

ANNUAL REPORT



ROUS
COUNTY COUNCIL

■ BULK WATER SUPPLY

■ WEED BIOSECURITY

■ FLOOD MITIGATION

2017/18

This Annual Report summarises the activities and performance of Council for 2017/18 against our Delivery Program and Operational Plan. As well as reporting on our activities, the report contains a range of statutory reporting information. This and earlier Annual Reports are available on our website: www.rous.nsw.gov.au

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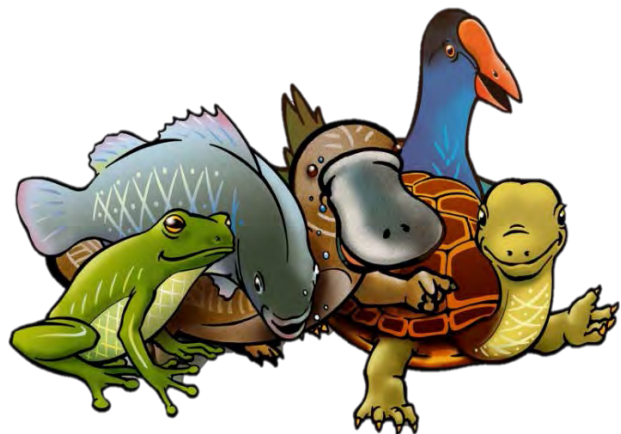
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ACKNOWLEDGEMENT OF COUNTRY



Council acknowledges the Traditional Custodians of the Land on which we work, and pays respect to them and to Elders, past, present and future.



Illustrations created by Geoff Williams (1942-2015) and Widjabul artist, Sheldon Harrington Snr (1961-2015).

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OUR VISION

Thrive and evolve as a valued regional service provider.

OUR MISSION

Partner with our constituent councils to provide quality services that support a sustainable and productive region.

OUR VALUES

SAFETY

Safety first
24/7



TEAMWORK

ONE team,
one purpose



ACCOUNTABILITY

OWN it,
solve it, achieve it



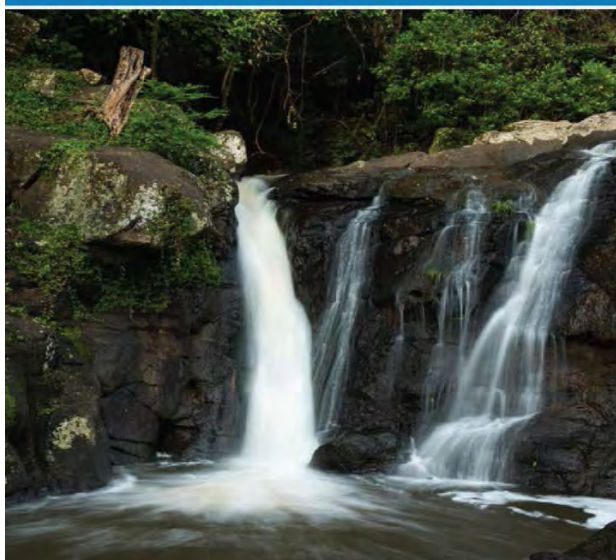
RESPECT

BE honest,
be fair



WHAT WE DO

Supply water in bulk



We are 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). A population of around 100,000 is serviced by this water supply system with the area of operations being approx. 3,000km².

The regional supply network includes around 43,000 connections within the reticulation areas of the local government areas that it services and nearly 2,000 retail connections to our trunk main system.

Reticulation of the water within the urban centres is the responsibility of our member councils. The principle source of our supply network is Rocky Creek Dam (RCD) situated 25km north of Lismore near the village of Dunoon. The dam has a storage capacity of 14,000ML.

Other available sources under our control include Emigrant Creek Dam (ECD), Conveys

Lane and Lumley Park bores in the Alstonville area, as well as bores in the Richmond Valley area.

Our water infrastructure is valued at more than \$250M. This includes the physical trunk main and pipeline system as well as reservoirs, RCD, ECD, Wilsons River Source, two water treatment plants (Emigrant Creek and Habbie Habib Nightcap) and a range of public access and recreation areas in and around RCD and ECD.

We implement a multi-barrier approach to water quality management – this means that at each stage of the water collection, storage and delivery process, we actively manage water quality. Catchment protection is a key barrier in drinking water quality protection. Minimising contamination before it reaches the Water Treatment Plant is considered a vital step in reducing drinking water-related health risks. We work with a wide range of catchment partners to improve the quality of water flowing from the catchment areas into our streams and water sources.

Our Water Walk and Rainforest Reserve at RCD is a popular destination that showcases the benefits of long-term commitment to catchment protection and Big Scrub Rainforest restoration.



Prevent and mitigate menace to the safety of life or property from floods and natural resource management issues arising therefrom



Our service delivery relates to flood mitigation in the rural environment. Our natural resource management function relates only to the environmental consequence resulting from the operation of this infrastructure on the broader environment.

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

The Lismore levee is a flood mitigation system comprising a 2km concrete flood levee bank. While we own the levee, Lismore City Council (LCC) is responsible for its maintenance and operation. It is supported by an auxiliary flood mitigation system consisting of: South Lismore levee which is 5.5km in length and designed to protect the area of South Lismore in a 1 in 10-year flood; a pop-up deflector wall; Brown's Creek pump station; and doorway floodgates for some local flood affected businesses. The levee was constructed in 2002 by the former Richmond River County Council at the request of LCC, with funding provided by Lismore, the Commonwealth and State governments.

We also have a strong interest in activities such as hydrological research, flood surveying and modelling. This enables us to better understand flood behaviours and the impact of flooding on the catchment and floodplain.

As a flood mitigation authority, we also partner with our member councils to coordinate the preparation and submission of grant funding applications for agreed regional projects.



Weed removal at Dungarubba.



Exercise powers and duties in relation to weed biosecurity



Our goals are to:

Exclude new weeds (prevent them establishing in our region).

Eradicate or contain any new weeds found in our region (eliminate them or stop their spread).

Effectively manage the impacts of widespread invasive weed species.

Build capacity in our region to help the community, industry and government commit to long-term management of invasive weeds.

To achieve this we focus on:

- Identification and management of high-risk weed species and how they spread into and within our region.
- Improving our capacity to find new weeds early.
- Ensuring we have the resources and procedures to take rapid strategic control measures against new weeds in our region.
- Directing our resources to where benefits will be the greatest.
- Increasing community commitment and involvement in proactive weed management.

We also deliver weed services under a service level agreement to the councils of Kyogle and Tweed Shire.



Kidney leaf mud plantain.



CHAIR'S MESSAGE



During 2017/18 it was a privilege to lead Rous County Council's governing body in overseeing the management of some of our region's most precious natural resources. I would like to thank my fellow county councillors for the confidence they showed in providing me with this responsibility.

With the merger of Rous Water, Far North Coast Weeds and Richmond River County Council two years ago to form Rous County Council, throughout 2017/18 we remained especially focused on continuing to build a modern organisation with the capacity to meet our region's most pressing needs. Although this significant change continues to bring new challenges, we have welcomed it as a valuable opportunity to foster better and closer relationships with our constituent councils so we can work together for the benefit of the many communities that

depend on us.

As part of these efforts, in partnership with our constituent councils we adopted a new strategic Regional Demand Management Plan to ensure a sustainable and secure water supply for our many residents now and into the future. Over the next four years, a number of innovative initiatives and actions will be implemented to effectively manage the region's water supply – including better monitoring, improved water loss management, increased smart water metering and more community education.

For my fellow county councillors and I, the past financial year also marked the completion of the first year of our new Delivery Program for 2017/18–2020/21. During this period, Rous County Council has committed to delivering a range of essential infrastructure and service improvements as well as many community-focused initiatives that will continue to have a positive effect on our region for many years to come. Some of our achievements in 2017/18 that I am especially proud of include:

- As part of our support for the national reconciliation movement, we completed the first phase of our Reconciliation Action Plan. The 'Reflect' phase has seen us spend time developing meaningful relationships with Aboriginal and Torres Strait Islander peoples within our community to help inform a future vision for reconciliation across the region.
- In March 2018, a major upgrade worth just over \$1 million was completed at the Rocky Creek Dam Reserve. Visitors to this regionally significant natural attraction will now enjoy better access to the reserve, improved car parking facilities, new signage and enhanced native landscaping features.
- Our ongoing efforts to maintain healthy water catchments continued, with 500 rainforest plants used to revegetate the banks of the Wilsons River in March 2018. So far, with the help of local schools and private landowners, a total of 6,000 plants have been used to regenerate 21 hectares of land along the river.

Unfortunately, 2017/18 was not without a bittersweet note for everyone involved with Rous County Council. In late 2017, after nine years as General Manager of Rous Water, Far North Coast Weeds and Richmond River County Council, and then Rous County Council, we farewelled Mr Kyme Lavelle following his retirement from local government. Mr Lavelle's experience, dedication and innovation are not only a significant loss to us but also to local government. We sincerely hope he takes great pride in his exceptional career and wish him all the best in retirement.

In January 2018 we were fortunate to welcome aboard Mr Phillip Rudd as Rous County Council's new General Manager. For over a decade, Mr Rudd has served many local communities in the NSW Central Coast, Riverina and South West Slopes regions, dedicating himself to managing one of the community's most precious natural resources – water. Mr Rudd's know-how, vision and passion will be vital in leading Rous County Council's delivery of natural resource management here in our region.

Finally, in putting forward this Annual Report for 2017/18, on behalf of the Rous County councillors I would like to sincerely thank our constituent councils and the community for their strong support of the direction Rous County Council is heading.

Cr Keith Williams
Chair

GENERAL MANAGER'S MESSAGE



Taking up the role of General Manager in 2017/18 brought with it a number of exciting opportunities. It was exciting to begin living in one of the most renowned and picturesque regions of NSW. It was equally exciting to start working alongside Rous County Council's dedicated staff and councillors. I would like to sincerely thank everyone from across the organisation as well as our constituent councils and community for the warm welcome I have received.

In the past financial year we started taking the necessary time to reflect internally on how to ensure our organisation continues to evolve post-merger so it can become a leader in providing high-quality regional services.

We created and adopted a new 12-month Operational Plan to make sure we continue to set a clear strategic direction for the organisation. The individual projects, programs and actions we have committed to completing will support the local region's residents, environment, economy and growth with quality infrastructure and services.

In partnership with Lismore City Council, we put forward a detailed submission for federal and state government grant funding to implement a series of strong, cost-effective initiatives that will tackle flooding issues now and into the future. Given the period that has passed since a major flood last devastated the region, there has never been a more critical time than now for decisive action to safeguard the community from the impacts of severe flooding.

The organisation celebrated a major milestone with the completion of the last of our M1 Highway water main relocation works, which have been ongoing for over 15 years. The completion of these works means we can now focus on other much needed projects such as vital water main renewal works within our supply network.

We adopted the organisation's first ever Greenhouse Gas Abatement Strategy as part of a commitment to minimise our carbon footprint and electricity costs wherever possible. Given the substantial energy demands of operating the region's water supply system, the strategy sets out a number of actions we will take to utilise reliable and cheaper alternate sources of energy that are sustainable and good for the environment. This includes installing solar energy systems at some of our key operational and administrative sites.

