach (MNDB) Scheme, to Council's Audit Risk and Improvement Committee, and to such other agencies as required by law.

Contact officer

Information Management Business Analyst

Related documents

Policies

Code of Conduct and Procedures
 Cybersecurity

Legislation

- General Data Protection Regulation.
- *Government Information (Public Access) Act 2009* (NSW).
- *Health Records and Information Privacy Act 2002* (NSW).
- *Local Government Act 1993* (NSW).
- *Privacy and Personal Information Protection Act 1998* (NSW).
- Privacy Code of Practice for Local Government.
- *State Records Act 1998* (NSW).

Other

- Application Form: Information about personal information held; Access to own information; Alteration of personal information.
- Feedback Form.
- General Retention and Disposal Authorities (GA39).
- [Information Access Guideline 1 – For Local Councils on the disclosure of information \(returns disclosing the interests of councillors and designated persons\)](#)
- Model Privacy Management Plan for Local Government.
- [Privacy Management Plan](#).
- Statutory Guidelines issued by the Information and Privacy Commission NSW:
 - o Use or Disclosure of Health Information for Research Purposes.
 - o Use or Disclosure of Health Information for the Management of Health Services.
 - o Use or Disclosure of Health Information for Training Purposes.
 - o Use or Disclosure of Information from a Third Party.
 - o Guidance: Transborder Disclosure Principle
 - o Research.
- Data Breach Plan
- NSW Information and Privacy Commission '[Data Breach Notification to the Privacy Commissioner](#)' form

<i>Office use only</i>	File no.: F20/324-01	Next review date: 2024	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0	Review of 3 x Privacy Management Policies, dated June 2015, of former Counties and creation of new Policy and separate Privacy management plan (approved by General Manager).	17/08/2022	55/22
2.0	Update policy to cross-reference Data Breach Plan required under the new MNDB Scheme in NSW.	TBC	TBC

Policy



Public Interest Disclosures

Approved by Council: XX/XX/XXXX

To establish a 'speak-up' culture and system for reporting wrongdoing.

Safety

Teamwork

Accountability

Respect

Policy Statement

Council is committed to building a 'speak up' culture where our Public Officials (including staff, volunteers, contractors and subcontractors) are encouraged to report any conduct that they reasonably believe involves wrongdoing.

The *Public Interest Disclosures Act 2022 (PID Act)* and this policy form the framework at Council that facilitates public interest reporting of wrongdoing by:

- protecting those who speak up from detrimental action, and
- imposing duties on Council, when receiving reports of wrongdoing, to take appropriate action to investigate or otherwise deal with those reports.

This policy has been developed with regard to the requirements of section 43 of the PID Act and the Model Public Interest Disclosures Policy published by the NSW Ombudsman and is constituted of the following parts:

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Application – who does this policy apply to?

This policy applies to all Public Officials including:

- Councillors and committee members (including Audit, Risk and Improvement and s355 Committee members)
- Employees (whether full-time, part-time, casual, temporary, or labour hire)
- A person providing services or exercising functions on behalf of Council, including a contractor, subcontractor or volunteer.

This policy does not apply to:

- people who have received services from Council and want to make a complaint about those services
- people, such as contractors, who provide services to Council. For example, employees of a company that sold computer software to Council.

This means that if you are not a public official, this policy does not apply to your complaint (there are some circumstances where a complaint can be deemed to be a voluntary PID - see Part 2 of this policy for more information).

However, you can still make a complaint to Council by completing the digital 'complaints and feedback form' available on Council's website or via the below link:

<https://complaintfeedbackform.paperform.co/>

Part 1 – Public Interest Disclosures

1.1 Reports, complaints and grievances

When a public official reports suspected or possible wrongdoing in the public sector, their report will be a PID if it has certain features which are set out in the PID Act.

Some internal complaints or internal grievances may also be PIDs, as long as they have the features of a PID. If an internal complaint or grievance is a report of serious wrongdoing, we will consider whether it is a PID. If it is a PID, we will deal with it as set out in this policy.

1.2 What is serious wrongdoing?

Serious wrongdoing is defined in the PID Act as:

Type	Example
<i>corrupt conduct</i>	such as a public official accepting a bribe
<i>serious maladministration</i>	such as an agency systemically failing to comply with proper recruitment processes when hiring staff
<i>a government information contravention</i>	such as destroying, concealing or altering records to prevent them from being released under a Government Information Public Access application
<i>a local government pecuniary interest contravention</i>	such as a senior council staff member recommending a family member for a council contract and not declaring the relationship

Type	Example
<i>a privacy contravention</i>	such as unlawfully accessing a person's personal information on an agency's database
<i>a serious and substantial waste of public money</i>	such as an agency not following a competitive tendering process when contracting with entities to undertake government work.

1.3 Types of Public Interest Disclosures

There are three types of PIDs in the PID Act. These are:

1. *Voluntary PID*: This is a PID where a report has been made by the public official because they decided, of their own accord, to come forward and disclose what they know.
2. *Mandatory PID*: This is a PID where the public official has made a report about serious wrongdoing because they have a legal obligation to make that report, or because making that report is an ordinary aspect of their role or function in an agency.
3. *Witness PID*: This is a PID where a person discloses information during an investigation of serious wrongdoing following a request or requirement of the investigator.

Voluntary PIDs are the kind of PIDs most people have in mind when they think about public interest reporting and 'whistleblowing'.

This policy mostly relates to making a voluntary PID and how we will deal with voluntary PIDs. People who make a mandatory PID or a witness PID are still entitled to protection. More information about protections is available in the Ombudsman's guidelines '[Dealing with mandatory PIDs](#)' and '[Dealing with witness PIDs](#)'.

Part 2 – Voluntary PIDs

Under section 43(1)(a) of the PID Act, this policy must include information about dealing with disclosures that are or may be voluntary PIDs.

2.1 How to make a report of serious wrongdoing

2.1.1 What is a voluntary PID?

A report is a voluntary PID if it has the following five features, which are set out in sections 24 to 27 of the PID Act:

1. A report is made by a public official

2. It is made to a person who can receive voluntary PIDs

3. The public official *honestly and reasonably believes* that the information they are providing *shows (or tends to show) serious wrongdoing*

4. The report was made orally or in writing

5. The report is voluntary (meaning it is not a mandatory or witness PID)

If the report has all five features, it is a voluntary PID.

You will not be expected to prove that what you reported actually happened or is serious wrongdoing. You *do* have to honestly believe, on reasonable grounds, that the information you are reporting shows or tends to show serious wrongdoing.

Even though you do not have to prove the serious wrongdoing happened or provide evidence, a mere allegation with no supporting information is unlikely to meet this test.

If we make an error and do not identify that you have made a voluntary PID, you will still be entitled to the protections under the PID Act.

If you make a report and believe we have made an error by not identifying that you have made a voluntary PID, you should raise this with a nominated disclosure officer or your contact officer for the report. If you are still not satisfied with this outcome, you can seek an internal review or we may seek to conciliate the matter. You may also contact the NSW Ombudsman. Further information on rights to internal review and conciliation is found in Part 2 of this policy.

2.1.2 Who can make a voluntary PID?

Any public official can make a voluntary PID.

A public official can make a PID about serious wrongdoing relating to *any* agency, not just the agency they are working for. This means that we may receive PIDs from public officials outside our council. It also means that you can make a PID to any agency, including an integrity agency like the Independent Commission Against Corruption (**ICAC**) and the NSW Ombudsman. Annexure C of this policy has a list of integrity agencies.

2.1.2 Who can I make a voluntary PID to?

For a report to be a voluntary PID, it must be made to certain public officials.

(a) Making a report to a public official who works for Council

You can make a report inside Council to:

- The General Manager
- a disclosure officer for Council — a list of disclosure officers for Council and their contact details can be found at Annexure B of this policy
- your manager/supervisor — this is the person who directly, or indirectly, supervises you. It can also be the person who you directly, or indirectly, report to. You may have more than one manager. Your manager will make sure that the report is communicated to a disclosure officer on your behalf or may accompany you while you make the report to a disclosure officer.

(b) Making a report to a recipient outside Council

You can also make your report to a public official in another agency (meaning an agency you do not work for) or an integrity agency. These include:

- the *head of another agency* — this means the head of any public service agency
- an *integrity agency* — a list of integrity agencies is located at Annexure C of this policy
- a *disclosure officer for another agency* — ways to contact disclosure officers for other agencies is located in an agency's PID policy which can be found on their public website
- a *Minister or a member of a Minister's staff* but the report *must be made in writing*.

If you choose to make a disclosure outside of Council, it is possible that your disclosure will be referred back to Council so that appropriate action can be taken.

(c) Making a report to a Member of Parliament or journalist

Disclosures to Members of Parliament (MP) or journalists are different to other reports. You can only disclose a report of wrongdoing as a voluntary PID to an MP or journalist in the following circumstances:

- You must have first made substantially the same disclosure (described here as a 'previous disclosure') to someone who can receive disclosures.
- The previous disclosure must be substantially true.
- You did not make the previous disclosure anonymously.
- You did not give a written waiver of your right to receive information relating to your previous disclosure.
- You did not receive the following from Council:
 - notification that Council will not investigate the serious wrongdoing and will also not refer the previous disclosure to another agency, or
 - the following information at the end of the investigation period:
 - notice of Council's decision to investigate the serious wrongdoing
 - a description of the results of an investigation into the serious wrongdoing
 - details of proposed or recommended corrective action as a result of the previous disclosure or investigation.

Investigation period means:

- after six months from the previous disclosure being made, or
- after 12 months if you applied for an internal review of Council's decision within six months of making the disclosure.

If all the above requirements are met, your disclosure to an MP or journalist may be a voluntary PID.

2.1.3 What form should a voluntary PID take?

You can make a voluntary PID:

- *in writing* — this could be an email or letter to a person who can receive voluntary PIDs.
- *orally* — have a private discussion with a person who can receive voluntary PIDs. This can be face-to-face, via telephone or virtually.
- *anonymously* — write an email or letter or call a person who can receive PIDs to make a report without providing your name or anything that might identify you as the maker of the report. A report will only be considered anonymous if there is no reasonable or practical way of communicating with the person making the report. Even if you choose to remain anonymous, you will still be protected under the PID Act. It may be difficult, however, for Council to investigate the matter(s) you have disclosed if we cannot contact you for further information.

2.1.4 What should I include in my report?

You should provide as much information as possible so we can deal with the report effectively. The type of information you should include is:

- date, time and location of key events
- names of person(s) involved in the suspected wrongdoing, their role, title and how they are involved
- your relationship with the person(s) involved, such as whether you work closely with them
- your explanation of the matter you are reporting
- how you became aware of the matter you are reporting

- possible witnesses
- other information you have that supports your report.

2.1.3 What if I am not sure my report is a PID?

You should report all wrongdoing you become aware of regardless of whether you think it is serious wrongdoing. It is important for us to understand what is or may be occurring.

We are then responsible for making sure your report is handled appropriately under the PID Act, or if it is not a PID, in line with our other procedures. Even if your report is not a PID, it may fall within another one of our policies for dealing with reports, allegations or complaints.

2.1.3 Deeming that a report is a voluntary PID

The General Manager can, in certain circumstances, determine that a report is a voluntary PID even if the report does not otherwise have all the features of a voluntary PID. This is known as the 'deeming power'.

In accordance with section 80(1) of the PID Act, Council's General Manager delegates to the Disclosure Coordinator/s the deeming power under section 29 of the PID Act.

By deeming that a report is a voluntary PID, it ensures that reporters are provided with protections under the PID Act.

If you make a report that has not met all the requirements of a voluntary PID, you can refer your matter to the General Manager or the Disclosure Coordinator/s to request that they consider deeming your report to be a voluntary PID.

A decision to deem a report to be a voluntary PID is at the discretion of the General Manager or Disclosure Coordinator. For more information about the deeming power, see the Ombudsman's guideline ['Deeming that a disclosure is a voluntary PID'](#).

2.1.3 Who can I talk to if I have questions or concerns?

If you require further information about this policy, how public interest disclosures will be handled and the PID Act you can:

- confidentially contact the Group Manager People and Performance or the Governance and Risk Manager who are nominated disclosure officers within Council's People and Performance business unit.
- contact the PID Advice Team within the NSW Ombudsman by phone: (02) 9286 1000 or email: pidadvice@ombo.nsw.gov.au, or
- access the NSW Ombudsman's PID guidelines which are available on its website.

If you require legal advice with respect to the PID Act or your obligations under the PID Act, you may need to seek independent legal advice.

2.2 How we deal with voluntary PIDs

2.2.1 How we will acknowledge receipt of a PID report and keep the person who made it informed

Under section 43(1)(b) of the PID Act, this policy must include information about what Council will do as soon as a report is received and the procedures for providing information to the maker of the voluntary PID.

When a disclosure officer within Council receives a report which is a voluntary PID, or looks like it may be a voluntary PID, the person who made the report will receive the following information:

(a) Acknowledgement of receipt – You will receive an acknowledgment that the report has been received. This acknowledgement will:

- state that the report will be assessed to identify whether it is a PID
- state that, if the report is a PID, the PID Act will apply to how we deal with the report
- provide clear information on how you can access this PID policy
- provide you with details of a contact person and available supports.

(b) Confirmation as to whether the report is a PID –

- If the report is a voluntary PID, we will inform you as soon as possible how we intend to deal with the report. This may include:
 - that we are investigating the serious wrongdoing,
 - that we will refer the report to a different agency (if appropriate) to deal with the voluntary PID. If we do this, we will provide you with details of this referral,
 - If we decide to not investigate the report and to not refer it to another agency for it to be investigated, we will tell you the reasons for this decision. We will also notify the NSW Ombudsman of this decision.
- If the report is not a PID, we will let you know that the PID Act does not apply to the report and how we will deal with the concerns raised in the report. If you are not happy with this assessment or otherwise disagree with it, you can raise it with the person who has communicated the outcome with you or a disclosure officer, request an internal review or request that the matter be conciliated. We can, but do not have to, request the NSW Ombudsman to conciliate the matter.

(c) Investigation updates – If we decide to investigate the serious wrongdoing, we will provide you with updates on the investigation at least every **three (3) months**. During this time, if you would like more frequent updates, you should contact the contact person who was nominated when you made the report.

(d) Outcome of investigation – If we investigate the serious wrongdoing, we will provide you with the following information once the investigation is complete:

- a description of the results of the investigation — that is, we will tell you whether we found that serious wrongdoing took place.
- information about any corrective action as a result of the investigation/s — this means we will tell you what action we took in relation to the person who engaged in the serious wrongdoing or if the serious wrongdoing was by our agency, what we have put in place to address that serious wrongdoing.
 - Corrective action could include taking disciplinary action against someone or changing the practices, policies and procedures that we have in place which led to the serious wrongdoing.

NOTE

- + There may be some details about both the findings made as a result of the investigation and the corrective action taken that cannot be revealed to you. We will always balance the right of a person who makes a report to know the outcome of that report, with other legal obligations we have.
- + If you have made an anonymous report, in many cases we may not be able to provide this information to you.

2.2.2 How we will deal with voluntary PIDs

Under section 43(1)(a) of the PID Act, this policy must include information about Council's procedures for dealing with voluntary PIDs.

Once a report that may be a voluntary PID is received by a disclosure officer we will look at the information contained in the report to see if it has the features of a voluntary PID. This assessment is undertaken to identify whether the report is a voluntary PID or another type of disclosure, and to make sure that the right steps are followed. If it is a voluntary PID, we will ensure that we comply with the requirements in the PID Act. This process is depicted below in Figure 1 with associated turnaround times set out in [Table 1](#).