Some of our other key results and highlights for 2017/18 include:

- A strong operating surplus of \$1.64M due to a number of ongoing initiatives aimed at securing the organisation's long-term financial sustainability.
- Capital investment of over \$4.25M in new infrastructure and service improvements.

Finally, and most importantly, I would like to acknowledge the tireless efforts and dedication of our highly skilled and professional staff during 2017/18. This commitment and hard work ensures every community member that relies on Rous County Council receives high-quality, reliable services each day.

Phillip Rudd
General Manager

GOVERNING BODY



Cr Keith Williams (Chair)
Ballina Shire Council



Cr Sharon Cadwallader
Ballina Shire Council



Cr Simon Richardson
Byron Shire Council



Cr Basil Cameron
Byron Shire Council



Cr Darlene Cook
Lismore City Council



Cr Vanessa Ekins (D/Chair)
Lismore Shire Council



Cr Sandra Humphrys
Richmond Valley Council



Cr Robert Mustow
Richmond Valley Council

Council meetings

In 2017/18 Council meetings were held on the third Wednesday of each month (no January or July meeting), commencing at 1.30pm at Rous County Council Administration Office.

Council meetings for 2019 will be held on the third Wednesday of the month commencing at 1.00pm at Rous County Council Administration Office on 20 February; 17 April; 19 June; 21 August; 16 October and 18 December.

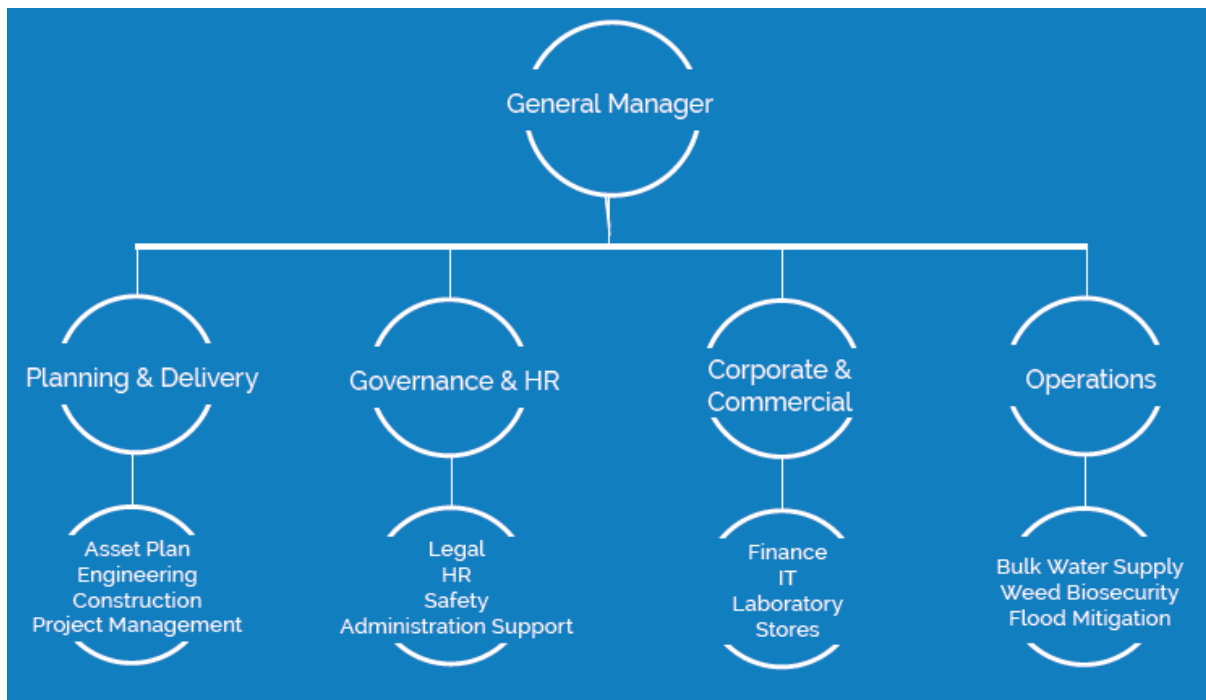
When meetings are not scheduled to be held, Council will hold briefings or workshops unless, in consultation with the Chair, the General Manager determines that there is no substantial matter required for discussion.

Meetings are held at Rous County Council Administration Office, L4, 218-232 Molesworth Street, Lismore.

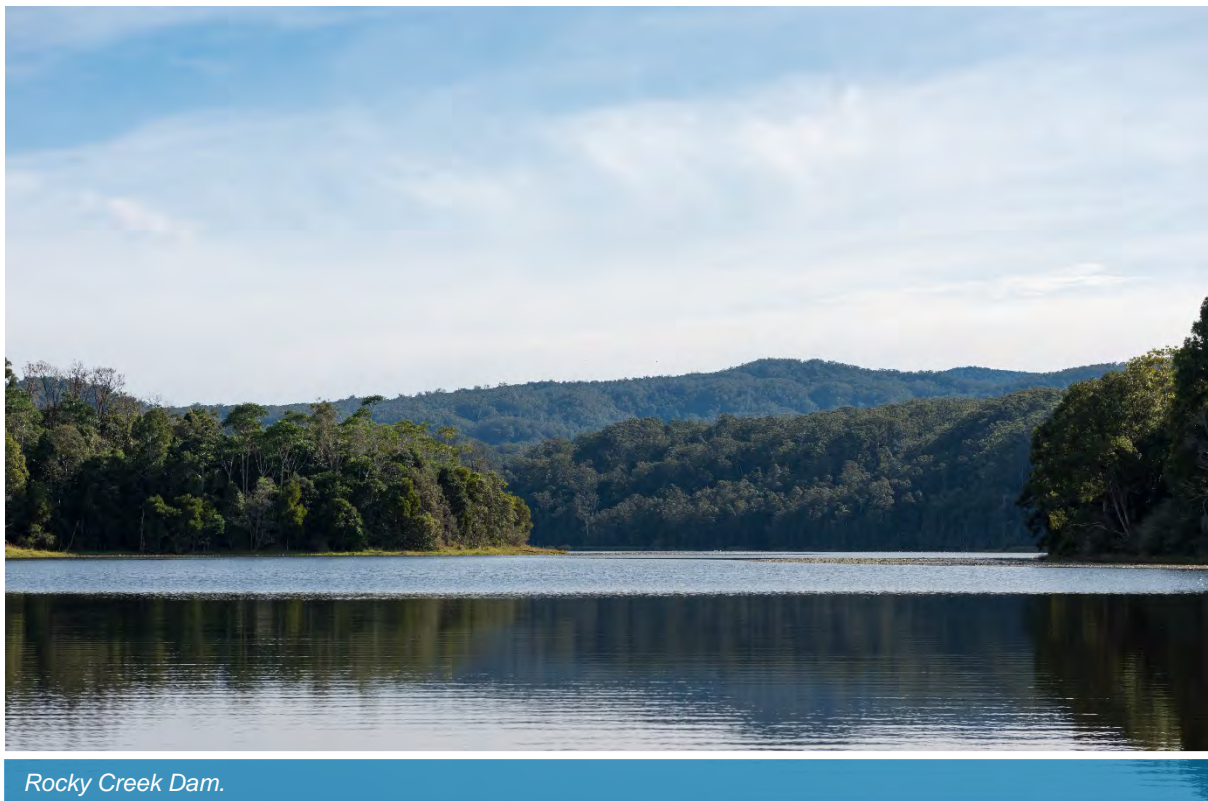


Our structure

Council's internal operations are arranged across four areas, each being led by one manager who reports directly to the General Manager.




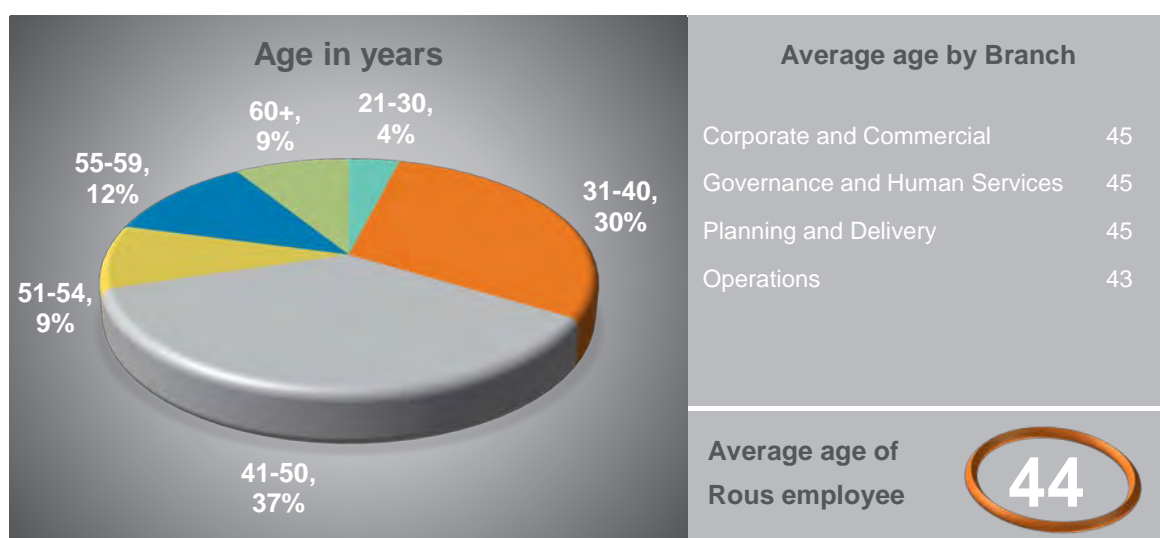
Our workforce consists of office based and outdoor workers operating across four local government areas. Weed biosecurity activities extend to a further two local government areas that are serviced under separate fee-for-service arrangements.



Rocky Creek Dam.

Our people

| Head count and gender | | | | |
|--|-------------------------------|--------------|------|--------|
|  Whole organisation | By Branch | Head count * | Male | Female |
| | Corporate and Commercial | 19 | 8 | 11 |
| | Governance and Human Services | 10 | 1 | 9 |
| | Planning and Delivery | 15 | 12 | 3 |
| | Operations | 37 | 29 | 8 |
| | Total as at 30/06/2018 | 81 | 50 | 31 |



Nightcap Water Treatment Plant.

PLANNING AND DELIVERY

FUTURE WATER STRATEGY

Council's existing water sources can meet expected demand in the short-term. However, it is essential and responsible to plan for the community's longer-term needs. To maintain a reliable and sustainable water supply, a Future Water Strategy with a 50-year planning horizon has been developed.

Over the next 50 years, changes to climate and rainfall patterns are expected to result in less reliable rainfall across the region. At the same time, water use is forecast to increase as the population grows.

Based on these predictions, by approximately 2024, demand for water will match what our current sources can reliably supply. By 2060, expected water demand will exceed reliable supply by 6,500ML per year, or approximately half of our current supplies. Meeting this challenge will require a combination of improved water conservation and new water sources.

Key actions identified within the Future Water Strategy are:

- implement water efficiency programs to ensure existing water sources are used responsibly and efficiently
- undertake detailed investigation to assess the suitability of increased use of groundwater as a new water source
- undertake detailed investigation and consultation to assess the suitability of water reuse as an additional new water source.

Council is currently reviewing and updating its demand management program to further promote water efficient consumer behaviour throughout the region. This includes working with constituent councils to identify water losses and minimise leakage. (For further details refer to the section on 'Demand Management').

Groundwater investigations

Investigations into potential groundwater sources commenced in early 2015 with the engagement of Jacobs Group (Aust.) Pty Ltd to undertake a detailed investigation of groundwater in our region. These investigations have been undertaken in a staged approach. The first stage involved a multi-criteria analysis of all potential groundwater sources. This multi-criteria analysis has prioritised five groundwater source investigation areas out of all potential groundwater investigation areas in the region. These shortlisted areas were further analysed and prioritised prior to commencing Stage 2 works.

The second stage of investigation involves the construction of groundwater test bores. The drilling of these bores is to assess the amount and quality of the water available for any new future water source.

The geology of the five prioritised areas comprises two fractured basalt stratum and three alluvial sand aquifers. The lithology of these sites will have consequences on the suitability and availability of new water sources to supply the region.

The second stage of investigations are ongoing with a number of constructed groundwater test bores being installed in three of the five high priority areas. Investigations completed to date within the alluvial sand aquifers have found that one of the aquifers has a highly variable lithology and the suitability for further investigations for this area is unclear.

To ensure that only suitable areas of aquifers are examined, Council, in consultation with the hydrogeologists from NSW Department of Primary Industries, called for quotations from suitably qualified contractors to complete detailed geophysical survey investigations. The investigations were to assess the lithology, saturation and groundwater salinity and produce comprehensive maps of the result. The geophysical survey works were completed in March 2018, with the maps used to determine the next areas for further Stage 2 investigations. A drilling program was designed by Jacobs Group (Aust.) Pty Ltd and Tenders were called for these works. The drilling works are planned during the 2018/19 financial year.

One of the two fractured Basalt groundwater source investigation areas has been examined and discounted as a viable scheme, while one alluvial sand aquifer has progressed to Stage 3 of the investigations. The third stage involves the conceptual design of groundwater schemes and assessment of any potential water treatment requirements. Stage 3 works will allow Council to determine how much of the future demand for water can be met from the groundwater investigation area. The assessment of its suitability as a future water source is ongoing.

Council will review to determine if, in addition to the groundwater options, water reuse sources will be required.

Conceptual water reuse schemes have been developed in each of the constituent council areas within the Rous region. We will continue to work with each of the councils to identify and develop further wastewater reuse schemes.

Council will advocate indirect potable reuse as a strategy to increase water supply security and yield.

BULK WATER SUPPLY SYSTEM

Rocky Creek Dam tunnel



Council completed a series of inspections and risk assessments ahead of developing rehabilitation options for the Rocky Creek Dam (RCD) tunnel and associated water transfer pipework to ensure asset reliability to 2060 and beyond.

The 750mm diameter distribution pipework in the RCD tunnel was liable to be damaged by rock fall and rendered unserviceable. The pipework is critical to the operation of the regional water supply.

While the supply can sustain a short-term outage (less than 24 hours) failure in the tunnel would take weeks or months to resolve, due to tunnel access.

Routine inspections of the RCD tunnel had not been carried out since 2013 due to the inability to satisfy the confined space entry requirements for an unsupported rock tunnel. Council engaged Bothar Boring and Tunnelling Pty Ltd to design and install a new 360 metre water supply pipeline using pipe jacking and micro tunnelling technology to connect the Nightcap Water Treatment Plant to the downstream water distribution system. These works have been completed and Council is now progressing the planning of the connection works to allow for decommissioning of the existing 750mm diameter pipeline located within the RCD tunnel.

Council engaged GHD Pty Ltd to undertake a review and document functional and maintenance requirements. This included design criteria and assessments of structural and geological risks required for the installation of a new bulkhead (or “plug”) in the tunnel, to isolate the water body of RCD from the remainder of the tunnel. The review concluded that further geotechnical investigations were required. These investigations were completed by Golder Associates Pty Ltd and provided additional information to assist with the design and construction process.

The project design and technical specification works are well advanced with the installation process scheduled to be completed in the 2018/19 financial year.

Emigrant Creek Dam Anchors Rehabilitation Project



In 2001, eighteen post-tensioned permanent rock anchors were installed in the spillway sections of Emigrant Creek Dam (ECD) as part of a dam safety upgrade. The works included water-proofing and corrosion protection for the anchoring system. The works were undertaken while the dam level was lowered as the anchors are located below typical storage level.

Overtime the required corrosion protection was found to be inadequate and anchor head repair or replacement was subsequently required. A specialist dam anchoring consultant was engaged to review the original design documentation and undertake a condition assessment of the anchors. Council staff, the specialist dam anchoring consultant, and the NSW Public Works Advisory (PWA) investigated the issues to improve the understanding of the associated risks and mitigation

options.

In 2017, PWA was engaged to assess the safety of the dam should anchors fail. This included facilitating a workshop to review the safety issues associated with load testing and recommend a course of action to ensure the ongoing safety and performance of the Dam. The risk workshop recommended the preparation of an interim Dam Safety Emergency Plan (DSEP), and a trial remediation of one of the anchors.

SRG Civil Pty Ltd (SRG) was engaged to investigate one of the anchors to determine condition and likelihood of satisfactory remediation using a concept devised by the specialist dam anchoring consultant. The methodology was refined while works were being undertaken with significant on-site supervision by staff.

In May 2018, Council further engaged SRG to remediate the remaining anchors, using the same methodology as that used in the trial remediation. The remaining anchors were completed by June 2018 and the anchors have been satisfactorily remediated. Subsequently, load testing of the anchors and installation of necessary supporting infrastructure has been completed.



Load testing anchors.

Dorroughby to St Helena 525 steel water main

The 525mm diameter steel water main from Dorroughby to St Helena reservoir was built in the 1970s to augment supply to Ballina and Byron Shire local government areas. The main has 26 elevated sections crossing over creeks and gullies along its alignment. The elevated sections were showing signs of corrosion with one section failing, requiring emergency repairs. Australian Prestressing Structures was engaged in July 2016 to complete the repairs. The majority of works were completed in the 2017/18 year. Remaining works on this contract include three difficult sites and repainting of the pipeline.

Council staff have also assessed other elevated pipelines in the network and similar corrosion issues have been found. Work contracts to remediate the newly identified corrosion are being prepared for 2019/20.



Rocky Creek Dam carpark and entrance upgrade



Council completed a major renovation of the entrance and car parking area of Rocky Creek Dam, improving the safety, accessibility and visitor experience of park patrons.

The upgrade included the addition of designated bus and disabled parking areas, upgrading of the internal roads and car parking to meet current traffic safety standards and re-modelling of the entrance landscaping to highlight the natural and native beauty of the region.



The park was re-opened to the public in March 2018.

A master plan for the park will be developed in 2018/19 to guide future improvement projects.



Completed upgrade.

Water mains



Council experienced 40 water main breaks during the reporting period. This was above the performance target of 20 breaks however below the State median of 44 breaks. There were 12 breaks within the trunk network and 28 water main breaks within the reticulation system. 21 of the pipeline breaks were on pipelines identified for replacement within the Capital Works Plan with the remaining pipeline failures relating to localised pipeline defects.

Water main breaks generally result from age and general deterioration of the main. However factors such as disturbance from nearby construction works can also contribute to leaks or water main failures.



Despite the number of failures, performance standards for interruption to supply of water to customers have been met.

Backflow prevention program



Council has continued to work with consumers, who have a high hazard rating connection, to install the required backflow prevention device on their

existing water service, or alternatively, remove the non-drinking water use resulting in the high hazard rating.

The first stage of the backflow prevention program has been completed with a second stage currently being developed to identify remaining high hazard connections.



Non-drinking water use.

ASSET MANAGEMENT PLANS

Rous has continued to implement actions from the former Rous Water and Richmond River County Council's Asset Management Plans (2012-2022). A combined Rous County Council Asset Management Plan (AMP) was adopted by Council in June 2017.

The Integrated Asset Management System, Confirm®, which Council has been operating since 2012, continues to be developed. A successful trial roll-out of ConfirmConnect®, an iPhone-based solution for staff to use in the field, was completed in March 2018. Following the trial, approximately 50% of field-based staff are now using ConfirmConnect® to complete inspection and maintenance programs in the field and capture asset defects. It is expected that all field-based maintenance staff will be using the platform by the end of the 2018/19 year. The field-based solution significantly improves efficiency of staff, reduces double handling and provides more timely and accurate asset information.

DEMAND MANAGEMENT

To assist in developing the new Regional Demand Management Plan, a Demand Management



Working Group was formed with representatives from Ballina and Byron Shire, Lismore City, Richmond Valley and Rous County councils. Workshops were held with the group and consensus reached on initiatives to carry forward. A comprehensive and targeted consultation program was undertaken with all key stakeholders. A workshop was held with councillors and the [Regional Demand Management Plan \(2019-2022\)](#) was subsequently adopted by Council on 20 June 2018.

The plan provides strategic and cost-effective demand management initiatives with innovative and specific actions for Rous County Council and the constituent councils to implement. The seven key actions to be implemented over a four-year period are:

Action 1: Monitoring, Evaluation and Reporting

Action 2: Water Loss Management

Action 3: Sustainable Water Partner Program

Action 4: Smart Metering

Action 5: Recycled Water

Action 6: Rainwater Tank Rebates

Action 7: Community Engagement and Education

Key performance indicators provide a measure of the success of the outcomes of the actions and may be modified in response to on-going monitoring, evaluation and best practice. The Regional Water Supply Agreement Liaison Committee, comprising of representatives from the councils, will oversee the Plan implementation and ensure the actions are completed.

Implementation of the Regional Demand Management Plan in 2017/18 involved:

- **Continuation of the Residential Rainwater Tank Rebate program** has seen a total of 48 rainwater tanks installed and rebates processed.
- **Continuation of the Sustainable Water Partner program** resulted in two businesses receiving rebates for water saving projects. New brochures were created to reflect tailoring towards the highest water users in the region. Two businesses in the top 50 highest water users of the region were also introduced to the program.
- **Community and school education and engagement** was undertaken through the popular and interactive water catchment model as well as involvement in the Green Innovation Awards for primary and secondary schools in the region. Rous County Council was a guest judge at the ceremony and contributed a prize to the winning high school entry. A comprehensive review was also undertaken by Dorroughby Environmental Education Centre to secure Rous County Council's legacy of past investment in face to face school and community education.
- **Continued partnerships with councils and other organisations** has seen relationship building with key communications, education and operational staff.



Darlene Cook, Councillor of Rous County Council with Trinity Catholic College students, the winners of the Rous County Council sponsored secondary school category of the 2018 Green Innovation Awards.