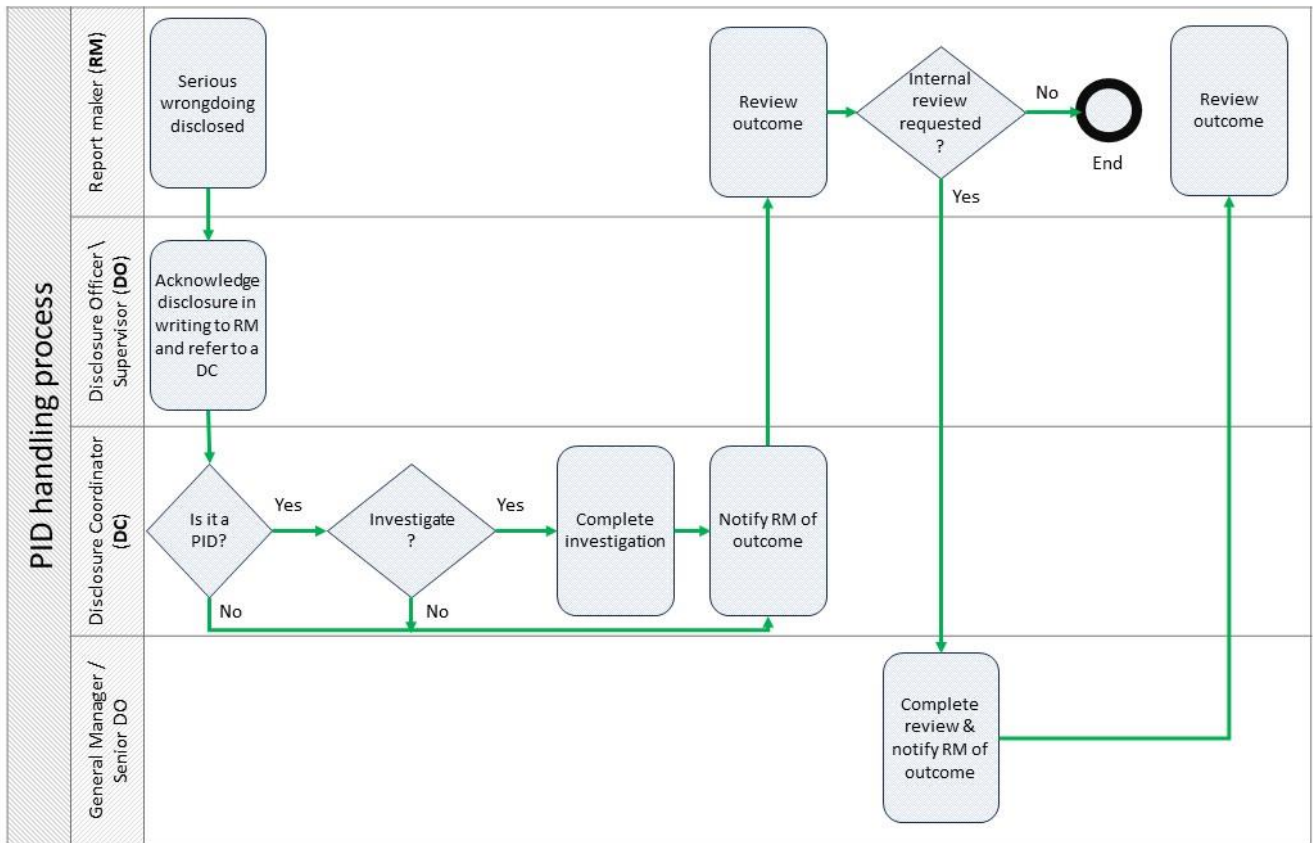


Figure 1 – Process Map for receiving, acknowledging, and dealing with purported voluntary PIDs

TABLE 1: Turnaround Times			
No.	Activity	Responsible Officer	Time (working days unless stated otherwise)
1	Acknowledgement	DO	2 days from receipt of report/disclosure from RM
2	Confirmation of PID assessment to RM	DC	5 days from date of acknowledgement provided in Activity No. (1)
3	PID Investigation and Outcome Notification	DC	20 days from date of Activity No. (2) or such longer period as determined by the DC and notified to the RM
4	Outcome Review	General Manager/ Senior DO	20 days from date of request for review from RM or such longer period as determined by the responsible officer and notified to the RM

TABLE 1: Turnaround Times			
No.	Activity	Responsible Officer	Time (working days unless stated otherwise)
5	Investigation Updates to RM	DC	Every 90 days if prolonged investigation required.
6	Request for Review	RM	28 calendar days from the date of outcome notification

Cease dealing with report as voluntary PID

We may stop dealing with a voluntary PID because it is not actually a voluntary PID (meaning it does not have all the features of a PID).

If this occurs, we will notify the maker of the purported PID, including the reasons we have ceased dealing with the report as a voluntary PID, in accordance with Figure 1 above.

2.2.3 How we protect the confidentiality of the maker of a voluntary PID

Under section 43(1)(e) of the PID Act, this policy must include information about Council's procedures for maintaining confidentiality in relation to voluntary PIDs and protecting the maker's identity.

We understand that people who make voluntary PIDs may want their identity and the fact that they have made a report to be confidential.

Under the PID Act, information tending to identify a person as the maker of a voluntary PID (known as identifying information) is not to be disclosed by a public official or an agency.

There are certain circumstances under the PID Act that allow for the disclosure of identifying information. These include:

- where the person consents in writing to the disclosure
- where it is generally known that the person is the maker of the voluntary PID because of their voluntary self-identification as the maker
- when the public official or we reasonably consider it necessary to disclose the information to protect a person from detriment
- where it is necessary that the information be disclosed to a person whose interests are affected by the disclosure
- where the information has previously been lawfully published
- when the information is disclosed to a medical practitioner or psychologist for the purposes of providing medical or psychiatric care, treatment or counselling to the individual disclosing the information
- when the information is disclosed for the purposes of proceedings before a court or tribunal
- when the disclosure of the information is necessary to deal with the disclosure effectively
- if it is otherwise in the public interest to disclose the identifying information.

We will not disclose identifying information unless it is necessary and authorised under the PID Act.

We will put in place steps to keep the identifying information of the maker and the fact that a report has been made confidential. It may not be possible for us to maintain complete confidentiality while we progress the investigation, but we will do all that we practically can to not unnecessarily disclose information from which the maker of the report can be identified. We will do this by:

- Limiting the number of people who are aware of the maker's identity or information that could identify them.
- If we must disclose information that may identify the maker of the PID, we will still not disclose the actual identity of the maker of the PID, unless we have their consent to do so.
- Ensuring that any person who does know the identity of the maker of a PID is reminded that they have a legal obligation to keep their identity confidential.
- Ensuring that only authorised persons have access to emails, files or other documentation that contain information about the identity of the maker.
- Undertaking an assessment to determine if anyone is aware of the maker's identity and if those persons have a motive to cause detrimental action to be taken against the maker or impede the progress of the investigation.
- We will provide information to the maker of the PID about the importance of maintaining confidentiality and advising them how best to protect their identity, for example, by telling them not to discuss their report with other staff.

If confidentiality cannot be maintained or is unlikely to be maintained, we will:

- Advise the person whose identity may become known
- update our risk assessment and risk management plan
- implement strategies to minimise the risk of detrimental action
- provide additional supports to the person who has made the PID
- remind persons who become aware of the identifying information of the consequences for failing to maintain confidentiality and that engaging in detrimental action is a criminal offence and may also be a disciplinary matter.

2.2.4 What Council will do if an investigation finds that serious wrongdoing has occurred

Under section 43(1)(f) of the PID Act, this policy must include information about Council's procedures for taking corrective action.

If, after an investigation, it is found that serious wrongdoing or other misconduct has occurred, we will take the most appropriate action to address that wrongdoing or misconduct. This is also known as corrective action.

Corrective action can include:

- a formal apology
- improving internal policies to adequately prevent and respond to similar instances of wrongdoing
- providing additional education and training to staff where required
- taking employment action against persons involved in the wrongdoing (such as termination of employment, relocation, a caution or reprimand)
- payment of compensation to people who have been affected by serious wrongdoing or other misconduct.

A report summarising the findings of the investigation and any required corrective actions will be prepared by the person who conducted the investigation.

This report will detail:

- who is to receive a copy of the report (this will usually include the General Manager, or the Chair in the event the report relates to the General Manager)
- what steps must be taken to address the report recommendations
- which person/business unit will be responsible for ensuring the corrective action takes place
- how the maker should be notified of the proposed corrective action

2.3 Review and dispute resolution

2.3.1 Internal review

People who make voluntary PIDs can seek internal review of the following decisions made by Council:

- that Council is not required to deal with the report as a voluntary PID
- to stop dealing with the report because we decided it was not a voluntary PID
- to not investigate the serious wrongdoing and not refer the report to another agency
- to cease investigating the serious wrongdoing without either completing the investigation or referring the report to another agency for investigation.

We will ensure internal reviews are conducted in compliance with the PID Act.

If you would like to make an application for an internal review, you must apply in writing within 28 days of being informed of our decision. The application should state the reasons why you consider our decision should not have been made. You may also submit any other relevant material with your application.

Applications for internal review should be addressed to the General Manager and will be conducted by a disclosure officer holding a position at Council no less senior than the original investigating disclosure officer. Internal reviews will be conducted within 20 working days of receipt of a valid internal review application.

2.3.2 Voluntary dispute resolution

If a dispute arises between us and a person who has made a report which is, or may be, a voluntary PID, we may request the NSW Ombudsman to conciliate the dispute. Conciliation is a voluntary process and will only be suitable for disputes where we and the maker of the report are willing to resolve the dispute.

Part 3 – Protections available under the PID Act

Under section 43(3)(a) of the PID Act, this policy must include information about the protections available to makers of voluntary PIDs.

3.1 How is the maker of a voluntary PID protected?

When you make a voluntary PID you receive special protections under the PID Act.

We will not tolerate any type of detrimental action being taken against you because you have made a report, might make a report or are believed to have made a report. We are also committed to maintaining your confidentiality as much as possible while the PID is being dealt with.

The maker of a voluntary PID is protected in the following ways:

- *Protection from detrimental action*
 - A person cannot take detrimental action against another person because they have made a voluntary PID or are considering making a PID. Detrimental action includes bullying, harassment, intimidation or dismissal.
 - Once we become aware that a voluntary PID by a person employed or otherwise associated with Council that concerns serious wrongdoing relating to Council has been made, we will undertake a risk assessment and take steps to mitigate the risk of detrimental action occurring against the person who made the voluntary PID.
 - It is a criminal offence for someone to take detrimental action against a person because they have made or may make a voluntary PID. It is punishable by a maximum penalty of 200 penalty units or imprisonment for five years or both.
 - A person may seek compensation where unlawful detrimental action has been taken against them.
 - A person can apply for a court order (injunction) where detrimental action is threatened or has occurred (for example, an order to prevent dismissal or to require reinstatement).

Note that a person who makes a PID can still be subject to reasonable management action (such as ordinary performance reviews and performance management). Provided such action is not taken because of the PID, it is not detrimental action under the PID Act.

- *Immunity from civil and criminal liability*

Some public officials are often subject to a duty of confidentiality that prevents them disclosing certain information that they obtain or become aware of at work. Sometimes, in order to make a PID, public officials will need to breach or disregard such confidentiality duties. If that happens, a public official cannot be disciplined, sued or criminally charged for breaching confidentiality.

Refer to the NSW Ombudsman's guidelines '[Dealing with mandatory PIDs](#)' for further information.

- *Confidentiality*

Public officials and agencies must not disclose information tending to identify a person as the maker of a voluntary PID unless doing so is permitted by the PID Act.

- *Protection from liability for own past conduct*

The Attorney General can give the maker an undertaking that a disclosure of their own past conduct will not be used against them if a person discloses their own wrongdoing or misconduct while making a report. This undertaking can only be given on application by an integrity agency to the Attorney General.

3.2 Protections for people who make mandatory and witness PIDs

Under section 43(3)(b) of the PID Act, this policy must include information about the protections available to makers of witness and mandatory PIDs.

Apart from PIDs that are made voluntarily by public officials, there are other types of reports that are recognised as PIDs under the PID Act:

- *A mandatory PID:* This is a PID where the public official has made the report about serious wrongdoing because they have a legal obligation to make that report, or because making that report is an ordinary aspect of their role or function in an agency.

- *A witness PID*: This is a PID where a person discloses information during an investigation of serious wrongdoing following a request or requirement of the investigator.

Protections for makers of mandatory and witness PIDs are detailed in the table below:

Protection
Detrimental action — It is an offence to take detrimental action against a person based on the suspicion, belief or awareness that a person has made, may have made or may make a PID.
Right to compensation — A person can initiate proceedings and seek compensation for injury, damage or loss suffered as a result of detrimental action being taken against them.
Ability to seek injunction — An injunction can be sought to prevent the commission or possible commission of a detrimental action offence against a person. For example, an order to prevent dismissal or to require reinstatement.
Immunity from civil and criminal liability — a person will not incur civil or criminal liability if the person breaches a duty of confidentiality while making a disclosure. This means that legal action cannot be taken against a person for: <ul style="list-style-type: none"> • breaching a duty of secrecy or confidentiality, or • breaching another restriction on disclosure.

Part 4 – Dealing with allegations of detrimental action

4.1 Reporting detrimental action

If you experience adverse treatment or detrimental action, such as bullying or harassment, you should report this immediately. You can report any experience of adverse treatment or detrimental action directly to us (e.g., by contacting a disclosure officer), or to an integrity agency. A list of integrity agencies is located at Annexure C of this policy.

4.2 How we will assess and minimise the risk of detrimental action

Under section 43(1)(c) of the PID Act, this policy must include information about the steps Council will undertake to assess and minimise the risk of detrimental action.

We will not tolerate any detrimental action being taken by any person against a person who has made a PID, investigators, witnesses or the person the report is about.

We will assess and take steps to mitigate detrimental action from being taken against the maker of a voluntary PID, the person whose conduct is the subject of a PID, investigators and witnesses by:

- explaining that a risk assessment will be undertaken, and a risk management plan will be created (including reassessing the risk throughout the entirety of the matter) and approved by the Disclosure Coordinator.
- listing the protections that will be offered, that is, the Council will discuss protection options with the maker which may including remote working or approved leave for the duration of the investigation
- outlining what supports will be provided, such as support person and access to Council's Employee Assistance Program.

Detrimental action against a person is an act or omission that causes, comprises, involves or encourages detriment to a person or a threat of detriment to a person (whether express or implied).

Detriment to a person includes:

- injury, damage or loss
- property damage
- reputational damage
- intimidation, bullying or harassment
- unfavourable treatment in relation to another person's job
- discrimination, prejudice or adverse treatment
- disciplinary proceedings or disciplinary action, or
- any other type of disadvantage.

Detrimental action does not include:

- lawful action taken by a person or body to investigate serious wrongdoing or other misconduct
- the lawful reporting or publication of a finding of serious wrongdoing or other misconduct
- the lawful making of adverse comment, resulting from investigative action
- the prosecution of a person for a criminal offence
- reasonable management action taken by someone in relation to a person who made or may make a PID. For example, a reasonable appraisal of a PID maker's work performance.

4.3 How we will deal with allegations of a detrimental action offence

Under section 43(1)(d) of the PID Act, this policy must include information about the steps Council will take if it becomes aware of an allegation of detrimental action.

If we become aware of an allegation that a detrimental action offence has occurred or may occur, we will:

- take all steps possible to stop the action and protect the person(s)
- take appropriate disciplinary action against anyone that has taken detrimental action
- refer any evidence of a detrimental action offence to the Commissioner of Police and the ICAC or the Law Enforcement Conduct Commission (whichever is applicable)
- notify the NSW Ombudsman about the allegation of a detrimental action offence being committed.

The Disclosure Coordinator is responsible for making referrals about detrimental action offences. If you believe you are the victim of detrimental action you should reach out to a Disclosure Coordinator.

Part 5 – Council's responsibilities under the PID Act

5.1 – Roles and Responsibilities

Under sections 43(2) of the PID Act, this policy must specify the responsibilities imposed on the General Manager, Disclosure Officers, and managers/supervisors under the PID Act.

5.1.1 General Manager

The General Manager is responsible for:

- fostering a workplace culture where reporting is encouraged

- receiving disclosures from public officials
- ensuring there is a system in place for assessing disclosures
- ensuring Council complies with this policy and the PID Act
- ensuring Council has appropriate systems for:
 - overseeing internal compliance with the PID Act
 - supporting public officials who make voluntary PIDs, including by minimising the risk of detrimental action
 - implementing corrective action if serious wrongdoing is found to have occurred
 - complying with reporting obligations regarding allegations or findings of detrimental action
 - complying with yearly reporting obligations to the NSW Ombudsman.

5.1.2 Disclosure Coordinators

Disclosure Coordinators are responsible for:

- Determining whether a report is a PID
- Determining how a PID should be dealt with (e.g. referred to another agency or investigated)
- Investigating a reported PID and reporting on the findings and required corrective actions, if applicable

5.1.3 Disclosure officers

Disclosure officers are responsible for:

- receiving reports from public officials
- receiving reports when they are passed on to them by managers/supervisors
- ensuring reports are dealt with appropriately, including by referring the matter to the Disclosure Coordinator
- ensuring that any oral reports that have been received are recorded in writing.

5.1.4 Managers/Supervisors

The responsibilities of managers/supervisors include:

- receiving reports from persons that report to them or that they supervise
- passing on reports they receive to a disclosure officer.

5.1.5 All employees

All employees must:

- report suspected serious wrongdoing or other misconduct
- use their best endeavours to assist in an investigation of serious wrongdoing if asked to do so by a person dealing with a voluntary PID on behalf of Council
- treat any person dealing with or investigating reports of serious wrongdoing with respect.

All employees must not take detrimental action against any person who has made, may in the future make, or is suspected of having made, a PID.

5.2 Other Council obligations

Under section 43(1)(g)-(i) of the PID Act, this policy must include information about Council's record keeping and annual reporting obligations, and procedures for establishing oversight and ensuring compliance with the PID Act.

5.2.1 Record-keeping and annual returns

We must keep full and accurate records with respect to all information received in connection with the PID Act. This ensures that Council complies with its obligations under the *State Records Act 1998*.

Records will be stored in Council's EDRMS (known as Content Manager) with appropriate security access permissions applied.

5.2.2 Reporting of voluntary PIDs in Council's annual return to the Ombudsman

Each year we provide an annual return to the NSW Ombudsman which includes:

- information about voluntary PIDs received by Council during each return period (yearly with the start date being 1 July)
- action taken by Council to deal with voluntary PIDs during the return period
- how Council promoted a culture in the workplace where PIDs are encouraged

A member of Council's Governance Team is responsible for collating and lodging the above PID data with the NSW Ombudsman.

5.2.3 How we will ensure oversight and compliance with the PID Act and this policy

Council's Audit, Risk and Improvement Committee will have oversight over and receive reports regarding:

- compliance with this policy and the PID Act, including measures to be taken to rectify any non-compliance
- currency/review of this policy
- information to be reported within Council's annual return to the NSW Ombudsman.

Document control

All substantive amendments to this policy, excluding the annexures, must be approved by Council resolution.

The following amendments may be made at any time with the approval of the Governance and Risk Manager:

- Minor administrative amendments (i.e. typographical errors, and updating hyperlinks);
- Amendments to the annexures, including (but not limited to) names and contact details of disclosure officers and integrity agencies.