DROUGHT MANAGEMENT

The Regional Drought Management Plan Working Group, formed with representatives from Ballina and Byron Shire, Lismore City, Richmond Valley and Rous County councils met in August 2017. Proposed preliminary, operational sub tasks outlined in the Regional Drought Management Plan were discussed and specific, preparedness actions were agreed upon to enhance regional consistency and ensure a strategic, pro-active approach. The group completed the following actions:

- Design of road signs for water restrictions.
- Design of initial water restrictions advertisements.

CATCHMENT MANAGEMENT

Drinking water catchment quality and health



The quality of the water provided to Rous customers is partly dependent on the quality of the water flowing to the extraction point from the respective catchment areas. The Australian Drinking Water Guidelines (ADWG) state that the most effective means of assuring drinking water quality and the protection of public health is through the adoption of a preventative management approach that encompasses all steps in water production from catchment to consumer. The catchment area forms the first barrier for the protection of the water supply.

In keeping with the 'catchment to tap' management approach recommended in the ADWG, Rous has developed and is implementing Catchment Management Plans (CMPs) for its major drinking water supply catchments. The CMPs cover the 'catchment to treatment plant' component of the water supply system and feed into the more engineering-focused 'treatment plant to tap' management plans being implemented by Rous and its constituent councils. Altogether this body of management plans forms the Drinking Water Management Systems (DWMS) that is required under the *Public Health Act 2010*.

During 2017/18 Rous completed the following catchment-based initiatives:

Buffer zone management (Rous estate)

Revegetated stream buffer zones serve a range of functions, including filtering sediments and nutrients contained in runoff from upslope, improving stream bank stability, shading of stream and foreshore areas impacting on stream water temperature, algal growth and fish, and providing improved habitat for a range of plants and animals. These functions improve the quality of the catchment and have a beneficial effect on water quality. Council bush regeneration staff actively manage over 100ha of Rous-owned buffer zone land for water quality control and weed control purposes at Rocky Creek Dam, Emigrant Creek Dam, the Wilsons River Source at Howard's Grass and at the proposed Dunoon Dam site.

The emphasis of the buffer zone improvement program during 2017/18 continued to focus on the Rous County Council estate, rather than the establishment of any major new works/projects. This focus on Rous-owned lands has been essential in order to better align workloads with available resourcing. Options are being considered as to how to resource site maintenance at the network of private sites so to facilitate an appropriate handover process for these partnership projects.



Council's bush regeneration team.

Wilsons River Catchment – Tidal Pool improvements



The key focus for Rous County Council in the Wilsons River Tidal Pool during 2017/18 involved execution of the third year of the 3-year *Wilsons River Tidal Pool Riparian Restoration project* funded by the NSW Environmental Trust.

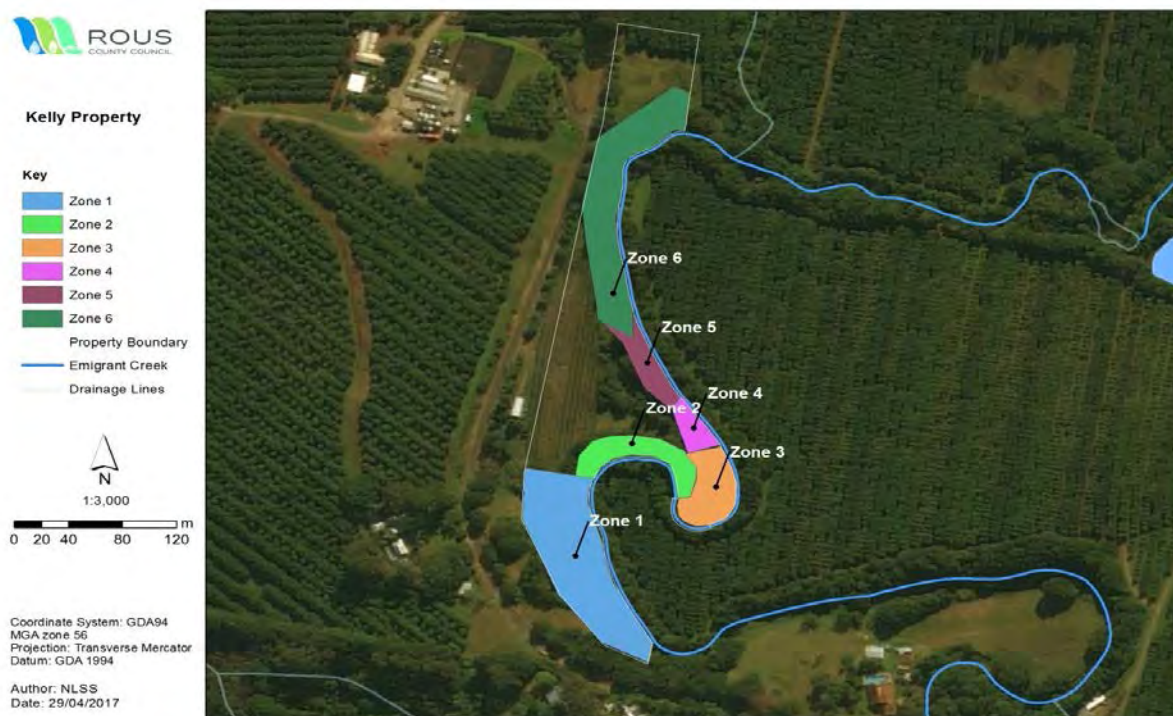
The project involves a partnership between Rous County Council, Lismore City

Council, Landcare, WIRES, Friends of the Koala, Southern Cross University, EnviTE, six local schools and five private landholders. The project has involved the conduct of riparian improvements at a series of sites along the Wilsons Rivers Tidal Pool and its tributaries – sites that are linked to the participating schools and private properties fronting the river.

The project actively engages schools, students and local landholders in restoring our waterways. In 2017/18, this project has involved the conduct of bush regeneration weed control work across 25.4ha, improving riparian vegetation condition, connectivity, extent, habitat for threatened species and water quality in the Wilsons River catchment. An additional 2,450 trees have been planted, bringing the 3-year project to a total of 8,486 trees planted.

Emigrant Creek Catchment Management Plan implementation – River Reach Plan

One of the key actions contained in the Emigrant Creek Catchment Management Plan is to ‘co-ordinate an assessment of watercourse condition, focusing on bed and bank stability and channel sediment profiles’ and to ‘prepare and implement reach-based rehabilitation plans addressing key river health threats (lack of riparian vegetation, emerging weeds, stock access, and bank erosion)’.





Degraded, eroded creek banks requiring stabilisation.

In 2017/18, Rous continued to implement the River Reach Plan for the extent of Emigrant Creek and significant tributaries between the Pacific Highway and Emigrant Creek Dam. The Plan outlines at both the reach scale and the property scale, recommended activities to rehabilitate Emigrant Creek, including weed control, planting and erosion control works, stock management and in-stream improvements. Work has been undertaken on eight properties in 2017/18 in accordance with landholder endorsed plans.

Contractors were engaged in 2016/17 to commence high priority weed control and rehabilitation work on approximately 24ha of riparian land in partnership with catchment landholders.

This Stage 1 work involved the planting of approximately 5,500 trees. These plantings have been successful, and work has continued with Stage 2 in 2017/18, with the vital work of follow up

weed suppression being undertaken across all sites.

2017/18 also included the development of a scope of works for physical bank restoration on three sites that are experiencing significant bank erosion issues where revegetation alone is unlikely to remediate. Planning and approvals have been obtained for two of these sites, with the selected contractor due to begin works in late 2018. A third bank restoration site (the largest and most complex) is at the planning stage.

Community education and engagement – drinking water catchments

Council implements a range of catchment stakeholder education and engagement activities that aim to raise awareness of drinking water catchment issues and to build consensus and involvement in the undertaking of catchment management programs and actions. The key focus of the catchment-based community education and engagement during 2017/18 involved the following:

Big Scrub Rainforest Day 2017

All of the key existing and proposed surface water sources of Rous County Council are located within the Big Scrub landscape – this includes Emigrant Creek Dam.

Big Scrub Rainforest Day 2017 consisted of a series of events across the Big Scrub landscape run by catchment partners over a full weekend.

As part of the 2017 event, Rous County Council joined together with Big Scrub Landcare to restore 1ha of riparian land around Emigrant Creek Dam in Brooklet to protect water quality and complement existing Big Scrub rainforest plantings upstream and downstream. One thousand trees were planted on operational land adjacent to the Dam, providing an opportunity for Rous County Council to engage with the community in an activity to protect water quality in our drinking water catchments – approximately 60 community members attended. In addition to creating a buffer zone between adjacent agricultural areas, restoration of this reach of Emigrant Creek is important for water quality and biodiversity.

This annual event strengthens the capability of local people and Landcare groups working in our water catchment areas to improve the condition of riparian areas, and therefore provides for overall improvement in catchment health and water quality.



1

Walk, Plant, Discover & Play

With Mountain Bike Tours Byron Bay director and head guide Byron Rowland

Come and discover the Big Scrub in your back yard, and explore the wonders of Tucki Tucki Creek. Bring the whole family for a short walk, stopping at discovery stations along the way. Plant a tree, listen out for frogs, make butterfly craft, dip net for water bugs, assemble a nesting box, watch out for wildlife and learn from the Landcareers. Bring a picnic and stay a while, or continue on for a longer walk along this urban corridor.

WHERE: Start at the Richmond Birdwing Butterfly Gully, corner of Kadina Street and Oliver Avenue Goonellabah.

WHEN: Sunday 15th October, 9:00am to 12:00 noon (Tree planting 9:00am to 11:00am)

COST: FREE

CONTACT: landcare.support@richmondlandcare.org or 6622 1555

Formed over 9 years ago with the support of LCC, Upper Tucki Tucki Creek Landcare is a local Landcare group caring for the Tucki Tucki Creek, an urban waterway in Goonellabah. Richmond Landcare is the umbrella network for Landcare groups in the Richmond catchment and is an incorporated non-profit group. Lismore City Council oversees the beautiful Lismore Local Government Area, which encompasses Lismore City, Nimbin and surrounding villages.

www.richmondlandcare.org | www.lismore.nsw.gov.au



3

Community Planting & Picnic

Lismore Landcare Alliance

Celebrate Big Scrub Rainforest Day with the Lismore Landcare Alliance. Join us for a community tree planting & picnic with music, art and conversation in the Banyam Baigham Wetlands.

WHERE: Bridge Street North Lismore (near cnr of Pitt Street)

WHEN: Sat 14th October | 11:00am to 2:00pm

COST: FREE, BYO picnic

CONTACT: Kristin den Exter | 0414 223 139 kristin.denexter@gmail.com

INFO: www.facebook.com/wilsonsrivelandcare

This event is presented by the Wilsons River Landcare Group, Banyam Baigham Landcare Group, Bush Fruits Landcare and Richmond Landcare Inc. with the support of Big Scrub Landcare and Lismore City Council.



6

Mountain Bike Tour

With Mountain Bike Tours Byron Bay director and head guide Byron Rowland

Ride through the breathtaking World Heritage listed Nightcap National Park and plunge back in time exploring ancient subtropical rainforest and taking in the spectacular Minyon Falls. Listen to the sound of parrots, kookaburras and bellbirds and be on the lookout for native wildlife such as wallabies, goannas, snakes and perhaps even a koala! Pull up for a homemade lunch and marvel at one of many waterfalls in the area. This full day tour caters for all levels of fitness and includes transport, lunch, snacks, entry fees, water bottle and instruction by experienced guides.

WHERE: Pick up Byron Bay 9am or meet us at Minyon Falls top carport at 10am.

WHEN: Saturday 14th October, 10 am

COST: Adult \$109 / Children (under 15) \$89 (Note: Usual tour price is \$139)

BOOKINGS: Bookings are essential and must be either emailed or phoned directly to receive the Big Scrub discount price. We have a maximum of 10; kids are 10 or older (some conditions can accommodate younger). All riders must have a reasonable fitness level. Other details will be discussed on booking.

CONTACT: 0429 122 504 | info@mountainbiketours.com.au

Mountain Bike Tours Byron Bay is one of the longest running tour companies in Byron Bay with 15 years of experience. They offer a selection of tours and are the only company to offer mountain bike tours.

www.mountainbiketours.com.au



4

Rainforest Identification Walk

Brunswick Valley Heritage Park Landcare with guest speakers Justin Mallee, Threatened Species Project Officer (Saving our Species Program) and Dr Joanne Green.

Join us for a walk through a rainforest arboretum guided by local ecologists followed by afternoon tea. You will find a wide range of labeled rainforest species from the Richmond, Brunswick and Tweed River catchments including a number of rare and threatened species.

WHERE: Heritage Park, Mullumbimby

WHEN: Saturday 14th October 1pm – 4pm

COST: FREE | Afternoon tea – gold coins DONATION

BOOKINGS: Walks will leave every hour at 1pm, 2pm, 3pm. Please email with your preference of time.

CONTACT: Alison | 6626 7028 | alison.ratcliffe@byron.nsw.gov.au

Heritage Park was imagined and created by the Maslen family in the 1980s. Heritage Park is maintained by Landcare volunteers under the umbrella of Brunswick Valley Landcare. Brunswick Valley Landcare's mission is to "conserve and restore our environment from forest to foreshore".

www.brunswickvalleylandcare.org.au



2

Night Vision Walk

Vision Walks – Eco Tours with Wendy Bithell

Come and explore the Big Scrub rainforest at night, searching for nocturnal wildlife without disturbing them with a torch using military grade night vision goggles, arguably one of the best uses for military technology found to date. This is a special event just for the Big Scrub Rainforest Day.

WHERE: Meet at Rummary Park, in Nightcap National Park

WHEN: Saturday 14th October. Walks departing 8:30pm, 9:30pm or 10:30pm.

WHAT TO BRING: People can wear glasses but contacts are easier. All participants must wear covered shoes and bring their own, water, jackets etc.

COST: \$50 Adult | \$40 Concession (Student/Pensioner) \$30 Child (10-17 years old). (This tour is usually \$125pp). Each person will get a one-hour session with the Night Vision Goggles and a souvenir Night Vision Photo of them wearing their night vision goggles.

BOOKINGS: Bookings are essential. There is a maximum group size of 6 people. Kids must be 10 years or older. A paying adult must accompany all children.

CONTACT: 0405 275 743 | info@visionwalks.com

Vision Walks – Eco Tours, have provided walks and wildlife tours in the Northern Rivers for the past ten years. Our flagship tour is our Night Vision Walk, and there is nothing like this in the world.

www.visionwalks.com



5

Bushwalk To 3 Waterfalls

Northern Rivers Bushwalking Club Inc.

Come and join Northern Rivers Bushwalkers Club on a walk to the three waterfalls in the lower Nightcap National Park and Whian Whian State Conservation Area: Minyon, Quondong & Boomerang.

WHERE: Minyon Grass off Nightcap Range Road, Nightcap National Park

WHEN: Sunday 15th October | 9:00am - 3:00pm

WHAT TO BRING: Water, lunch & morning tea, hat, sturdy shoes/boot, leg protection (gaiters, long pants)

COST: FREE – register as a guest of the Club

BOOKINGS: Apply at least three days before the event. Intending participants are required to read the clubs essential information document and sign an acknowledgment of risk. They will then participate as a guest of the Club.

CONTACT: Shane | 0427 557 823 | shane@mse.net.au

The Club is an organisation that runs a variety of bushwalking and other activities each week in the National Parks, State Forests and coastal areas of the North Coast Region. The Club has been operating since 1976, is based in Lismore and is affiliated with Bushwalking NSW.

www.northernriversbushwalkersclub.org.au



7

Community Big Scrub Planting

Rous County Council in association with Big Scrub Landcare

Bring the family and help us restore the Big Scrub by assisting us to plant 1000 rainforest trees around Emigrant Creek Dam – to protect water quality in the water supply catchment. Following the planting, explore the local area.

WHERE: Emigrant Creek Dam, Killen Falls Drive, Brooklet

WHEN: Sunday 15th October | 9:00am to 12:00pm

WHAT TO BRING: Water, hat, gloves, enclosed footwear, long pants and long sleeved shirt.

COST: FREE – lunch & refreshments provided

CONTACT: 6623 3800 | council@rous.nsw.gov.au

Rous County Council manages Emigrant Creek Dam to supply drinking water to the Ballina and Lennox Head areas (supplementing the Rocky Creek Dam and Wilsons River supplies). The water in Emigrant Creek Dam comes from a catchment that is an agricultural area with rural residential and some tourist development. Rous County Council is actively engaged in rainforest regeneration within the catchment – that serves a range of functions that improve the quality of the water in the catchment.

www.rous.nsw.gov.au | www.bigscrubrainforest.org

Big Scrub Rainforest Day 2017 program.

The Landholders Guide to Looking After Waterways in the Richmond Catchment

Rous County Council, in association with North Coast Local Land Services and Richmond Landcare Inc., partnered to produce the publication *The Landholders Guide to looking After Waterways in the Richmond Catchment*. This booklet aims to provide landholders in the Richmond catchment with practical guidelines for waterway management that seek to balance land use with resource protection.

It provides a starting point in understanding the Richmond catchment and the role riparian land plays in maintaining a healthy waterway. It offers practical advice for sustainable land management in our catchments and describes strategies for riparian rehabilitation, revegetation, site preparation, plant selection, weed control, stock management and maintenance. This booklet aims to assist landholders care for their land, the health of waterways, the local drinking water supply, wildlife and people.

The booklet will be used as a tool for engaging with landholders and property managers to:

- emphasise the issues that affect catchment and river health
- reinforce the partners key messages
- identify mutual benefits in practicing appropriate land management, and
- provide direction for stakeholders in best practice management options, tools, partnerships and resources available.

The booklet was launched at the inaugural Lismore River Festival and Carp Muster at Riverside Park. It can be found on the Rous County Council website (*'Healthy Catchments' – 'Caretakers of our Drinking Water'*).



THE LANDHOLDER'S GUIDE TO LOOKING AFTER WATERWAYS IN THE RICHMOND CATCHMENT

Presented by
Rous County Council

In association with
North Coast Local Land Services
and Richmond Landcare Inc.

THE LANDHOLDER'S GUIDE TO LOOKING AFTER WATERWAYS IN THE RICHMOND CATCHMENT

This booklet aims to provide landholders in the Richmond Catchment with practical guidelines for waterway management that seek to balance land use with resource protection.

Get your FREE COPY

DOWNLOAD FROM
www.rous.nsw.gov.au

Or pick up from Rous County Council,
North Coast Local Land Services or Richmond Landcare Inc.

Presented by

In association with

 **ROUS**
COUNTY COUNCIL

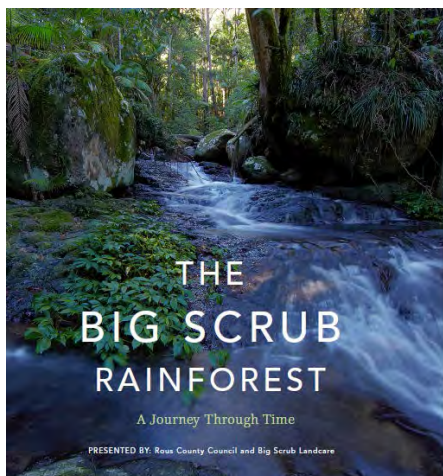
 **NSW**
GOVERNMENT

 **Local Land Services**

 **Richmond Landcare Inc.**

Byron Writers Festival 2017 book launch

The Big Scrub Rainforest – A Journey Through Time



Restoration of the Big Scrub Rainforest is critical for the conservation and enhancement of biodiversity in the Big Scrub landscape and is important for our water future. Rous County Council, in partnership with Big Scrub Landcare, published *The Big Scrub Rainforest – A Journey Through Time* in 2017. The 175-page book was written by over 20 contributing authors, scientists, ecologists, Aboriginal custodians and activists, and explores how the Big Scrub came to be, the ecological value it holds today, what it means to people and what its future might look like.

The book launch at the Byron Writers Festival was well attended and, together with all of the publicity associated with being part of the Writers Festival program, provided an opportunity to expose these key messages to a wide cross-section of the community. Some of the objectives of the project from Council's perspective were to:

- engage with the community to reinforce key messages as they relate to the ecological restoration of the Big Scrub Rainforest
- emphasise the issues that affect the social and ecological value of the Big Scrub Rainforest as it relates to catchment health, our region's water sources, biodiversity and people, and
- identify mutual benefits and direction for practical management options in protecting the Big Scrub Rainforest into the future.

Over 500 copies of this book have been sold since the book launch.

Community events

As part of the World Environment Day celebrations in June 2018, Rous County Council participated in an event attended by schools from across the region held at the Lismore Recycling and Recovery Centre. The theme was *Celebrate Nature* and it provided an opportunity to highlight regional catchment management issues through the Catchment Model.

Also in June 2018, Rous County Council provided an exhibition at Primex, one of the largest and most diverse primary industry exhibitions in Australia. The event provided Rous with a regional community engagement and education opportunity, with Rous showcasing interpretive materials from all areas of service delivery at the one stall.

NATURAL RESOURCE MANAGEMENT

Managing natural resource management issues associated with flood mitigation infrastructure.

Active Floodgate Management plans

Rous County Council is preparing to undertake a major revision and update of its Active Floodgate Management plans during 2018-2020. Active management is the opening of floodgates during non-flood periods when the infrastructure is otherwise in a passive state. Opening floodgates and allowing tidal exchange can reduce their environmental impact by improving water quality and enhancing aquatic habitat and fish passage.

RCC has actions assigned to review and update Active Floodgate Management plans in the Integrated Planning and Reporting framework and the Coastal Zone Management Plan (Action 4b). During 2017/18, a framework to guide that process was developed and a dedicated staff member has been appointed to undertake the review.

Council has an Active Floodgate Management Plan for each of its floodgates that are actively managed, with 63 Active Floodgate Management plans currently listed as requiring review. The purpose of a plan is to document and communicate appropriate and consistent procedures to ensure operator safety, identify and prevent adverse effects on current land use and reduce the operational impact of the asset on the surrounding and receiving environment.