Policy contact officer

Governance and Risk Manager

Related documents

Policies

[Code of Conduct](#)

[Customer feedback, complaints and unreasonable conduct](#)

[Fraud and corruption control](#)

[Related party disclosure](#)

[Work Health and Safety](#)

Procedures

[Code of Conduct](#)

[Code of Conduct - Conflict of Interests](#)

[Code of Conduct - Gifts benefits and bribes](#)

[Feedback and Complaints Handling](#)

Legislation

Local Government Act 1993

Public Interest Disclosures Act 2022

Other

NSW Ombudsman's website < [| <i>Office use only</i> | File no.: F20/324-01 | Next review date: 4 years | |
|------------------------|---|---------------------------|----------------|
| Version | Purpose and description | Date adopted by Council | Resolution no. |
| 1.0 | New policy | 21/12/2011 | 106/11 |
| 2.0 | Review and update policy. | 15/04/2020 | 17/20 |
| 3.0 | Review and update nominated Disclosures Coordinator to include Governance Advisor. | 17/06/2020 | 30/20 |
| 4.0 | Review and update nominated Disclosures Coordinator to reflect changes made during 2021 organisation structure and resourcing review. | 17/08/2022 | 51/22 |
| 5.0 | Update policy to reflect Model PID policy published by the IPC and requirements of new 2022 PID Act. | | |](https://www.ombo.nsw.gov.au/guidance-for-agencies/handling-public-interest-disclosures-whistleblowing/pid-act-2022#:~:text=This%20is%20the%20Public%20Interest,and%20local%20aboriginal%20land%20councils.></p>
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ANNEXURE A – Definitions

Term	Meaning
Council	Rous County Council
Disclosure Officer/s	<p>The person/s holding the positions identified in Annexure B (attached).</p> <p><small>¹⁸ Meaning of “disclosure officer” for an agency</small></p> <p>(1) In this Act, <i>disclosure officer</i> for an agency means a person responsible for receiving voluntary public interest disclosures on behalf of the agency, including the following—</p> <p>(a) the head of the agency;</p> <p>(b) for each work site that is permanently maintained by the agency and at which more than 1 person is employed—the most senior ongoing employee who ordinarily works at the site;</p> <p>(c) if the agency has an unelected governing body—a member of the governing body;</p> <p>(d) a person specified in the agency’s public interest disclosure policy as a person with responsibility for receiving voluntary public interest disclosures on behalf of the agency;</p> <p>(e) a member of a class of persons, or a person employed in a position or role, specified in the agency’s public interest disclosure policy as a class, position or role with responsibility for receiving voluntary public interest disclosures on behalf of the agency.</p>
Disclosure Coordinator	Group Manager People and Performance, and Governance and Risk Manager
EDRMS	Electronic Document and Records Management System
Manager	<ul style="list-style-type: none"> For individual contractors, subcontractors or volunteers providing services or exercising functions on behalf of an agency, their manager is taken to be the public official in that agency who oversees those services or functions, or who manages the relevant contract or volunteering arrangement. For staff of entities that are contracted to provide services or exercise functions on behalf of an agency, their manager is taken to be the public official in that agency who oversees those services or functions, or who manages the relevant contract. For all other public officials, their manager is the person who directly or indirectly supervises them. For most public officials, their ‘manager’ will generally be obvious — the person in the organisational structure who is identified as their immediate ‘boss’. This is the person who assigns them work tasks, undertakes performance reviews, approves their leave, and so on. In the common language of public sector roles, if a person is your ‘direct report’ then you are their manager. <p>However, under the PID Act, a person’s manager will also include any other person who directly or indirectly supervises them. This means that public officials can (and in most cases will) have more than one manager.</p> <p>Given the PID Act is beneficial legislation, designed to facilitate the making of public interest disclosures, it is appropriate to take a broad interpretation when considering whether someone ‘directly or indirectly supervises’ another (and is therefore a ‘manager’ of them).</p>
PID	Public Interest Disclosure
Public official	<p>One or more of the following persons or entities set out in section 14 of the PID Act.</p> <p>Further guidance can be found in the Ombudsman’s guideline ‘Core concepts in the PID Act’.</p>

ANNEXURE B – List of Disclosure Officers

Under section 43(4) of the PID Act, this policy must include a list identifying Council's disclosure officers and information enabling those disclosure officers to be contacted.

Site	Disclosure Officer/s	Contact details
Lismore Administration Building 218 – 232 Molesworth Street, Lismore, NSW 2480	General Manager	Phillip Rudd T: (02) 6623 3800 E: phillip.rudd@rous.nsw.gov.au
	Group Manager People and Performance	Helen McNeil T: (02) 6623 3800 E: helen.mcneil@rous.nsw.gov.au
	Governance and Risk Manager	Lauren Edwards T: (02) 6623 3800 E: lauren.edwards@rous.nsw.gov.au
	People and Culture Manager	TBC when position filled.
Gallans Road – Depot 57 Gallans Road, Ballina, NSW 2478	Group Manager Operations	Adam Nesbitt T: (02) 6623 3800 E: adam.nesbitt@rous.nsw.gov.au
Gallans Road – Administration Building 57 Gallans Road, Ballina, NSW 2478	Project Manager – Relocation and Properties	Guy Bezrouchko T: (02) 6623 3800 E: guy.bezrouchko@rous.nsw.gov.au
Emigrant Creek Water Treatment Plant Friday Hut Road, Tintenbar, NSW 2478	Dams and Treatment Team Assistant Team Leader	Rhys Oates T: (02) 6623 3800 E: rhys.oates@rous.nsw.gov.au
Nightcap Water Treatment Plant Nightcap Range Road, Dorrroughby, NSW 2480	Dams and Treatment Team Leader	Ben Hildebrand T: (02) 6623 3800 E: ben.hildebrand@rous.nsw.gov.au
Woodburn Depot 66 Trustums Hill Road, Woodburn, NSW 2472	Flood Mitigation Team Leader	Jason Nelson T: (02) 6623 3800

Site	Disclosure Officer/s	Contact details
		E: Jason.nelson@rous.nsw.gov.au
Wyrallah Road Depot 320 Wyrallah Road, Monaltrie, NSW 2480	Bush Regeneration and Weed Control Team Leader	Yusuke Koda T: (02) 6623 3800 E: yusuke.koda@rous.nsw.gov.au

Draft

ANNEXURE C – List of integrity agencies

Integrity agency	What they investigate	Contact information
The NSW Ombudsman	Most kinds of serious maladministration by most agencies and public officials (but not NSW Police, judicial officers or MPs)	Telephone: 1800 451 524 between 9am to 3pm Monday to Friday Writing: Level 24, 580 George Street, Sydney NSW 2000 Email: info@ombo.nsw.gov.au
The Auditor-General	Serious and substantial waste of public money by auditable agencies	Telephone: 02 9275 7100 Writing: GPO Box 12, Sydney NSW 2001 Email: governance@audit.nsw.gov.au
Independent Commission Against Corruption	Corrupt conduct	Telephone: 02 8281 5999 or toll free on 1800 463 909 (callers outside Sydney) between 9am and 3pm, Monday to Friday Writing: GPO Box 500, Sydney NSW 2001 or faxing 02 9264 5364 Email: icac@icac.nsw.gov.au
The Inspector of the Independent Commission Against Corruption	Serious maladministration by the ICAC or the ICAC officers	Telephone: 02 9228 3023 Writing: PO Box 5341, Sydney NSW 2001 Email: oiicac_executive@oiicac.nsw.gov.au
The Law Enforcement Conduct Commission	Serious maladministration by the NSW Police Force or the NSW Crime Commission	Telephone: 02 9321 6700 or 1800 657 079 Writing: GPO Box 3880, Sydney NSW 2001 Email: contactus@lecc.nsw.gov.au
The Inspector of the Law Enforcement Conduct Commission	Serious maladministration by the LECC and LECC officers	Telephone: 02 9228 3023 Writing: GPO Box 5341, Sydney NSW 2001 Email: oiiecc_executive@oiiecc.nsw.gov.au
Office of the Local Government	Local government pecuniary interest contraventions	Email: olg@olg.nsw.gov.au
The Privacy Commissioner	Privacy contraventions	Telephone: 1800 472 679 Writing: GPO Box 7011, Sydney NSW 2001 Email: ipcinfo@ipc.nsw.gov.au
The Information Commissioner	Government information contraventions	Telephone: 1800 472 679 Writing: GPO Box 7011, Sydney NSW 2001 Email: ipcinfo@ipc.nsw.gov.au

Information reports

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

That the following information reports be received and noted:

1. Investments – September 2023
2. Water production and consumption – September 2023
3. Reports/Actions pending

Background

Copies of the abovementioned reports are attached for information.

Consultation

The reports have been prepared in consultation with the General Manager, relevant Group Managers and staff.

Attachments

Information reports 1-3

Investments - September 2023

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

Report Author: Finance Manager (Jonathan Patino)

Recommendation

That Council receive and note the Investments for September 2023.

Background

Clause 212 of the *Local Government (General) Regulation 2021* ('Regulation') and Council's 'Investments' policy require that a report detailing Council's investments be provided. This report has been prepared as at 30 September 2023.

Finance Report

The RBA cash rate is 4.1%

At the RBA's 5th September 2023 meeting it was decided that the cash rate would remain at 4.1%. The Australian economy is experiencing a period of below-trend growth, and this is expected to continue for a while. A significant source of uncertainty continues to be the outlook for household consumption. The combination of higher interest rates and cost-of-living pressures is leading to a substantial slowing in household spending. While housing prices are rising again and some households have substantial savings buffers, others are experiencing a painful squeeze on their finances.

Growth in the Australian economy has slowed and conditions in the labour market have eased, although they remain very tight. Firms report that labour shortages have lessened, yet job vacancies and advertisements are still at very high levels. Labour force participation is at a record high and the unemployment rate remains close to a 50-year low. Wages growth has picked up in response to the tight labour market and high inflation.

The 90-day average bank bill swap rate (BBSW) is 4.13%.

Total funds invested is \$36,141,745

This includes term investments and cheque account balance.

Weighted Average Return is 4.47%

This represents an increase of 26 basis point compared from the July 2023 result (4.21%) and is 34 basis points above Council's benchmark (the average 90-day BBSW rate of 4.13%) (Refer: Graph D2 - Attachment D).

Interest earned is \$140,929

Interest earned compared to the original budget is \$42,688 above the pro-rata budget. (Refer: Attachment A).

Cheque account balance is \$486,593

Weel account balance is \$31,930

This is a bank account with Cuscal Limited and is used to hold funds for a prepaid credit card app that is now in use by all corporate card holders at Rous.

Ethical holdings is \$4,000,000 (11.22% of current holdings)

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).

As reported in agenda item 9.3 of the Business Paper, a review of Council's ethical holdings will be undertaken in conjunction with the review of the investments policy.

Legal

In accordance with section 212(1)(b) of the Regulation, the Responsible Accounting Officer (currently the Finance Manager) certifies the investments identified in this report have been made in accordance with section 625 of the *Local Government Act 1993*, section 212 of the Regulation, and the provisions of Council's 'Investments' policy.

Conclusion

A report on investments is required to be submitted to Council. As at 30 September 2023, investments total \$35,655,152 and the average rate of return is estimated at 4.47%.

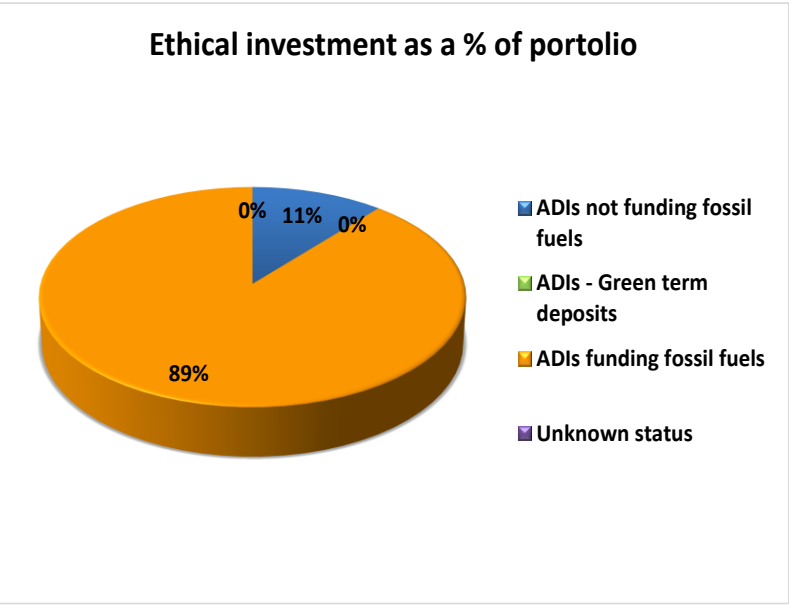
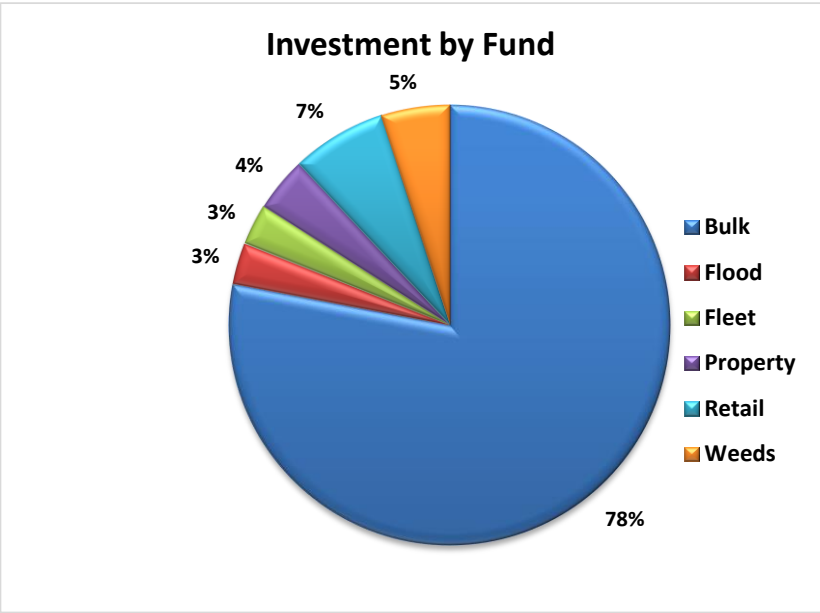
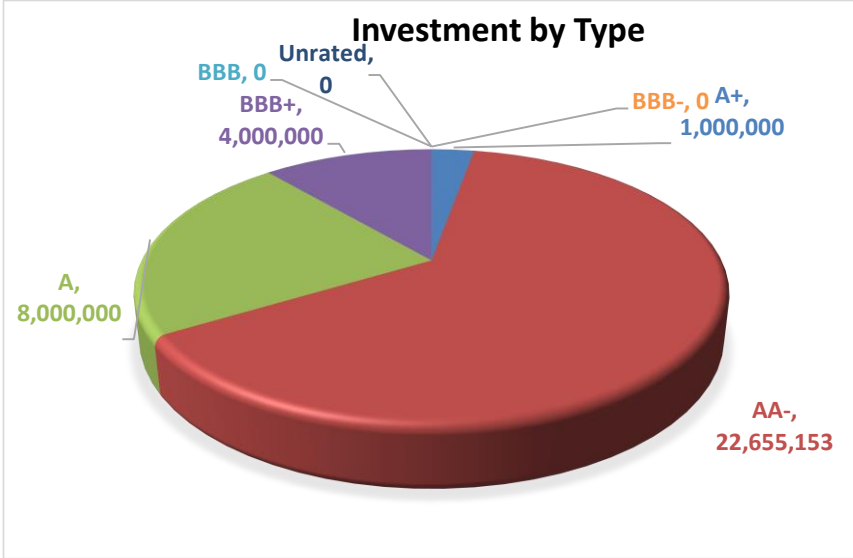
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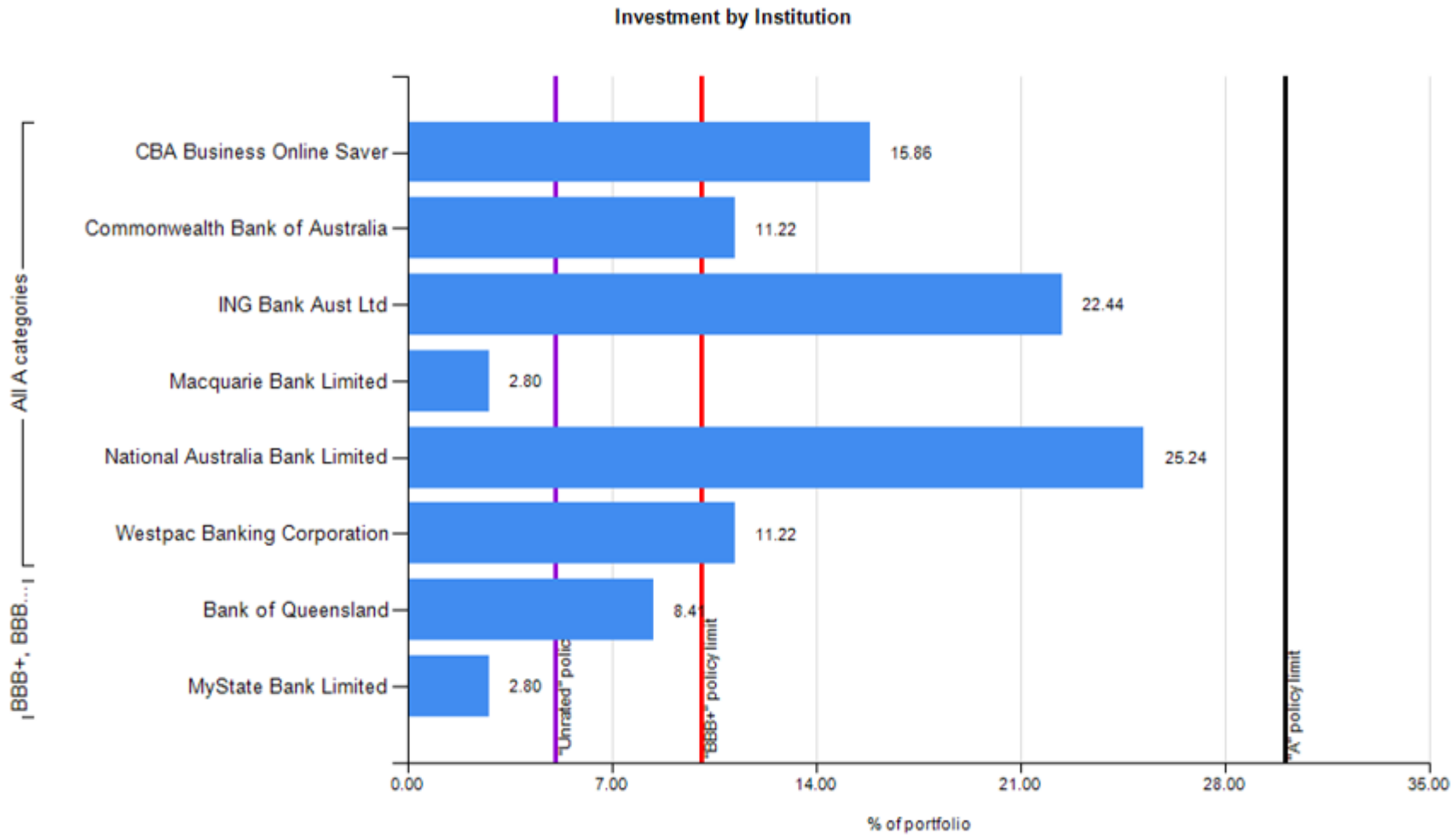
- A. Investment analysis
- B. Investment by type
- C. Investment by Institution
- D. Total funds invested - comparisons
- E. Summary of indebtedness

Investment Analysis Report

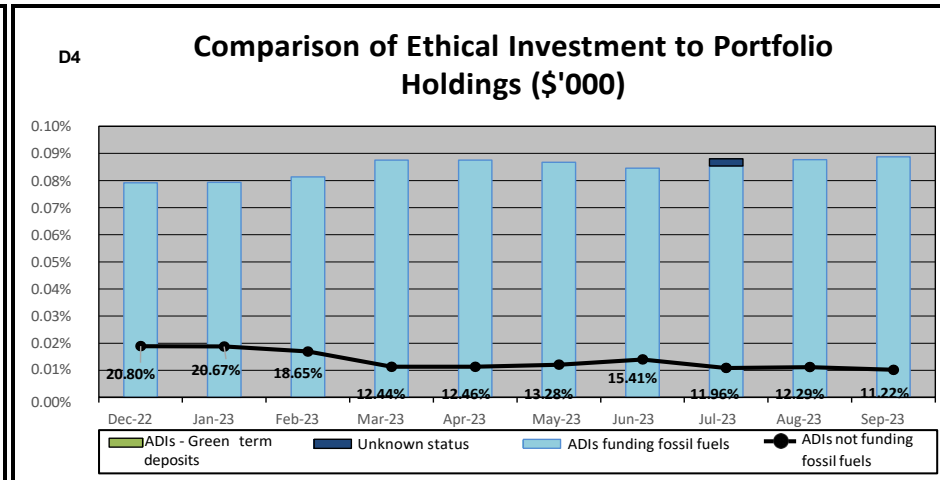
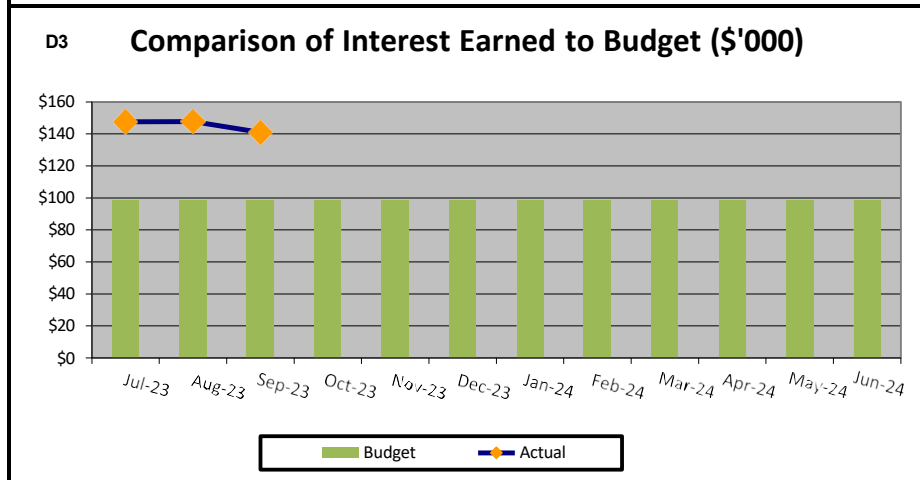
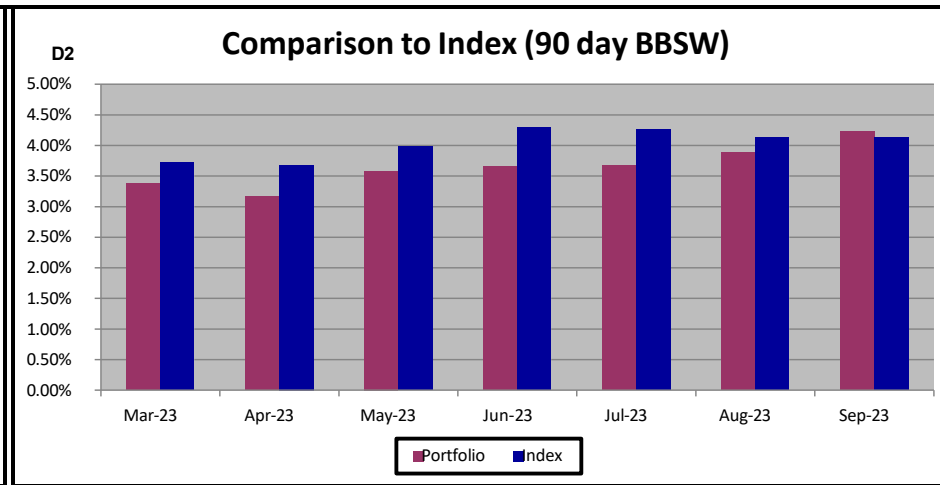
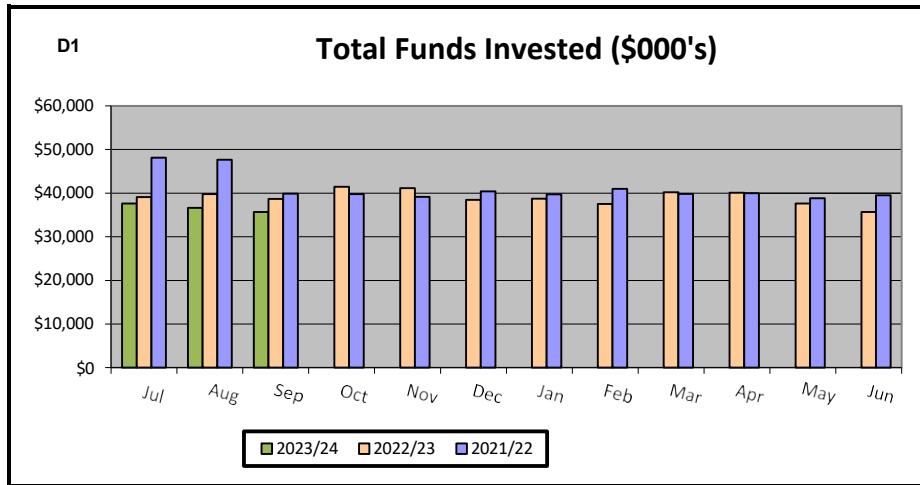
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Funds Invested With	S & P Local Long Term Rating	Product Name	Ethical ADIs	Lodgement Date	Maturity Date	% of Portfolio	30 September 23 Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		15.86	5,655,152.83	1.95	18,971.66	69,173.29
Westpac Banking Corporation	AA-	TD	No	11/10/2022	10/10/2023	2.80	1,000,000.00	4.30	3,534.25	10,838.36
Commonwealth Bank of Australia	AA-	TD	No	18/10/2022	17/10/2023	2.80	1,000,000.00	4.42	3,632.88	11,140.82
Westpac Banking Corporation	AA-	TD	No	25/10/2022	24/10/2023	1.40	500,000.00	4.57	1,878.08	5,759.45
National Australia Bank Limited	AA-	TD	No	10/11/2022	14/11/2023	1.40	500,000.00	4.42	1,816.44	5,570.41
Commonwealth Bank of Australia	AA-	TD	No	22/11/2022	21/11/2023	2.80	1,000,000.00	4.52	3,715.07	11,392.88
Westpac Banking Corporation	AA-	TD	No	29/11/2022	28/11/2023	4.21	1,500,000.00	4.39	5,412.33	16,597.81
Westpac Banking Corporation	AA-	TD	No	6/12/2022	5/12/2023	2.80	1,000,000.00	4.29	3,526.03	10,813.15
ING Bank Aust Ltd	A	TD	No	8/3/2023	12/3/2024	2.80	1,000,000.00	4.98	4,093.15	12,552.33
Macquarie Bank Limited	A+	TD	No	22/3/2023	19/3/2024	2.80	1,000,000.00	4.69	3,854.79	11,821.37
ING Bank Aust Ltd	A	TD	No	28/3/2023	26/3/2024	2.80	1,000,000.00	4.60	3,780.82	11,594.52
ING Bank Aust Ltd	A	TD	No	4/4/2023	2/4/2024	5.61	2,000,000.00	4.68	7,693.15	23,592.33
Bank of Queensland	BBB+	TD	Yes	19/4/2023	24/10/2023	2.80	1,000,000.00	4.70	3,863.01	11,846.58
National Australia Bank Limited	AA-	TD	No	2/5/2023	6/2/2024	5.61	2,000,000.00	4.53	7,446.58	22,836.16
MyState Bank Limited	BBB+	TD	Yes	2/5/2023	31/10/2023	2.80	1,000,000.00	4.82	3,961.64	12,149.04
National Australia Bank Limited	AA-	TD	No	10/5/2023	23/1/2024	5.61	2,000,000.00	4.70	7,726.03	23,693.15
National Australia Bank Limited	AA-	TD	No	23/5/2023	27/2/2024	2.80	1,000,000.00	4.83	3,969.86	12,174.25
Bank of Queensland	BBB+	TD	Yes	6/6/2023	5/3/2024	4.21	1,500,000.00	5.15	6,349.32	19,471.23
ING Bank Aust Ltd	A	TD	No	27/6/2023	25/6/2024	2.80	1,000,000.00	5.62	4,619.18	14,165.48
ING Bank Aust Ltd	A	TD	No	4/7/2023	2/7/2024	8.41	3,000,000.00	5.67	13,980.82	41,476.44
National Australia Bank Limited	AA-	TD	No	26/7/2023	7/5/2024	2.80	1,000,000.00	5.43	4,463.01	9,967.40
Bank of Queensland	BBB+	TD	Yes	1/8/2023	30/4/2024	1.40	500,000.00	5.40	2,219.18	4,512.33
Commonwealth Bank of Australia	AA-	TD	No	23/8/2023	22/8/2024	5.61	2,000,000.00	5.47	8,991.78	11,689.32
National Australia Bank Limited	AA-	TD	No	13/9/2023	17/9/2024	4.21	1,500,000.00	5.18	3,831.78	3,831.78
National Australia Bank Limited	AA-	TD	No	19/9/2023	17/9/2024	2.80	1,000,000.00	5.22	1,716.16	1,716.16
MATURED TDs									5,882.47	45,810.55
						100.00	35,655,152.83	4.47	140,929.47	436,186.58
Total Investment Holdings						100.00	35,655,152.83		140,929.47	436,186.58
									Total YTD Interest	436,186.58
Deposits with Australian Deposit-taking institutions (ADI) are Government.									Budget Interest @ 30 September 2023	294,725.00
Guaranteed for balances totalling up to \$250,000 per customer, per institution.									Budget variance	141,461.58





Note: Institutions shown with "xxx" and in red are in breach of council policy.



Summary of indebtedness

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	\$ 1,824,326	\$ 2,509,141	\$ 7,599,814	\$ 7,237,651	\$ 6,814,624	\$ 6,798,972	\$ 1,050,052	\$ 33,834,582
Interest Incurred LTD	\$ 1,686,591	\$ 2,259,431	\$ 7,557,303	\$ 7,507,706	\$ 7,863,610	\$ 8,015,950	\$ 702,728	\$ 35,593,318
Principal Outstanding	\$ 175,674	\$ 490,859	\$ 2,400,186	\$ 2,762,349	\$ 3,185,376	\$ 3,201,029	\$ 12,449,948	\$ 24,665,419
Interest Outstanding	\$ 9,111	\$ 38,983	\$ 274,600	\$ 365,454	\$ 504,880	\$ 514,593	\$ 3,325,076	\$ 5,032,696

Water production and consumption - September 2023

Responsible Officer: Group Manager Operations (Adam Nesbitt)

Recommendation

That the report be received and noted.

Background

The table below is the September 2023 bulk water sales to the constituent councils in kilolitres compared to the corresponding September sales for 2022 and 2021.

Council	Sep 2021 (kL)	Sep 2022 (kL)	Sep 2023 (kL)	% of Total Sales
Ballina Shire Council	319,238	266,869	331,648	37.83%
Byron Shire Council	190,209	183,993	229,782	26.21%
Lismore City Council	273,228	215,365	256,254	29.23%
Richmond Valley Council	55,167	49,374	58,944	6.72%
Total monthly consumption by constituent councils	837,842	715,601	876,628	

Water usage - all constituent councils

Figure 1 shows the combined monthly bulk water consumption and rainfall at Rocky Creek Dam for the previous two years.

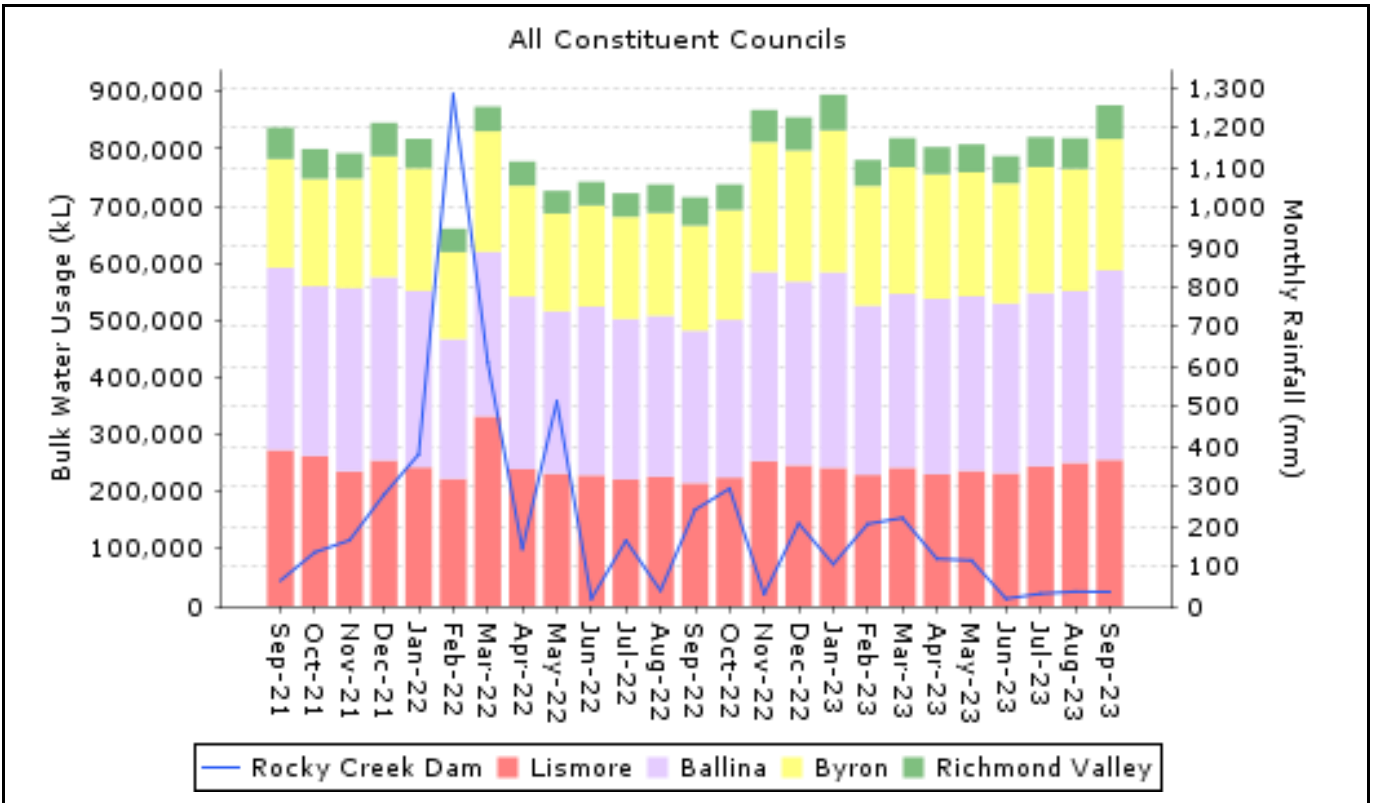


Figure 1: Total monthly consumption by constituent council and rainfall

Figure 2 shows the total bulk water sales for the financial year to date compared with the previous two years.