Operational requirements and environmental sensitivities differ across the floodplain, so each plan is tailored to the target floodgate having regard to the location, purpose and function of the asset. To optimise functional efficiency and effectiveness, each plan specifies when the floodgate is open and when it is returned to its operational position or state and by whom, and any applicable safe operating procedures.

In preparation for the review process a new template has been developed for the Active Floodgate Management plans, which reflects current best management practices and scientific understanding. A standard review process has been outlined, which will be followed at each site, including a stakeholder engagement strategy. All current Active Floodgate Management plans have been listed and prioritised according to their environmental impact and ease of review.

A reviewed and updated Active Floodgate Management Plan is underway for the Rocky Mouth Creek system, to trial and further refine the process before rolling it out across the floodplain.

Water quality monitoring

Rous continues to undertake extensive water quality monitoring in the lower Richmond with assistance from Office of Environment and Heritage (OEH) through a three-year estuary management grant. Monitoring undertaken as part of the existing OEH grant included manual sampling of six sites and gathering of data from automated loggers at five sites with regular reporting.

Manual sampling

The manual sampling is undertaken by Richmond Water Laboratories with weekly reporting of results on our website for pH, EC, turbidity, DO and temperature. The sites include:

| | |
|-------------------|---------------------|
| Coraki Wharf | Swan Bay |
| Rocky Mouth Creek | Woodburn wharf |
| Kilgin | Bagotville Barrage. |

Results can be viewed on Council's [website](#).

Data loggers

Five sites in the lower Richmond chosen as good indicator sites regarding water quality have automated water quality data loggers installed. These loggers are located at:

| | |
|------------------------|--------------------------|
| North Creek (AT-Troll) | Rocky Mouth Creek (WP81) |
| Tuckean site 1 (WP81) | Tuckean site 4 (WP81) |
| Tuckean site 2 (WP81) | |



Tuckean datalogger.

Rous aims to continuously sample and report on Dissolved Oxygen, pH, Electrical Conductivity (EC), Total Dissolved Solids (TDS), water density and temperature from each of these sites each month. Water height and rainfall are also measured where possible. The results obtained are extremely valuable in understanding the water quality conditions in the lower Richmond and to measure any improvement or decrease in water quality over time.

Data logger maintenance during 2017/18 included logger station upgrades. Rous and its contractors invested additional time and funds into infrastructure improvements at these stations to ensure better long-term data and reduced need for maintenance in the longer term. Upgrades included:

- North Creek: Installation of a solar panel and modem upgrade.
- Rocky Mouth Creek: New floating housing installed to better survive flooding.
- Site 1 Tuckean: New direct wiring fitted to avoid future electrical problems and a new floating sensor housing and new depth sensor housing installed. A new modem and controller, new floating sensor housing, stainless steel cabinet, new battery and solar panel mount installed.
- Site 2 Tuckean: Minor maintenance done to the water level meter and weeding around the site. The logger was later repaired with installation of a new steel control box, a new solar panel and metal mount for the solar panel.
- Site 4 Tuckean: Rebuilt station, including a new EC/temperature probe and rewired depth gauge.
- Website: As part of the recent data logger upgrades an improved cloudlink data website has been created. This website can be used by members of the public to obtain real time results for waterways of interest: <http://www.cloudlink.net.au/Projects/RRCCWB14/WQM.html>

CAPITAL WORKS

The following capital works programs were completed during the reporting period or are in progress:

Works completed

- City View Drive Inlet Flowmeter:
 - installation of an inlet flow meter at City View Drive Reservoir to improve network monitoring and water balance calculations.
- Rocky Creek Dam carpark and park entrance upgrade:
 - design and construction of a sealed internal roadway, 35 car parking spaces, bus and disabled parking spaces and a general landscaping and cosmetic update to the park entrance area.
- Rocky Creek Dam pontoon bridge:
 - replacement footbridge in the Rocky Creek Dam recreational area.
- Emigrant Creek Dam Anchor Remediation:
 - remediation of post-tensioned anchors at Emigrant Creek Dam.
- Nightcap Water Treatment Plant BAC Media:
 - replacement of biological activated carbon (BAC) media in filters.
- Nightcap Water Treatment Plant generators:
 - installation of roof structure of generator system.
- Nightcap Water Treatment Plant garage:
 - construction of new garage and carport for undercover and secure equipment storage.
- Nightcap Water Treatment Plant chemical tank farm upgrade:
 - removal of redundant lime clarification system.
- Nightcap Water Treatment Plant Storm Water Improvements:
 - construction of sedimentation basins to capture solids in storm water runoff.
- Water main deviations - Pacific Highway upgrade project:
 - relocation of a section of the Lang's Hill reservoir and Woodburn supply pipelines.
 - relocation of a section of the South Evans Head supply pipeline.
 - relocation of a section of the Broadwater supply pipeline.
 - relocation of a section of the Woodburn supply pipeline.

- Water reticulation projects:
 - Binna Burra reticulation.
 - Monaltrie Road reticulation.
- St Helena reservoir to Brunswick Heads water main:
 - construction of 300mm diameter water main from Gulgan Road to Brunswick Heads reservoir.

Works in progress (commenced during the reporting period)

- Nightcap Water Treatment Plant outlet pipe and tunnel plug:
 - construction of new outlet pipe from the clear water storage reservoir to the distribution network.
 - design of the new bulkhead (or “plug”) in the Rocky Creek Dam tunnel to isolate the water body of the Dam from the remainder of the tunnel.
- St Helena 525mm steel main:
 - elevation section corrosion repairs.
- Water main from St Helena reservoir to Brunswick Heads reservoir Stage 6:
 - construction of 300mm diameter water main from Tandy’s Lane to Brunswick Heads reservoir.
- St Helena 600mm diameter water main:
 - Preparatory works for construction from Dorroughby to Ridgewood Road.
 - Clunes cross connection supply pipeline.
- St Helena reservoir to Brunswick Heads water main:
 - Construction of 300mm diameter water main from Tandys Lane to Gulgan Road.
- Nightcap WTP raw water pumps:
 - renewal or replacement of the raw water pumps and associated upgrades to control electrical efficiency of the pumps.
- Nightcap WTP chemical tank farm upgrade:
 - construction of bunded chemical storage tank facility to finalise project in optimising water treatment chemical dosing at Nightcap Water Treatment Plant.



Nightcap Water Treatment Plant.

GOVERNANCE AND HUMAN SERVICES

The Governance and Human Services Branch continues to provide essential internal service-delivery, supporting Council staff to achieve objectives efficiently and effectively. The Branch provides individualised support to all staff, aims to make processes streamlined and assist with producing outcomes that meet best practice in the areas of Governance, Risk, Insurance, Compliance, Human Resources, Records and Information Management, Work Health and Safety and Executive Support.

REFORM AND LOCAL GOVERNMENT

During the reporting period the NSW Office of Local Government issued consultation drafts in relation to a number of conduct and governance matters. Significant changes to the Councillor and Professional Development Guidelines, Model Code of Conduct and Code of Meeting Practice have been proposed. Council staff have carefully considered the proposed changes, providing feedback where appropriate to outline potential impacts on Rous as a County Council. Avenues within which Council can share obligations under the Councillor and Professional Development Guidelines with the Constituent Councils were also initiated during the reporting period.

DISABILITY INCLUSION ACTION PLAN

As the first year in implementing Council's Disability Inclusion Action Plan (DIAP), a number of achievements have occurred including:



- Promotion of Council's DIAP, as well as inclusive/accessible events on Council's website.
- Establishing and maintaining relationships with local disability support groups.
- Audit of all Council sites to review signage requirements.
- Awarded contract to upgrade Level 2 and Level 4 foyers of Council's Administration building in accordance with access to premises standards.

Further information with respect to the implementation of Council's Disability Inclusion Action Plan is included in the Delivery Program/Operational Plan of Council's Integrated Planning and Reporting Framework. Achievements in delivering the 2017/18 Delivery Program are provided from page 47 below, with activities relating directly to the DIAP outlined at items 2.4.3.1 – 2.4.3.17 inclusive.

OPEN ACCESS INFORMATION

The aim of the *Government Information (Public Access) Act 2009* is to 'maintain and advance a system of responsible and representative democratic government that is open, accountable, fair and effective' by making it mandatory for certain government information to be publicly available. Rous' Agency Information Guide, located on the website, explains the types of information held by Rous and how to access that information.

Rous continues to maintain and enhance its website to support information access. Copies of policies, a contract register to provide details of certain categories of contracts let by Council, and a disclosure log displaying information made available to applicants in response to formal access applications, are available on our website.

INTERNAL AUDIT

Risk and Audit Committee Annual Report 2017-18

The following update is provided by the Chair of the Risk and Audit Committee, Mr Brian Wilkinson. The report relates to operations of the Committee for the 2017/18 period.

The Risk and Audit Committee is a committee under section 355 of the *Local Government Act 1993* and has an advisory role only. The role of the committee during 2017-18 was, independent of management, to report to Rous County Council and provide advice and recommendations on matters identified in the Committee's Charter. The primary function of the Committee being to assist Council to ensure that:

- business systems and procedures have been established by management and are effective
- appropriate risks and exposures are effectively managed
- a culture of adherence to Council policies and procedures is promoted
- statutory compliance is promoted and monitored
- the audit processes (both internal and external) are effective
- the external reporting is objective and credible.

During the reporting period, the Committee continued to consider the implementation status of recommendations made as a result of internal audits undertaken by Rous' consultant internal auditor, Grant Thornton.

A refresh of Council's Risk Register was also undertaken during the reporting period and will inform the development of an internal audit strategy for Council during the 2018/2019 year. A subject-specific review to assess the adequacy and effectiveness of Council's Work Health and Safety framework is also anticipated in the upcoming financial year.

The committee continued to receive reports and monitor progress against the status of activities identified in the risk register during the reporting period.

Other matters that were reported to and considered at the Audit and Risk Committee meetings included:

- Annual Financial Reports and Audit report for the year ending 30 June 2018.
- Nightcap Water Treatment Plant site inspection by Council's re-insurer (FM Global).
- Progress report on appointment of Internal Auditor.

The Committee has developed and maintained relationships with both the Internal Auditor and the External Auditors (including Audit Office NSW) to enable the risk management and internal audit function to be successfully integrated with the operational areas of Council. This ensures that the internal audit and risk reporting outcomes are providing a benefit to Council operations and are accepted as a supporting function that adds value to management functions.

WORK HEALTH AND SAFETY

Work Health and Safety Management System

The Work Health and Safety Management System (WHSMS) is the structure used by Rous for managing and achieving a consistent and high standard of work health and safety ('WHS') performance. It is designed to ensure that worker safety is given a high priority and that each worker takes personal responsibility for their own safety and that of their workmates. The WHSMS is the tool used by management to oversee and ensure the effective delivery of actions to achieve health and safety outcomes for workers.

The WHSMS also sets out Rous' commitment to continuous improvement of health and safety through a framework of consultation, assignment of responsibilities and implementation of management systems and business processes.

The WHSMS also facilitates compliance with the provisions of the *Work Health and Safety Act 2011* and other legislation.