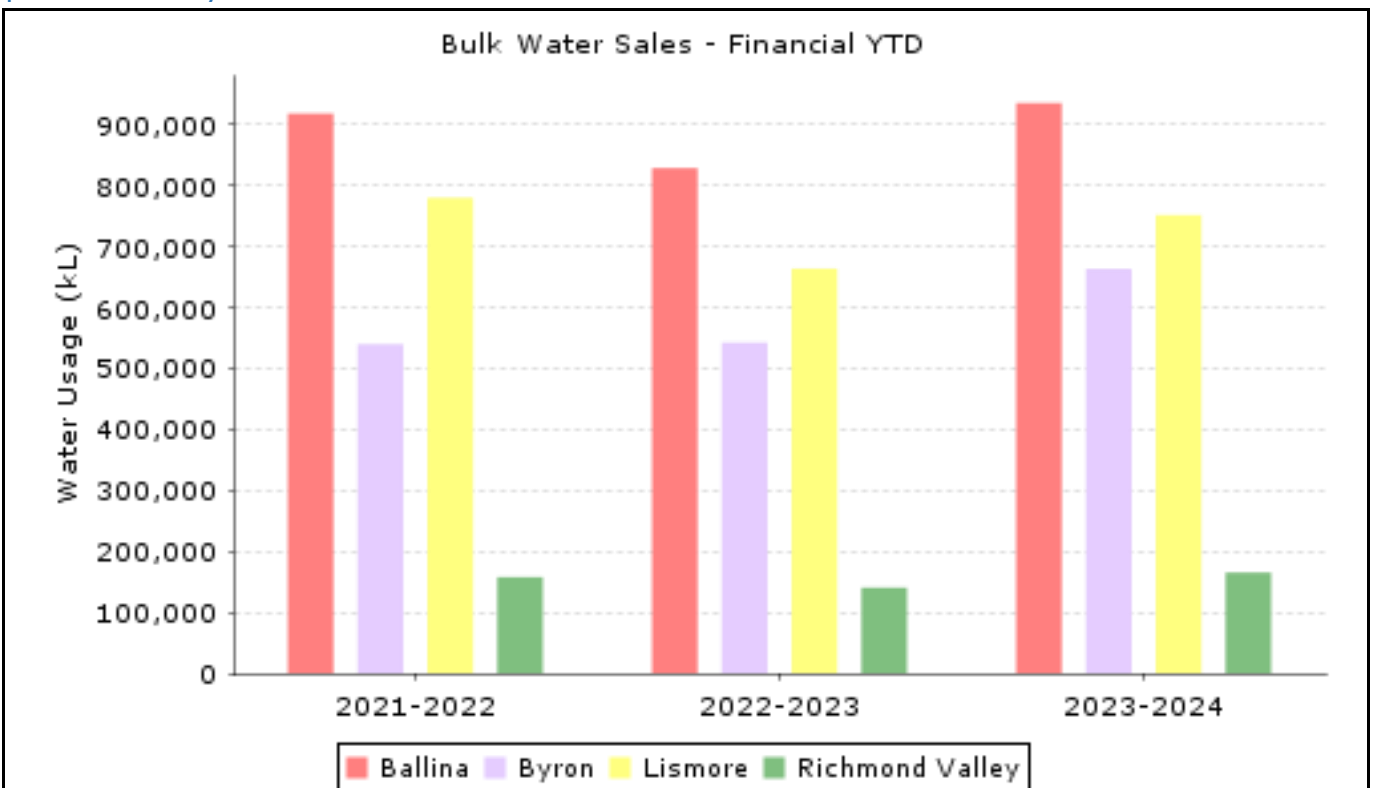


Figure 2: Bulk water sales by constituent council - 1 July to 30 September

Figure 3 and 4 shows the total usage of individual commercial water fill stations for the financial year to date compared with the previous two years.

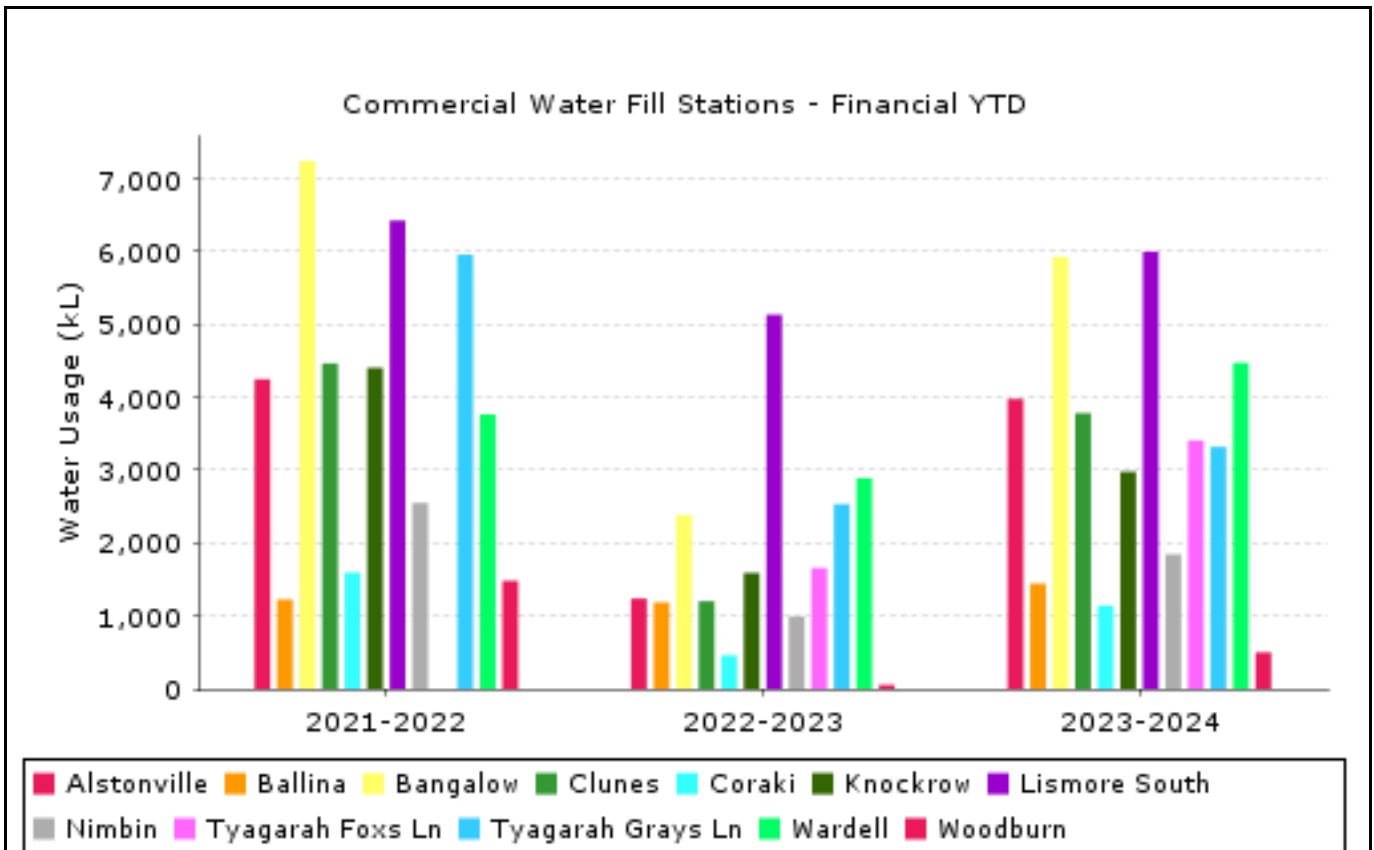


Figure 3: Comparison of commercial water fill stations total consumption - 1 July to 30 September

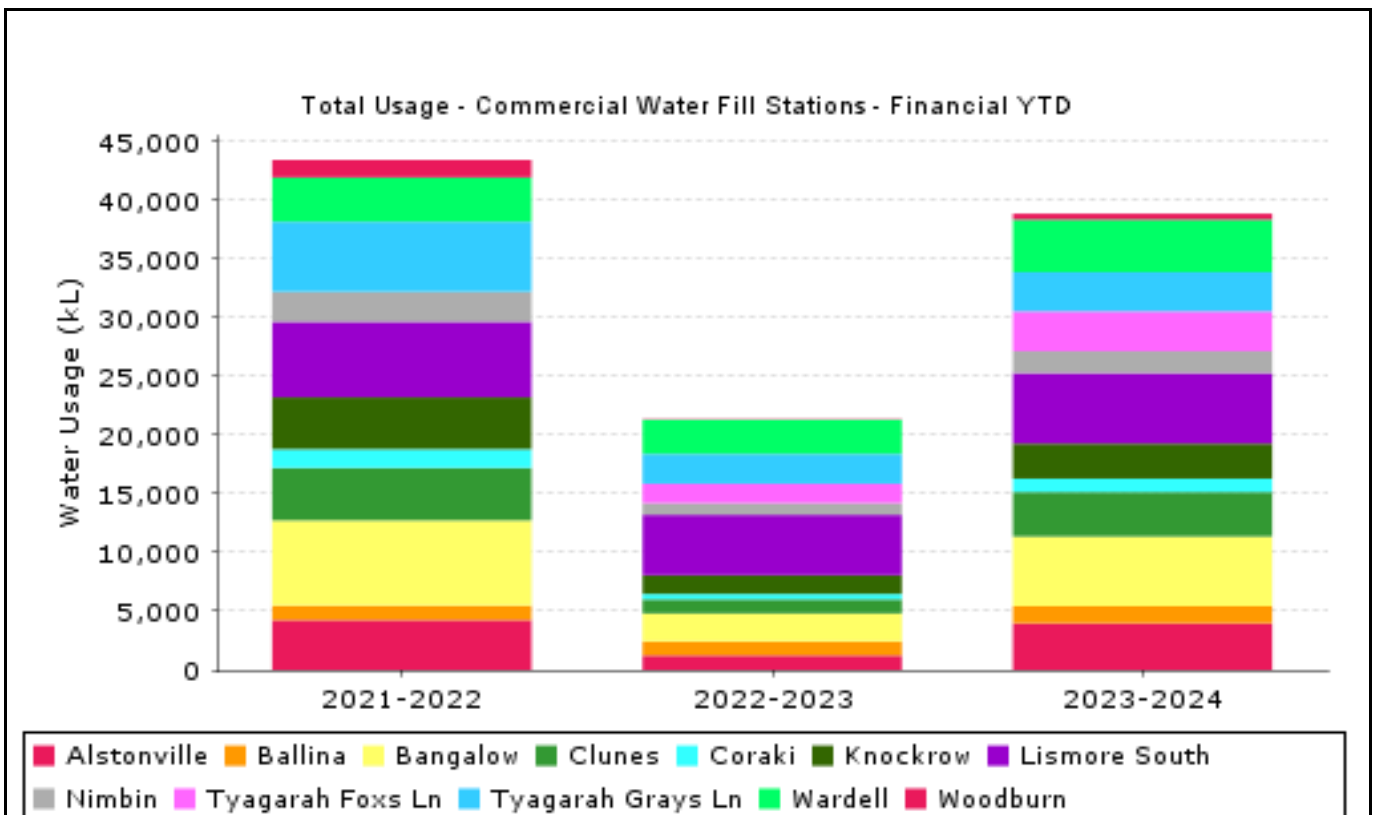


Figure 4: Total usage of commercial water fill stations - 1 July to 30 September

Figure 5 shows the combined water fill station monthly consumption for the previous two years. Rainfall data is from the rain gauge at Rocky Creek Dam.

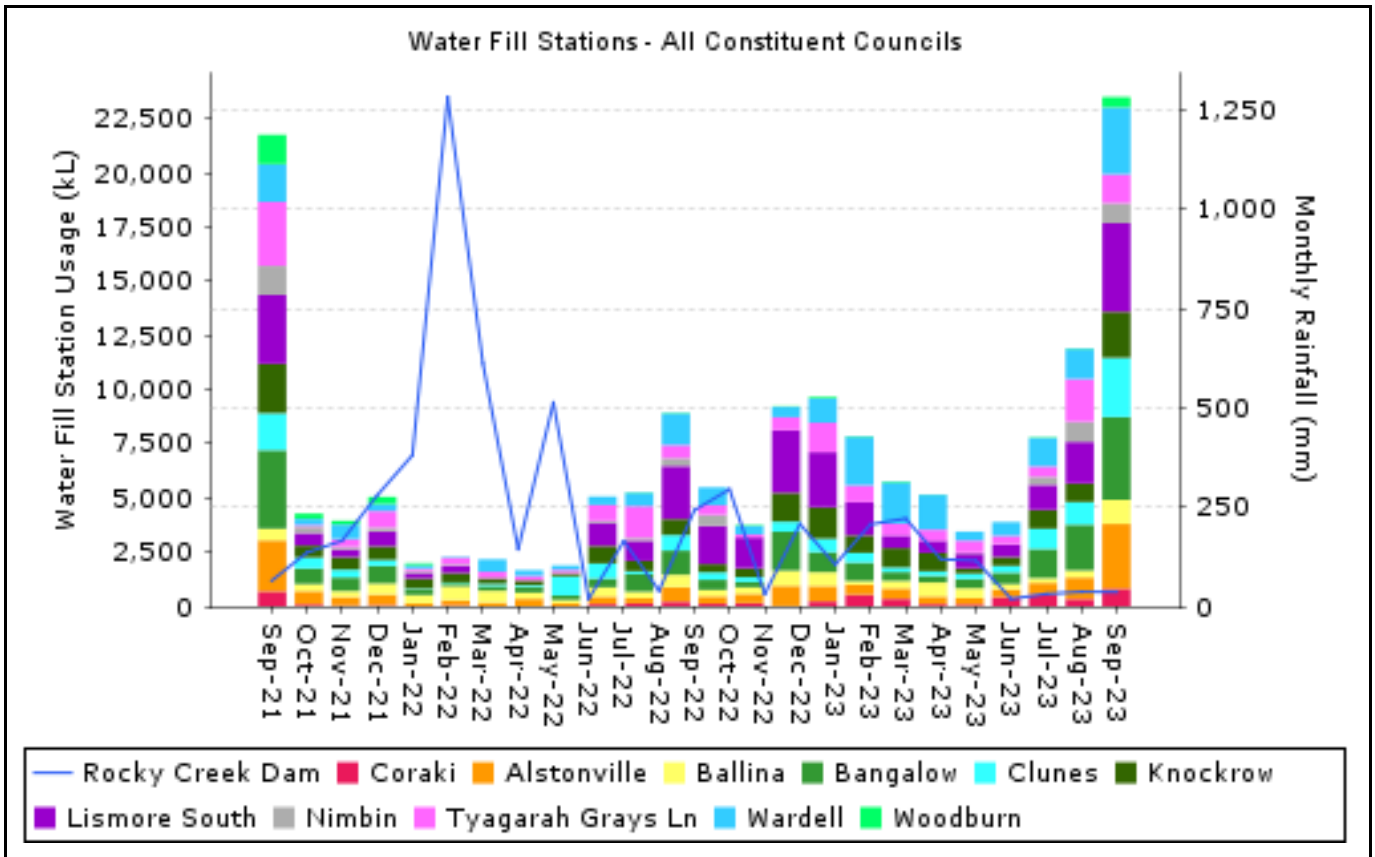


Figure 5: Total monthly consumption for commercial water fill stations and rainfall.

Source Contribution

Rocky Creek Dam capacity as of 30 September 2023 was 83.7%
 Emigrant Creek Dam capacity as of 30 September 2023 was 103.2%

Source	September 2023 (kL)		Cumulative total 2023-2024 (kL)	
Rocky Creek Dam	1,011,458	99.92%	2,858,956	99.97%
Wilson River	819	0.08%	819	0.03%
Emigrant Creek Dam	21	0.00%	30	0.00%
Alstonville Plateau Bores	0	0.00%	0	0.00%
Coastal Sands	0	0.00%	0	0.00%
	1,012,298		2,859,805	

Rocky Creek Dam

Figure 6 shows Rocky Creek dam current water level and compares to previous years when levels reached lowest recorded dam level. Rainfall data is for the current financial year only.

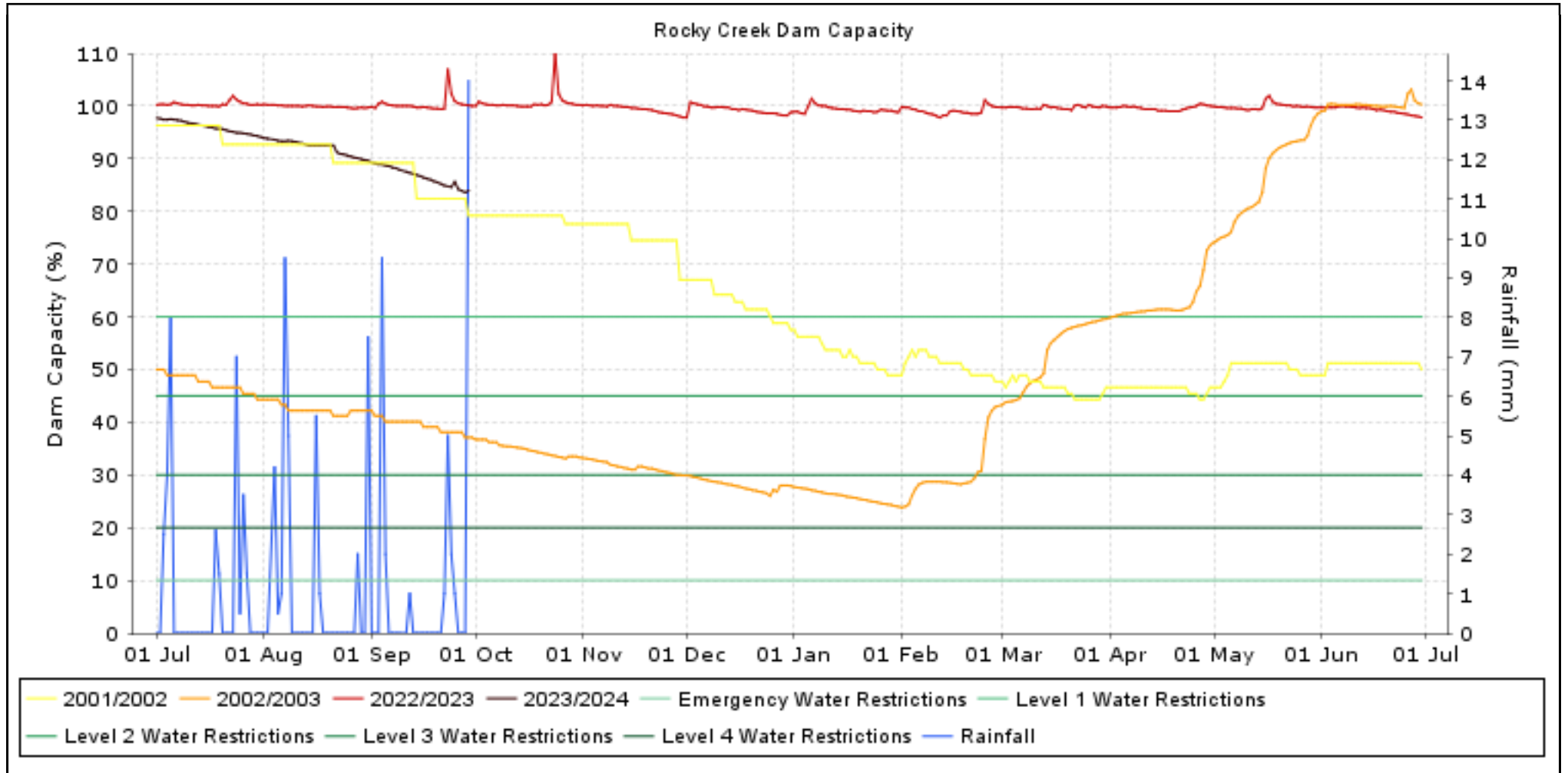


Figure 6: Rocky Creek Dam capacity and rainfall

Emigrant Creek Dam

Figure 7 shows Emigrant Creek dam current water level and compares to previous two years. Rainfall data is for the current financial year only.

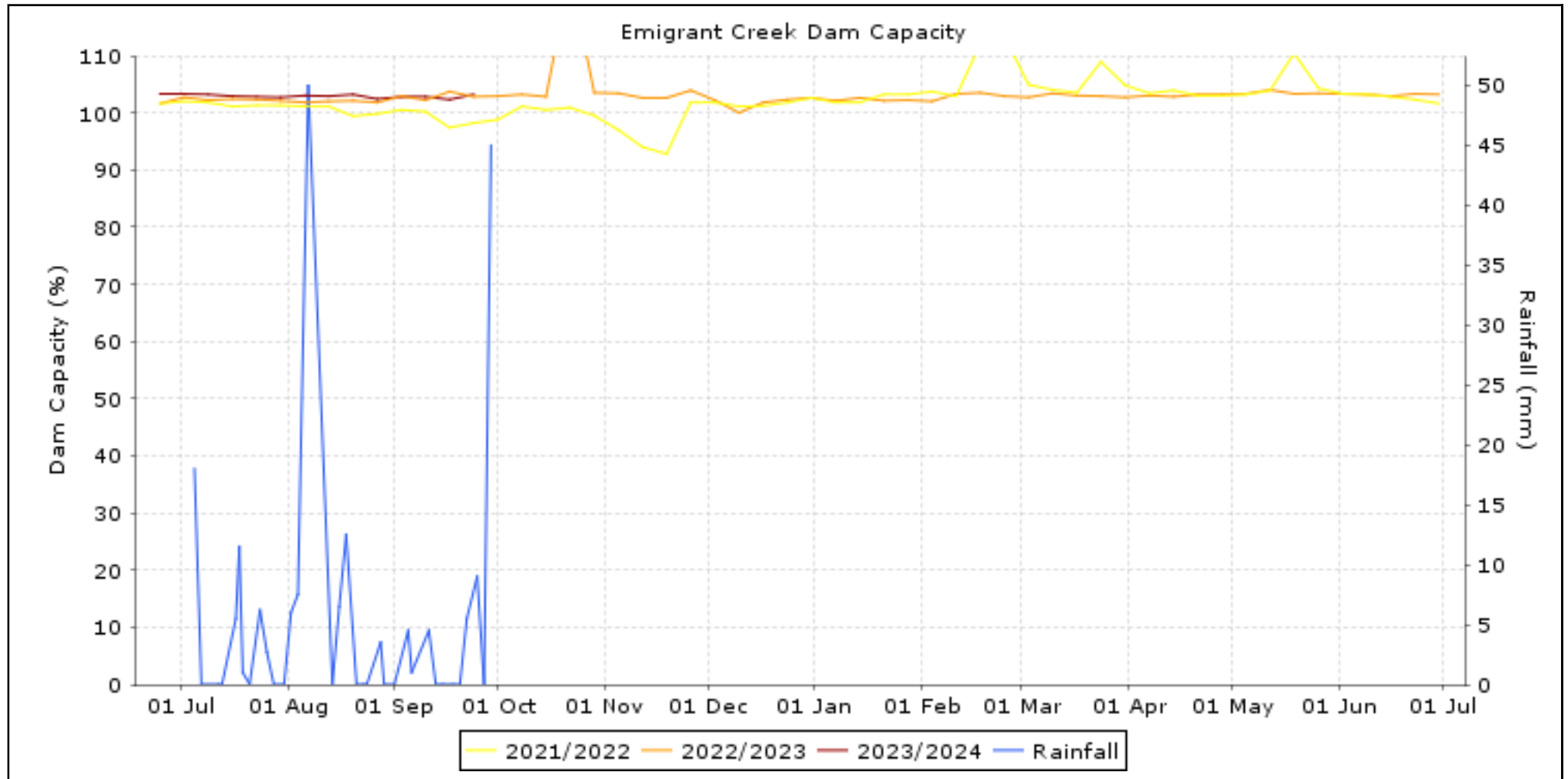


Figure 7: Emigrant Creek Dam capacity and rainfall

Monthly consumption by constituents - Ballina Shire Council (Figures 8-10)

Figure 8 shows the monthly consumption for Ballina Shire Council area for the previous two years. Rainfall data is from the Bureau of Meteorology rainfall station Ballina Airport.

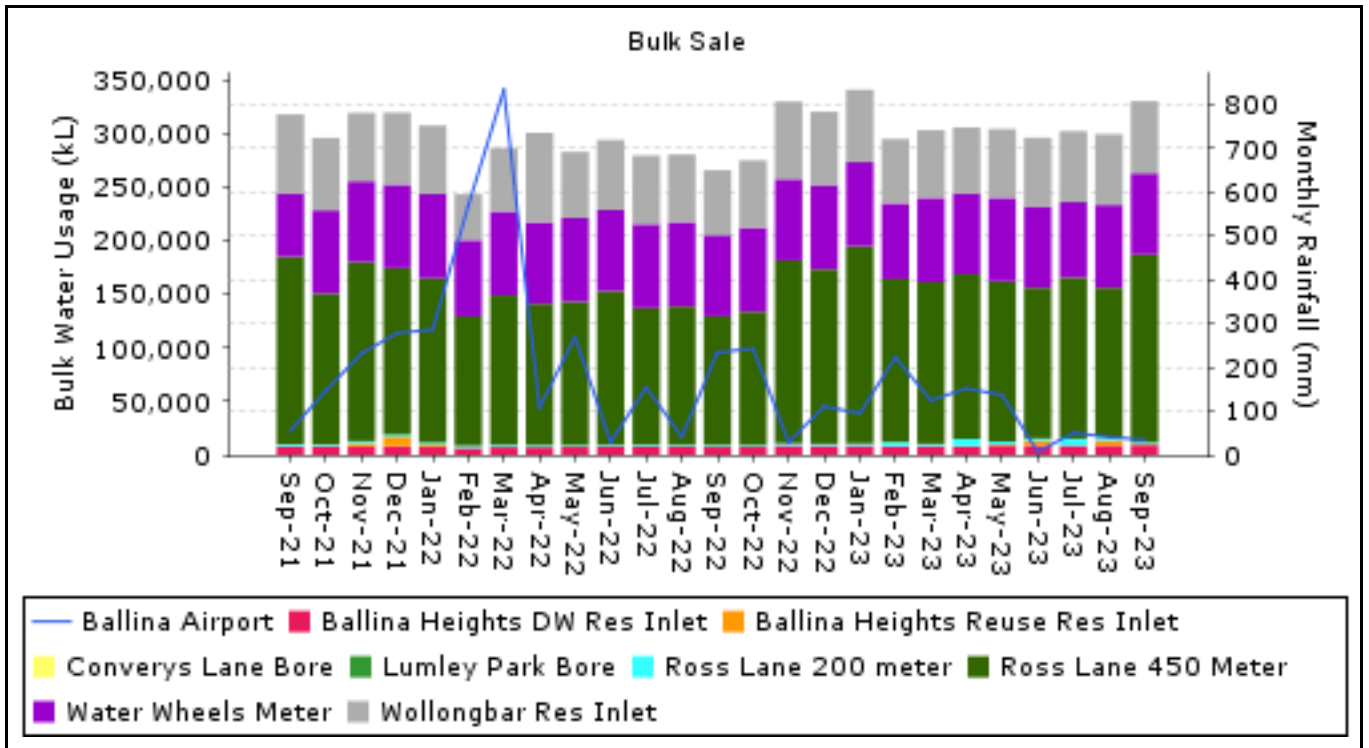


Figure 8: Monthly consumption and rainfall - Ballina Shire Council.

Figure 9 shows the monthly consumption for water fill stations for Ballina Shire Council and the rainfall for the previous two years.

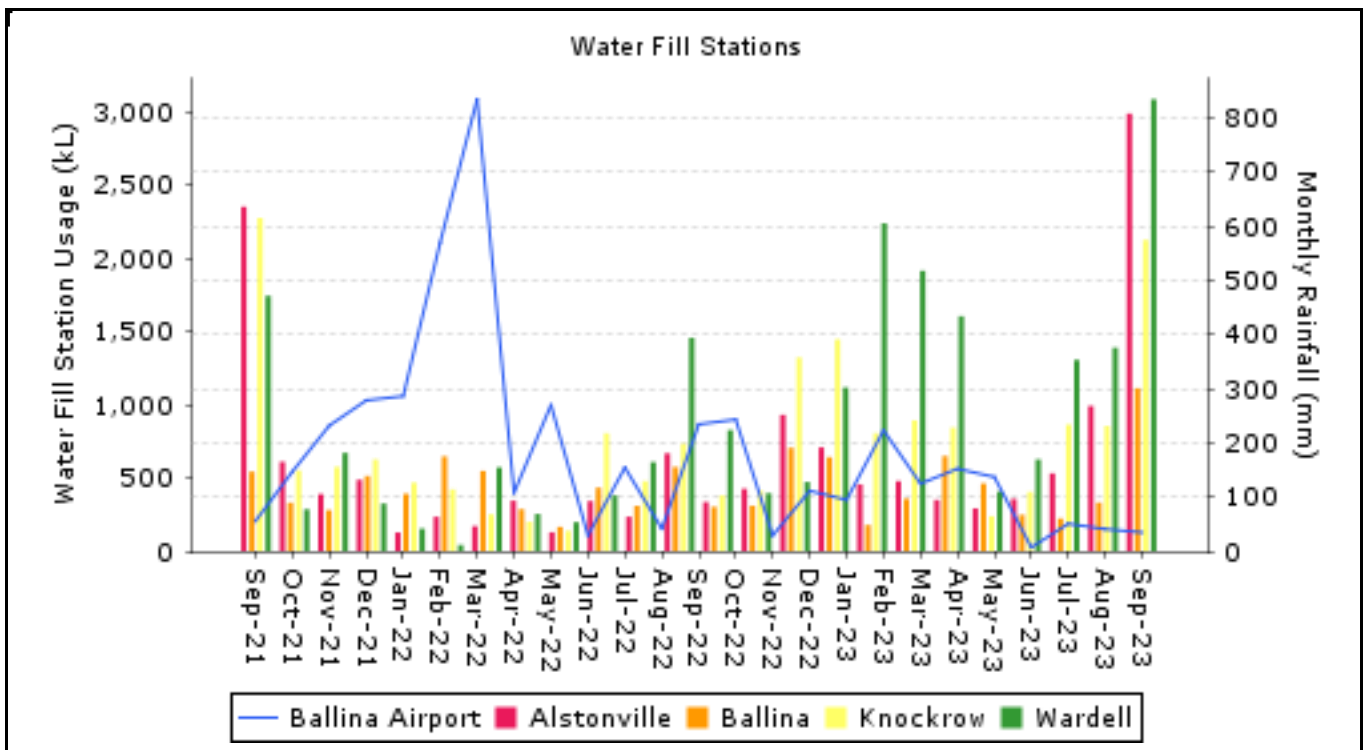


Figure 9: Monthly consumption commercial water fill station and rainfall.

Figure 10 shows the total usage of individual commercial water fill stations for the financial year to date compared with the previous two years.

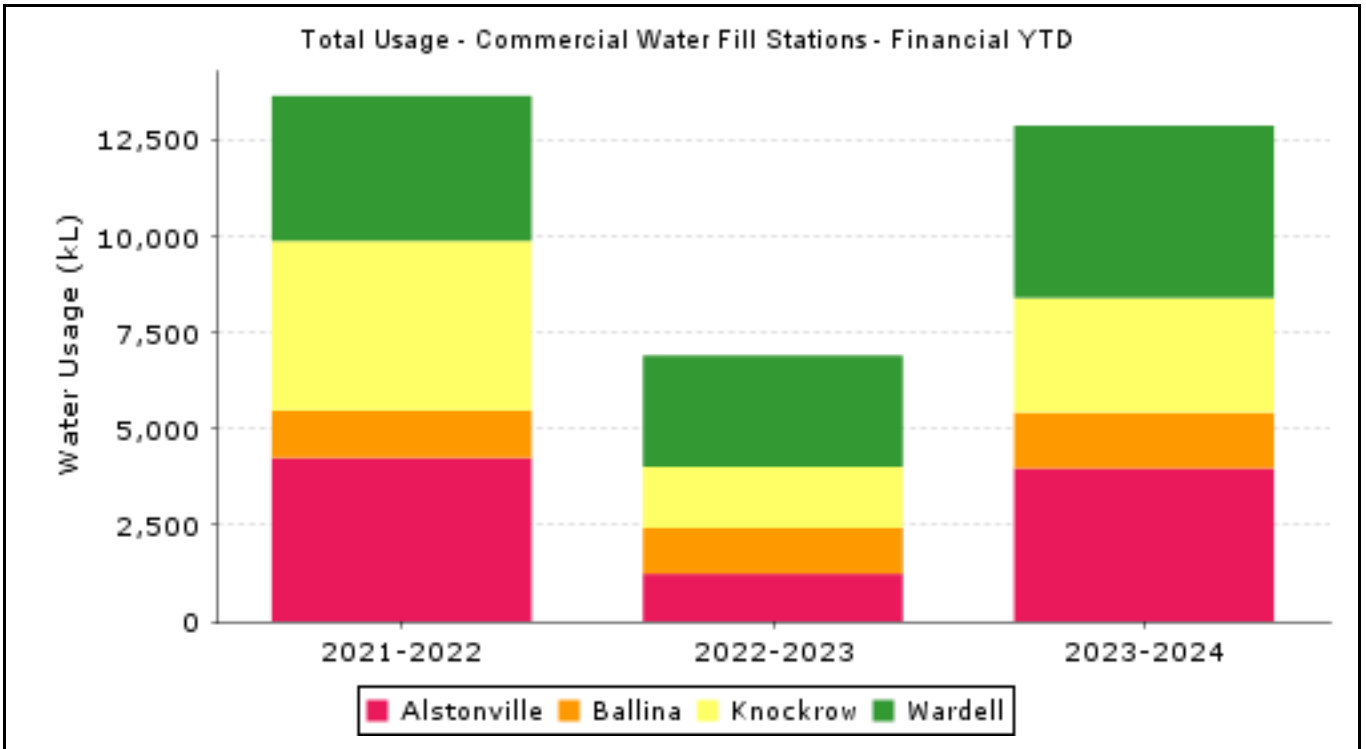


Figure 10: Total usage of commercial water fill stations. 1 July to 30 September

Monthly consumption by constituents - Byron Shire Council (Figures 11-13)

Figure 11 shows the monthly consumption for Byron Shire Council area for the previous two years. Rainfall data is from the Bureau of Meteorology rainfall station Cape Byron.