The WHSMS was received and restructured to reflect several sections based on 'AS/NZS 4801:2001 Occupational Health and Safety Management Systems – Specifications with Guidance for Use' and the StateCover audit. This provides enhanced visibility and alignment with the focus areas in the StateCover annual audit.

Each section is divided into the following elements:

- Purpose
 - Provides an overview of what each element contains to comply with the requirements of the WHSMS.
- Requirements
 - Sets out what Rous wants to achieve against all forms of legislation. It also uses the guidelines set out in each section of the StateCover audit to help meet best practice.
- Key result area
 - Allows Rous to assess its WHS governance (procedures, documents and practices) against the requirements set out in the previous element for each section.
 - Some of the key result areas are also aligned with the optimal responses provided in the StateCover audit.

The WHSMS has been developed having regard to and will be reviewed as required to ensure that it is informed by:

- workers' views on health and safety matters
- legislative requirements
- business needs and operations
- opportunities for continual improvement including the approach set out in AS/NZS 4801:2001 Occupational Health and Safety Management Systems – Specifications with Guidance for Use and AS/NZS ISO 9001:2016 Quality management systems – requirements
- Australian Work Health and Safety Strategy 2012-2022 – Safe Work Australia.

Annual work health and safety self-audit

Each year Rous undertakes an annual StateCover self-audit to assist in the evaluation and monitoring of the WHSMS. This comprehensive audit explores a range of issues that are critical to the effective implementation of a WHSMS and the resulting reduction of work injuries and illnesses.

The audit consists of two main sections:

Section 1 – WHS Management System:

Examines the 14 key elements of a WHSMS, including questions on the availability of WHS documentation and the effective implementation of procedures.

Section 2 – Specific hazards

Examines how well Rous manages various common types of hazards that can lead to injury or illness.

The report provides a range of information about Rous' WHS performance including:

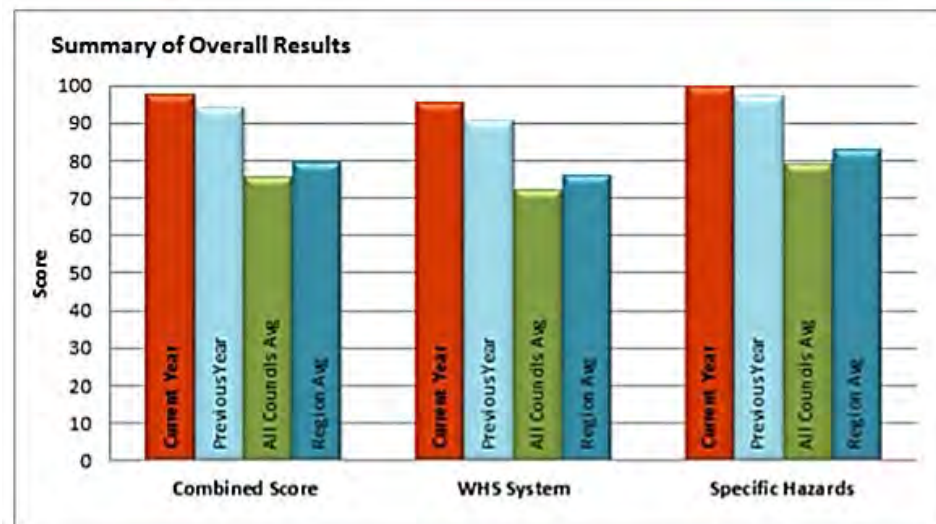
- the strengths and weaknesses of the WHSMS and hazard management practices
- a comparison of our WHS performance against other councils
- suggestions on ways to improve areas of weakness.

The following graphs show the overall results, based on the submitted audit responses. The graphs also indicate performance against several benchmarks.

Specifically, the graphs show:

- overall score (the combined score for Sections 1 and 2)
- score for each section (1- WHSMS and 2- Specific Hazards)

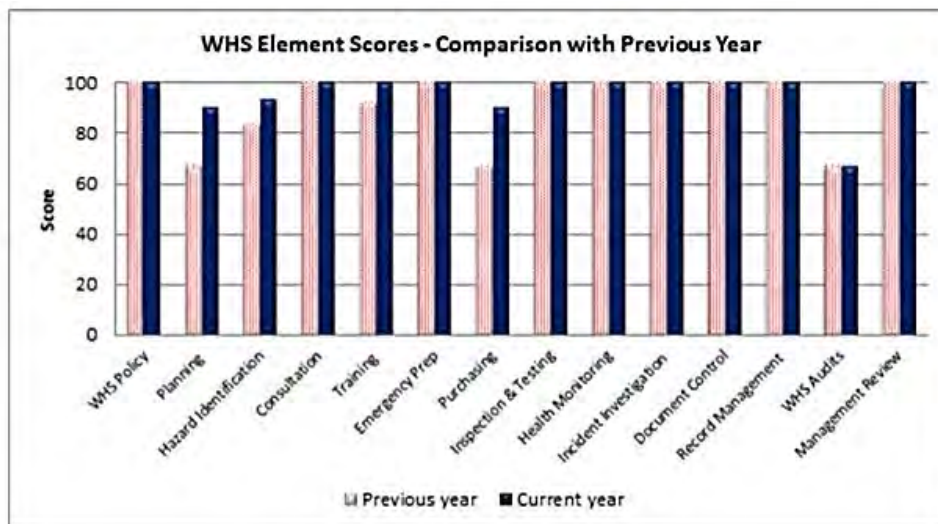
- Comparison of scores to:
 - this year's scores
 - last year's scores
 - all councils
 - councils in our region.



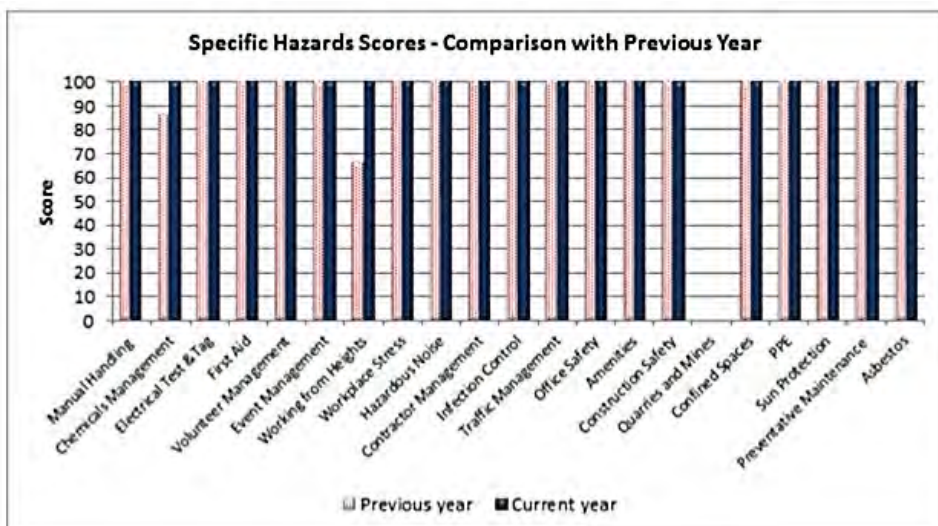
StateCover WHS Audit Report 2018 for Rous County Council

The above results indicate that Rous' overall WHS performance (considering both Section 1 and Section 2) is 97.9%, which is above average when compared to the average score for all councils.

1. WHS Management System elements – comparison with previous years



2. Specific hazards – comparison with previous years



3. Council trend – audit results over several years



From these results a systematic approach will be taken to improve any areas that were rated 'fair'. This approach includes:

- Determine the reasons for the 'fair' ratings. For example, some common causes include the need for:
 - Additional information to better understand the issue and the available options
 - Better equipment
 - More or improved employee training
 - Additional resources or funding to address the issue
- Prioritising areas for action, commencing with the areas rated 'fair' and focusing initially on those areas that have the highest impact on injury incidence or claim costs.
- Developing an action plan to address any weaknesses.

WHS reporting

The constant review of WHS performance is a means for Council to ensure that the WHSMS is effective in meeting the objectives stated in the WHS Policy. The analysis and review of WHS data and information is crucial in the identification of adverse health and safety trends and allows for continuous improvement of the WHSMS and Council's overall WHS performance.

WHS performance information is captured in Council's WHS dashboard. The dashboard translates WHS data into real time charts and tables providing valuable organisational insight. Up-to-date data is displayed in an interactive visual format customised to our reporting needs. The dashboard allows Council to quickly identify trends and shortcomings and analyse reports for quick action. This allows better decision making to achieve real change in safety habits, productivity and performance.

We use performance indicators to monitor the achievement of WHS objectives and targets with additional performance indicators established as required.

There are two types of statistical techniques used to validate WHS performance. These include:

- proactive (positive) performance indicators, and
- reactive (negative) indicators.

Proactive performance indicators

Proactive performance indicators measure the actions performed as part of the WHSMS and the actions being taken by Council to prevent work related injury and illness. Proactive performance indicators used by Council include:

| Focus | Performance indicator | Description |
|-------------------------------|--|---|
| Training | • The number for training courses delivered or coordinated by the WHS Officer (including SafetyHub). | • Monitors the number of WHS training courses. |
| | • The number of participants in training courses delivered or coordinated by the WHS Officer. | • Monitors the number of training participants attending WHS training courses. |
| Hazard and incident reporting | • The number of hazards, near misses and incidents reported. | • Monitors the level of hazards (including near misses) and incidents being formally reported to Council. |
| WHSMS audits | • Number of internal audits. | • Provides an overview of implementation of the WHS Management System. |
| Corrective actions | • Number of corrective actions from hazards, near misses and incidents reported | • Monitors the level of hazards (including near misses) and incidents being formally closed out by Council. |

| Focus | Performance indicator | Description |
|----------------------|---|---|
| Task observations | <ul style="list-style-type: none"> Number of task observations completed against agreed targets. | <ul style="list-style-type: none"> Monitors Council's compliance with procedures, SWMS, work activities, etc. |
| D and A testing | <ul style="list-style-type: none"> Number of tests conducted against agreed targets. | <ul style="list-style-type: none"> Monitors the number of workers presenting for work. |
| Safe Work procedures | <ul style="list-style-type: none"> The number of Safe Work procedures reviewed as scheduled. | <ul style="list-style-type: none"> Monitors the completion of Safe Work procedures for operational activities with WHS risk. |
| HSC meetings | <ul style="list-style-type: none"> Number of meetings held each year. | <ul style="list-style-type: none"> Monitors the number of meetings. |

Reactive indicators

Reactive indicators are statistics which measure the effectiveness of the implementation of the WHSMS in achieving the objectives stated in the WHS Policy. Examples of reactive indicators used by Council are:

| Focus | Performance indicator | Description |
|----------------------------|--|--|
| Lost time injuries | <ul style="list-style-type: none"> Lost Time Injury Frequency Rate (LTIFR). | <ul style="list-style-type: none"> A frequency detailing the amount of lost time injuries per million hours worked. |
| | <ul style="list-style-type: none"> Average Time Lost Rate (ATLR). | <ul style="list-style-type: none"> The average time away from work per occurrence of injury or disease. |
| Medically treated injuries | <ul style="list-style-type: none"> Medically Treated Injury Frequency Rate (MTIFR). | <ul style="list-style-type: none"> A frequency detailing the amount of medically treated injuries per million hours worked. |
| Workers compensation | <ul style="list-style-type: none"> Workers compensation claims. | <ul style="list-style-type: none"> The number of workers compensation claims. |
| | <ul style="list-style-type: none"> Percentage of injuries that require lost time. | <ul style="list-style-type: none"> Provides an overview of the severity of workers compensation claims received. |

WHS initiatives

A number of activities and presentation was held during the reporting period including:

National Work Health and Safety Month – October

Each year Council participates in safety month. During the lead up the Health and Safety Committee are tasked with choosing a topic for the month. This year's theme was: Thermal Environment – Sun Safety and Hydration. Activities included:

- Heat stress toolbox talk.
- Skin cancer self-check tool.
- Health and Safety Committee meeting.
- Safety hub training launch, topic Heat Hazards
- Guest speaker from the cancer council: Topic – Sun safety

White Ribbon Day

Each year in November is white ribbon day. Australia's campaign to prevent men's violence against women. Rous County Council participated by conducting an activity/event and a fundraiser.