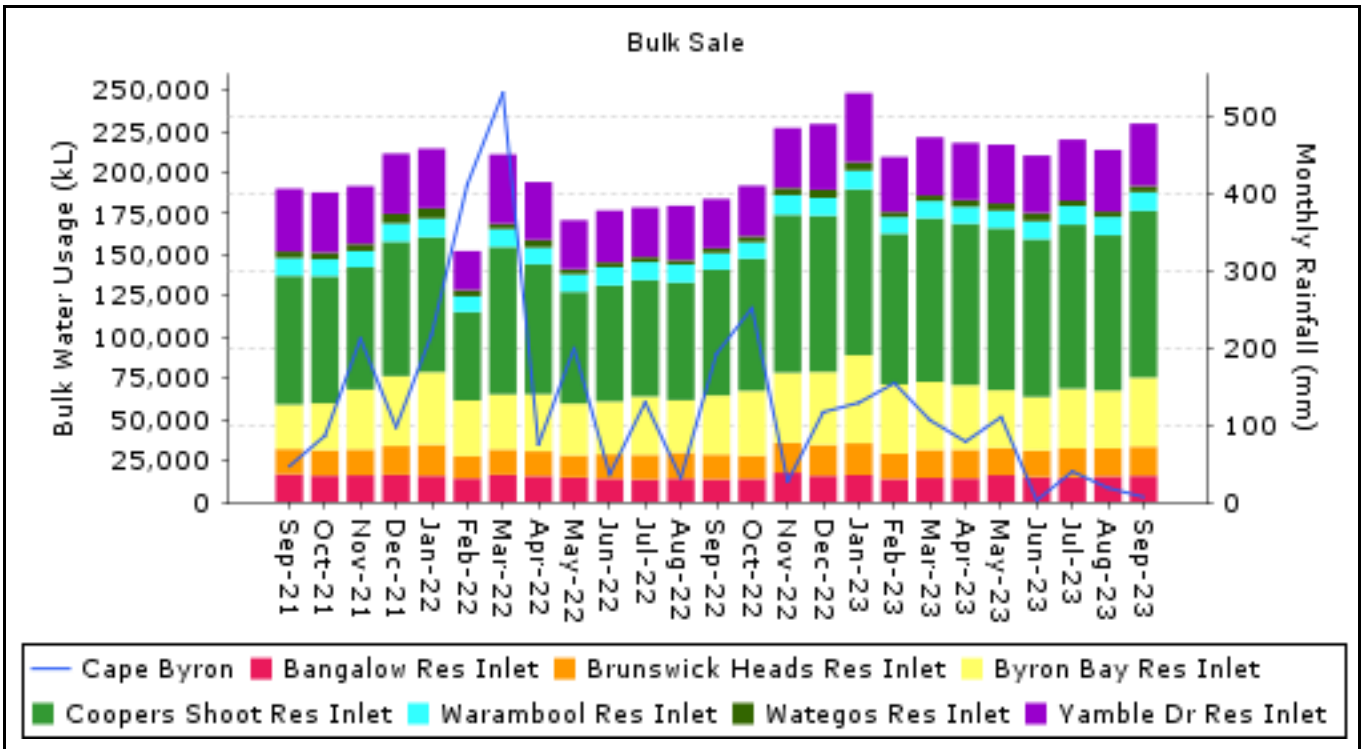


Figure 11: Monthly consumption and rainfall - Byron Shire Council

Figure 12 shows the monthly consumption for water fill stations for Byron Shire Council and the rainfall for the previous two years.

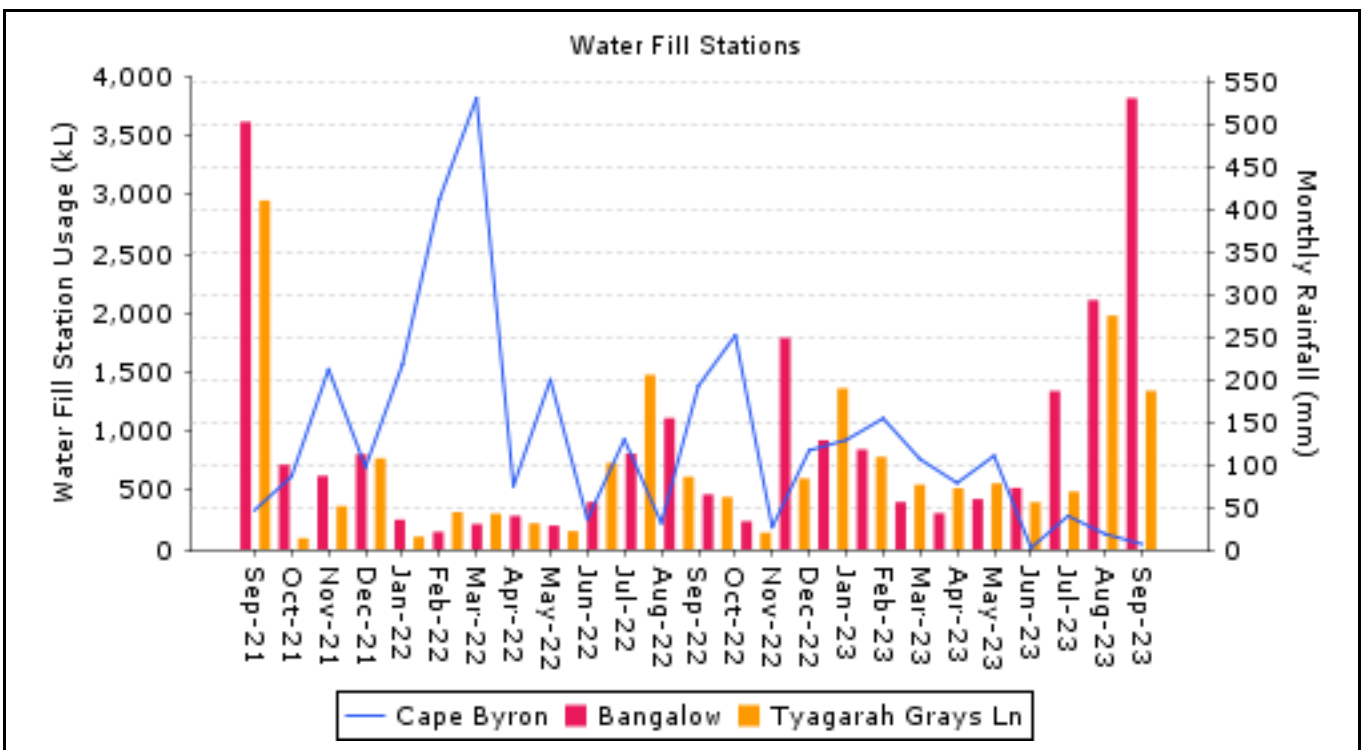


Figure 12: Monthly consumption commercial water fill station and rainfall

Figure 13 shows the total usage of individual commercial water fill stations for the financial year to date compared with the previous two years.

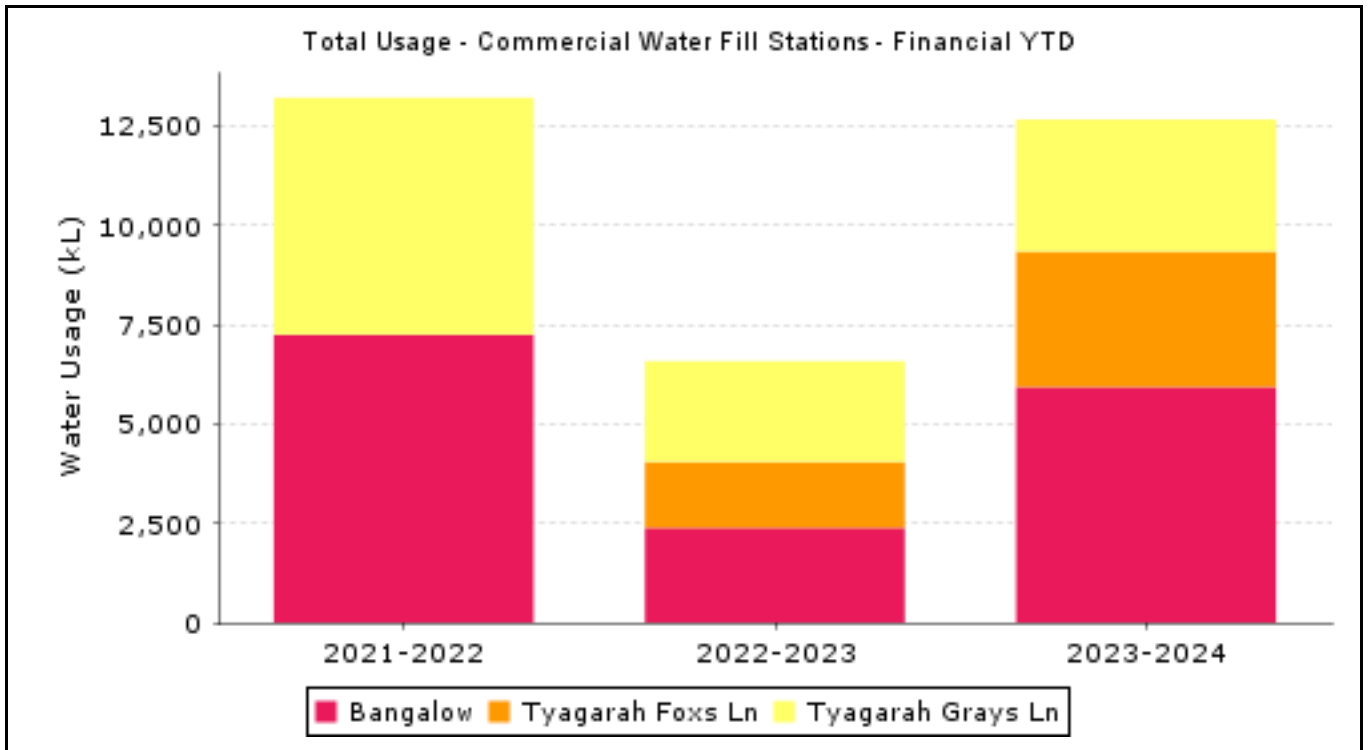


Figure 13: Total usage of commercial water fill stations. 1 July to 30 September

Monthly consumption by constituents - Lismore City Council (Figures 14-16)

Figure 14 shows the monthly consumption for Lismore City Council area for the previous two years. Rainfall data is from the Bureau of Meteorology rainfall station Lismore Airport.

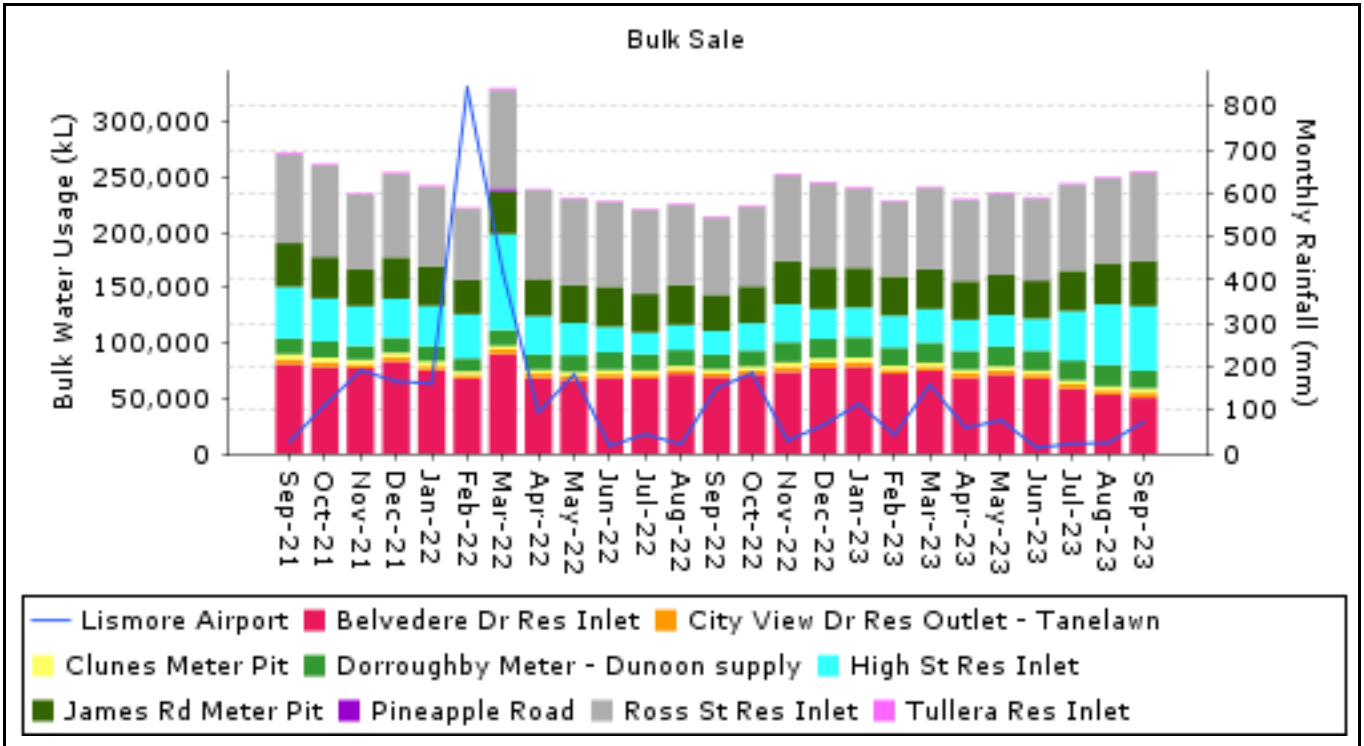


Figure 14: Monthly consumption and rainfall - Lismore City Council.

Figure 15 shows the monthly consumption for water fill stations for Lismore City Council and the rainfall for the previous two years.

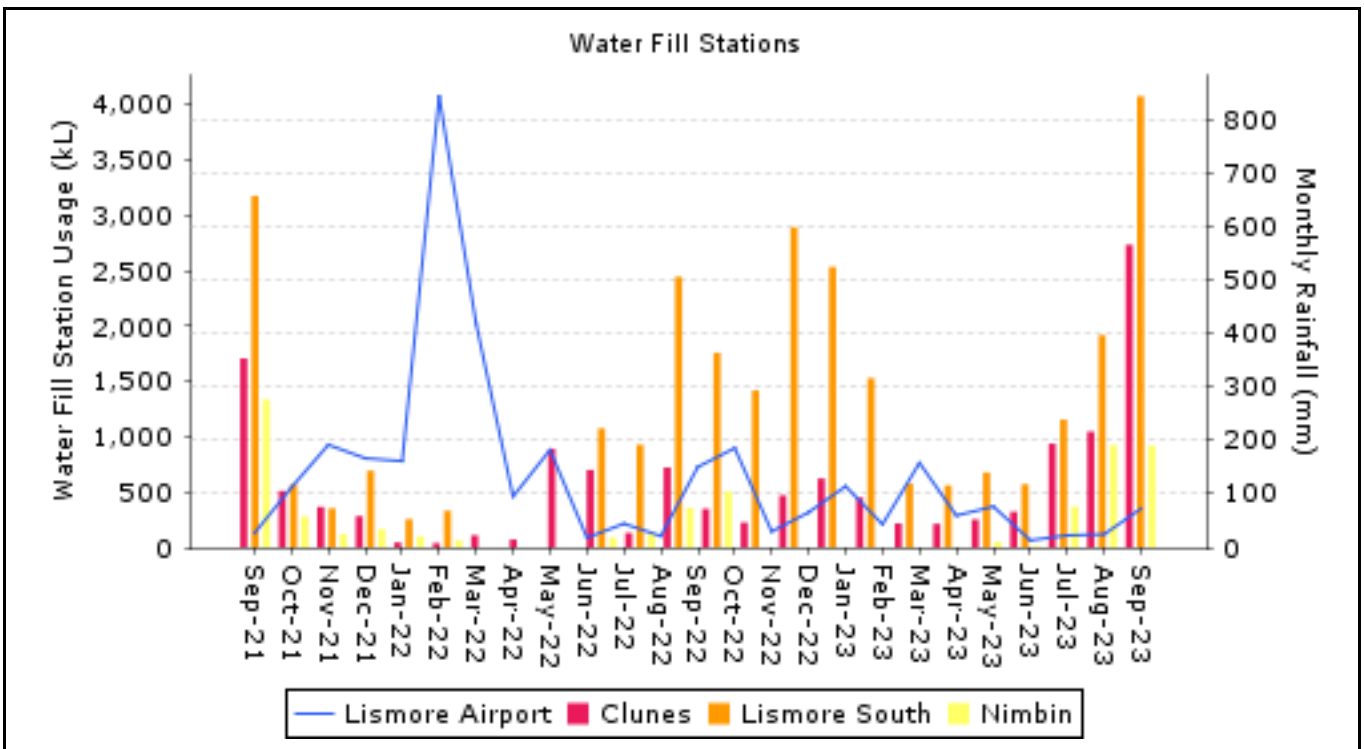


Figure 15: Monthly consumption commercial water fill station and rainfall

Figure 16 shows the total usage of individual commercial water fill stations for the financial year to date compared with the previous two years.

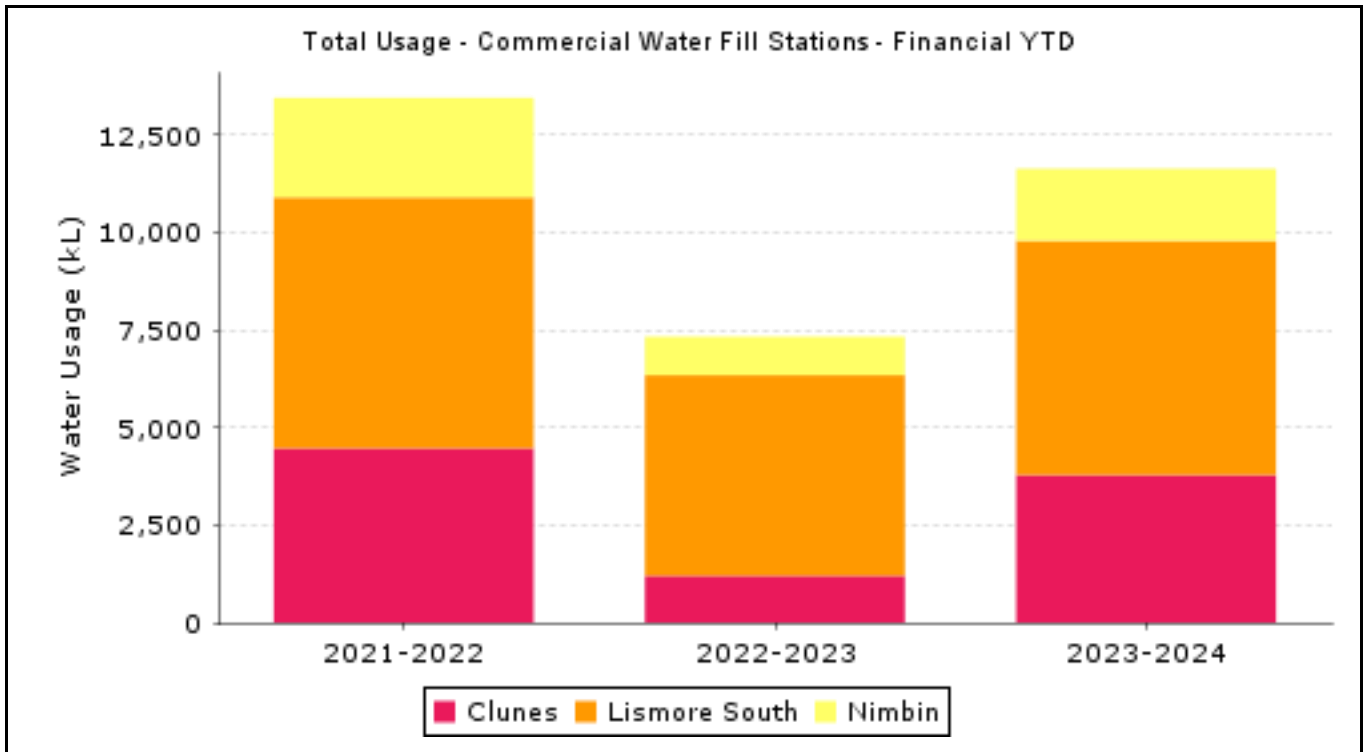


Figure 16: Total usage of commercial water fill stations. 1 July to 30 September

Monthly consumption by constituents - Richmond Valley Council (RVC)
 (Figures 17-19)

Figure 17 shows the monthly consumption for RVC area for the previous two years. Rainfall data is from the Bureau of Meteorology rainfall station Evans Head.

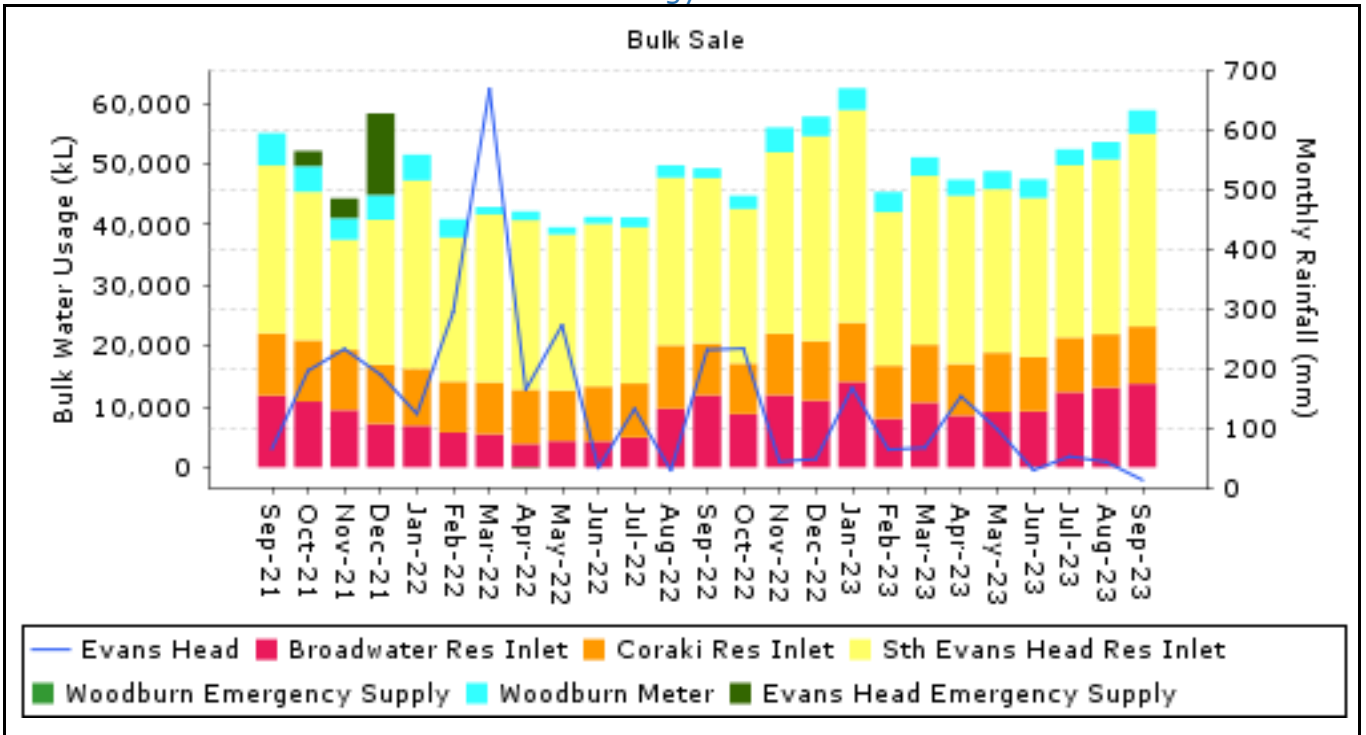


Figure 17: Monthly consumption and rainfall - Richmond Valley Council

Figure 18 shows the monthly consumption for water fill stations for Richmond Valley Council and the rainfall for the previous two years.

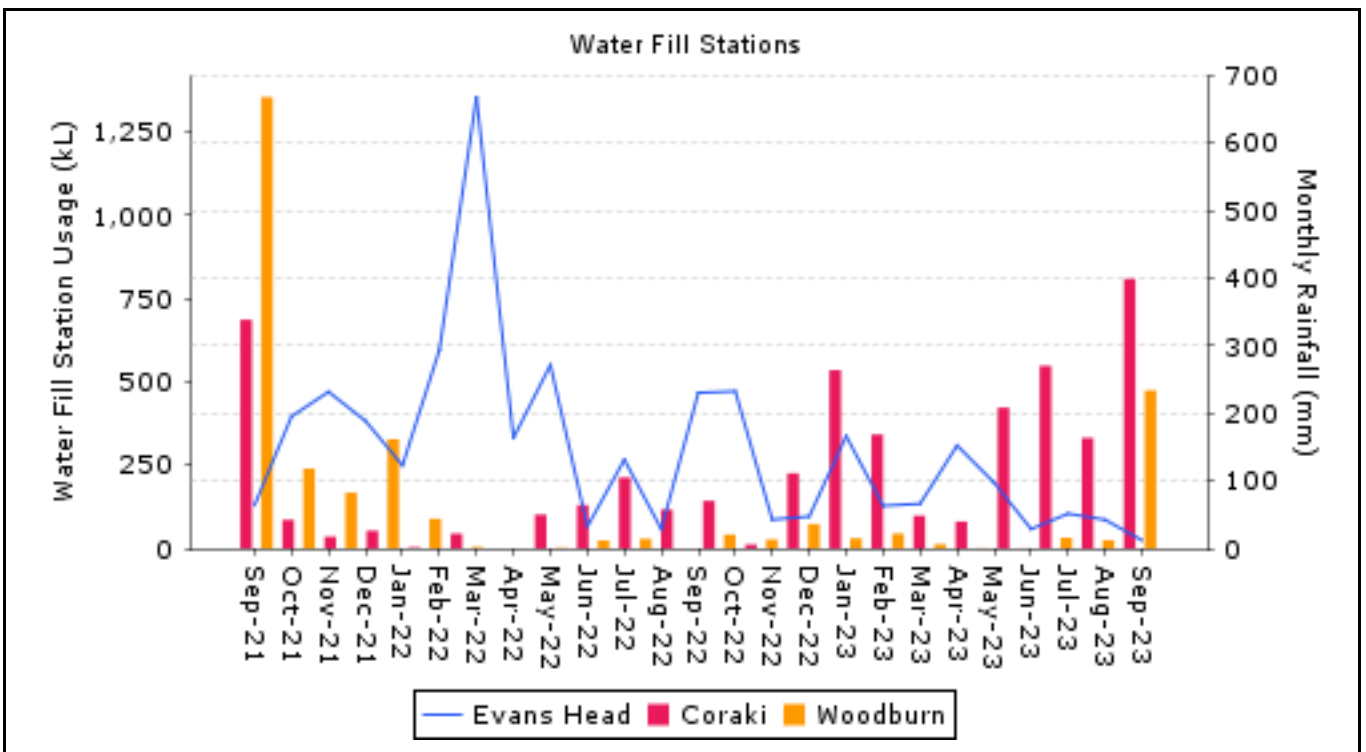


Figure 18: Monthly consumption commercial water fill station and rainfall

Figure 19 shows the total usage of individual commercial water fill stations for the financial year to date compared with the previous two years.

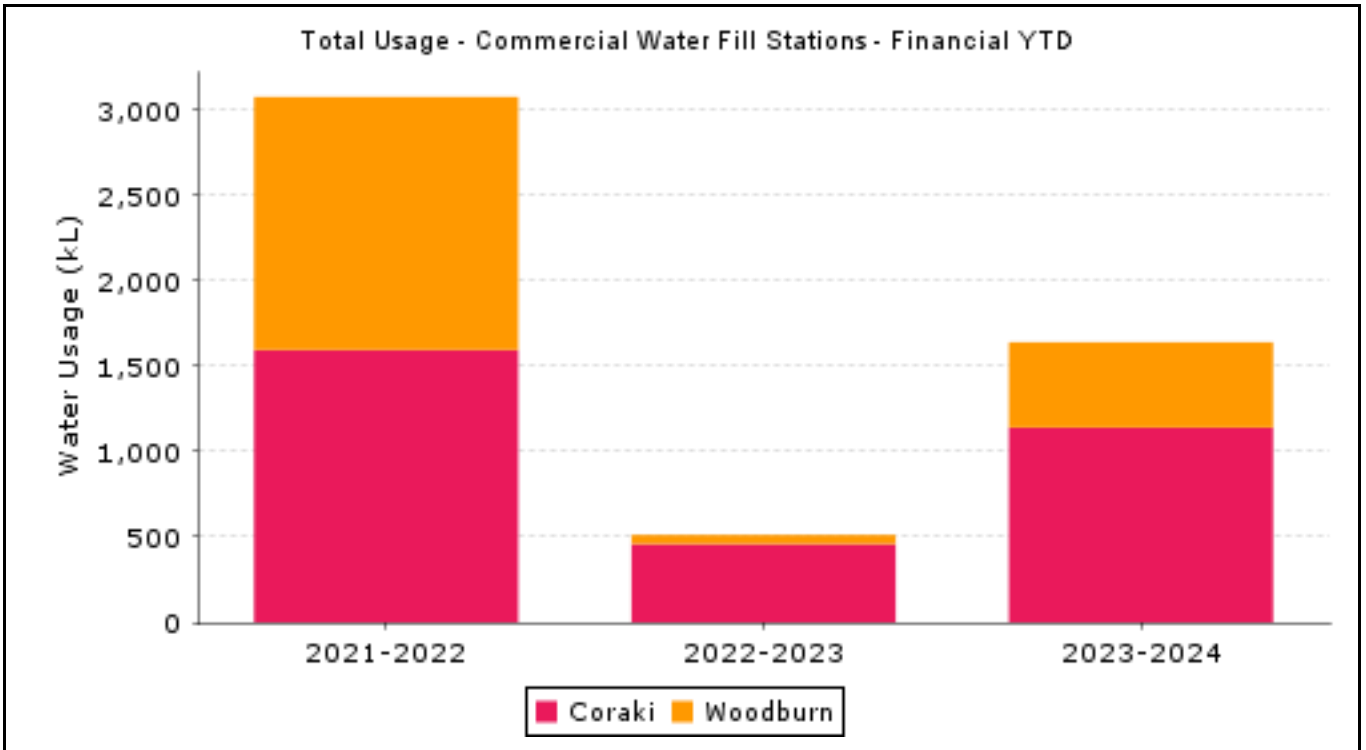


Figure 19: Total usage of commercial water fill stations. 1 July to 30 September

Reports/Actions pending

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

That the report be received and noted.

Background

Following is a list of pending resolutions with individual comments provided on current position and expected completion date.

COUNCIL MEETING 11/12/2019	
Report	Richmond River Cane Growers Association submission: Review of Tuckombil Canal fixed weir (Letters 118585 / 53238)
	<i>Responsible Officer: Group Manager Planning and Delivery (Andrew Logan)</i>
ACTION	<p>Update: October 2023 – Richmond Valley Council has recently adopted a report on the <i>Richmond Valley Flood Study</i> which includes a new flood model. With this work now finalised, Rous can consider relevant results from this work, the scope of the review of the Tuckombil Canal fixed weir and how the work will be funded as part of a future budget.</p> <p>The Richmond River Cane Growers Association will be provided the above update in October 2023.</p> <p>The scope of work for the review of the Tuckombil Canal fixed weir and a budget will be considered as part of the annual budget process commencing in November 2023 for the 2024/25 year. Council will be able to consider this in April 2024, as part of the draft budget for 2024/25.</p>
COUNCIL MEETING 20-08-2023	
Report	Retail Water Bad Debt Write-off
	<i>Responsible Officer: Group Manager Corporate and Commercial (Geoff Ward)</i>
Resolution	<p>(Ndiaye/Humphrys):</p> <ol style="list-style-type: none"> That Council defers the decision until the February 2024 Council meeting with no interest to be applied to the account during that period. Staff to continue to work with the customer for the debt recovery of \$2,500.
ACTION	Update report to be provided to the February 2024 Council meeting.
COUNCIL MEETING 20-08-2023	
Report	Proposed change to ownership - Lismore Levee Scheme
	<i>Responsible Officer: Group Manager Planning and Delivery (Andrew Logan)</i>
Resolution	<p>(Cadwallader/Bruem) that Council:</p> <ol style="list-style-type: none"> Acknowledges that the devastating and widespread impact of the 2022 Floods has highlighted the importance of local government partnering and working cooperatively for the benefit of the community.

2. Note that Lismore City Council has been successful in independently securing grant funding under the Northern Rivers Recovery and Resilience Program for upgrade and improvement works to the Lismore Levee Scheme and that Lismore is seeking to engage with Rous regarding consent to undertake those works.
3. Recognising that the historic role of Rous in urban flood mitigation has changed and having regard to the Lismore Levee Scheme asset renewal, replacement and upgrade works independently completed and planned by Lismore City Council, resolve to transfer the Lismore Levee Scheme to Lismore City Council and enable centralised control, ownership, operation and maintenance by that Council as the local government entity serving the community directly benefited by the Scheme.
4. Invite the Lismore City Council Mayor and General Manager to meet with the Rous Chair and General Manager to negotiate and agree next steps.
5. Confirms its commitment to work with Lismore City Council to ensure no delay to any planned upgrade and improvement works for the Lismore Levee Scheme.
6. Write to relevant funding bodies to request financial assistance to affect the transfer of the Lismore Levee Scheme to ensure no cost is borne by either Lismore City Council or Rous.
7. Revoke point 1(b) of resolution [84/22] arising from Council's meeting of 14 December 2022.
8. Authorise the General Manager to affect all necessary actions associated with and ancillary to the implementation of this resolution of Council.

ACTION

Councillors receive a further update before December 2023.

Confidential matters

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

That Council move into Closed Council to consider the following matters and the meeting be closed to members of the public and press based on the grounds detailed below:

Report

Workplace consolidation - Gallans Road update

Grounds for closure

Section 10A(2)(d) commercial information of a confidential nature that would, if disclosed:
i) prejudice the commercial position of the person who supplied it.

Section 10A, Local Government Act, 1993:

A Council may close to the public only so much of its meeting as comprises the receipt or discussion of any of the following:

Section 10A(2):

- (a). personnel matters concerning particular individuals (other than councillors),
- (b). the personal hardship of any resident or ratepayer,
- (c). information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business,
- (d). commercial information of a confidential nature that would, if disclosed:
 - (i). prejudice the commercial position of the person who supplied it, or
 - (ii). confer a commercial advantage on a competitor of the Council, or
 - (iii). reveal a trade secret,
- (e). information that would, if disclosed, prejudice the maintenance of law,
- (f). matters affecting the security of the council, councillors, council staff or council property,
- (g). advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege,
- (h). information concerning the nature and location of a place or an item of Aboriginal significance on community land.

Section 10A(4):

Council may allow members of the public to make representations to or at a meeting before any part of the meeting is closed to the public, as to whether that part of the meeting should be closed.

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