White ribbon badges were available for purchase and the money collected was donated to the white ribbon foundation. In addition, a 'White Ribbon' awareness quiz was developed by the WHS Officer which involved participants accessing the White Ribbon website to find the answers. A number of prizes were awarded for correct entries.

R U OK Day

A presentation was delivered at an all staff meeting on the concept of R U OK and the message reinforced to staff that it was OK to check on your fellow workers.

SafetyHub

A new WHS online training platform was rolled out – SafetyHub – which includes an online assessment and learning management system. It consists of three key features:

- Total cross-platform video streaming: videos can be streamed and viewed on a number of devices, i.e. PC, laptop, iPad.
- Assessments: each video comes with a multiple-choice assessment. Used to verify the success of the training.
- Opportunity to create and add customised content: this enables customised content specific to Rous' business needs to be created and loaded to the platform.

National Work Health and Safety Month poster.

HUMAN RESOURCES

Activities during the reporting period focused on continuing the review and implementation of workplace policies and procedures; skills identification and development; and recruitment activities.

Industrial matters

The *Local Government (State) Award 2017* was ratified by the Industrial Relations Commission of NSW on 30 June 2017.

A general wage increase of 2.35% was applied from the first full pay period following 1 July 2017 for all staff in line with the *Local Government (State) Award 2017* increases.

During the reporting period changes were also made to the *Local Government (Electricians) State Award*.

There were no industrial disputes during the reporting period.

Attrition and recruitment

Council experienced a turnover rate of 16% (permanent employment) during the reporting period.

A total of 11 separate recruitment activities were undertaken for 11 permanent positions.

Rous also continued to support several industry and work experience placements to demonstrate its commitment to supporting the community and nurturing talent.

Learning and development

Rous has continued its support of staff learning and development, investing nearing \$260K (including course, labour and plant costs) in staff training and, professional development activities during the reporting period.

Workforce Management Plan and Succession Plan

During the reporting period Rous undertook the implementation of the first year of the Workforce Management Plan. The first year of the plan has focused on enhancing management and leadership skills within the Leadership Team; this will help inform the development and implementation of future leadership and management skills initiatives and programs offered to staff.



Depot training room.

CORPORATE AND COMMERCIAL

FINANCIAL PERFORMANCE YEAR ENDED 30 JUNE 2018

Rous' financial performance is aligned with its continued focus on long-term financial sustainability. Quarterly reviews of the Operational Plan and its financial performance is monitored and adjusted to the changing conditions and requirements identified throughout the year. The Long-Term Financial Plan is reviewed annually to ensure short-term needs are considered against long-term sustainability. As a result, Rous remains in a strong financial position with cash and investments at satisfactory levels to ensure that all current liabilities can be met when due.

The financial position remains strong with a net surplus result of \$7.2 million (2017: \$4.1 million) and included depreciation expense of \$6.7 million (2017: \$6.5 million). Overall income has increased by 16% (\$4.5 million) compared to the previous year. The majority of the increase can be attributed to developer contributions and a one-off compensation payment. Income from capital grants and contributions is liable to fluctuate considerably from year to year depending on the capital works program and the level of development.

Rous continued to pursue its strategy of using government guaranteed investments, giving preference to financial institutions that do not invest in or finance the fossil fuel industry or other unethical institutions. Over the past 12 months Council has achieved an average ethical investment percentage of 63% of the total portfolio. Overall investment return for the year was 2.58%. The result achieved, is consistent with Council's strong investment performance despite difficult market conditions. Council continues to outperform the bank bill swap rate (BBSW) which had an annual result of 1.82%.

Council's overall financial position improved during the past 12 months to a point where the debt service cover ratio is now 2.81 (previously 2.45) and Rous' unrestricted current ratio was 6.30.

Summary of financial report for the year ended 30 June 2018

| | 2017/18 \$'000 | 2016/17 \$'000 |
|--|-------------------|-------------------|
| Income statement | | |
| Total income from continuing operations | 31,948 | 27,442 |
| Total expenses from continuing operations | 24,720 | 23,260 |
| Operating result from continuing operations | 7,228 | 4,182 |
| Gain on local government amalgamation | - | 123,399 |
| Net operating result for the year | 7,228 | 127,581 |
| Net operating result before grants and contributions provided for capital purposes | 1,636 | 174 |
| Balance sheet | | |
| Total current assets | 39,059 | 34,184 |
| Total current liabilities | 6,572 | 6,703 |
| Total non-current assets | 480,334 | 471,777 |
| Total non-current liabilities | 24,205 | 26,643 |
| Total equity | 488,616 | 472,615 |
| Other financial information | | |
| Unrestricted current ratio | 6.30 : 1 | 6.08 : 1 |
| Operating performance ratio | 11.56% | 4.82% |
| Building and infrastructure renewals ratio | 0.20 : 1 | 0.62 : 1 |
| Debt service ratio | 2.81 : 1 | 2.45 : 1 |

NON-CORE BUSINESS ACTIVITY

Commercial properties

Rous continues to review its non-core business activities to assess their relevance to future operations. These reviews established performance benchmarks and strategic objectives in ensuring that our operations in non-core activities are financially advantageous to core water supply operations. Rous continues to explore market opportunities to dispose of part of its investment property portfolio.

Richmond Water Laboratories



Richmond Water Laboratories is Rous' self-funded business unit specialising in sampling and analysis of water quality. The laboratory continues to hold accreditation for sampling, water, wastewater and soil tests.

Richmond Water Laboratories' customer base is predominantly from the public sector, with most located within the local geographic region. The top local government customers are Rous County Council, Richmond Valley, Kyogle, Lismore and Tenterfield Councils. Combined, this group makes up 75% of total income.

In the 2018/19 period Rous County Council will undertake a strategic review to consider future business options for the laboratory.

In the meantime, a Business Plan has been implemented for 2017-19, and is resourced in three parts: (1) personnel, (2) process improvements and (3) marketing.

Perradenya Estate

Perradenya Estate is a low-impact residential housing development situated in the Caniaba area, close to the City of Lismore. It has been designed as an ecologically sustainable development with energy and water efficiency; healthy housing and facilities.

On completion, Perradenya will consist of up to 160 residential dwellings and a small commercial centre. The vision for the Estate is that it will connect to education and employment centres through upgraded and extended public transport services.

Release 5, Stage 2 (15 lots) are all under contract, with construction expected to be completed within the first quarter of 2019. Engineering designs and approvals have commenced for the construction of Release 6 (20 lots) with encouraging signs of strong demand for the new lots.



INFORMATION AND COMMUNICATION TECHNOLOGY

Council's information and communication technology platforms continue to evolve and transform the way Rous County Council conducts its business.

The core network switching systems at Nightcap and Emigrant Creek Water Treatment Plants were replaced as part of the renewal program. Council's water production and distribution server application (SCADA) was also upgraded without impact to water operations.

The ICT team continued to test Business Continuity Plans and complete the annual trial restore of offline backups. As part of Council's cyber security controls 'Application Whitelisting' was implemented. Application whitelisting is the number one cyber security mitigation strategy as listed by the Australian Signals Directorate.

From a governance perspective, Council's Information and Communication Technology operations were subject to external assessment through the review of user access rights, backup testing documentation, data breach framework and general data protection regulation. The implementation of a suite of IT Standards was completed during the reporting period in conjunction the close out of actions arising from internal audit. This included the review of Council's IT Policy which was subsequently revoked, whereby Council now relies on its overarching Risk Management Policy supported by the implemented technical IT Standards.

RECONCILIATION ACTION PLAN

Implementation of Rous County Council's Reconciliation Action Plan (RAP) continues to progress. With thanks to the enthusiastic input of Advisory Group members Roy Gordon, Michael Ryan and Michael Roberts, several actions were completed in 2017/18.

Developing relationships with Widjabul/Wiyabal and Bundjalung Elders and Local Aboriginal Land Councils means Rous can understand protocols and invite the appropriate Elders to events and ensure contact with the right people to provide advice on matters in country. Rous has developed a cultural protocols policy to engage employees in understanding the meaning and significance behind Acknowledgement of Country and Welcome to Country.

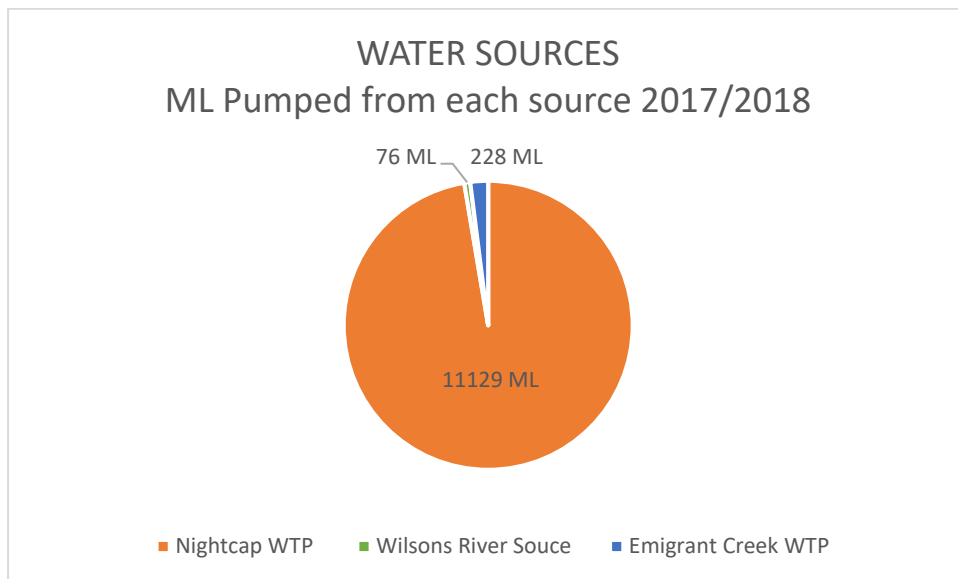
Rous contributed to and participated in Close the Gap and NAIDOC week activities in conjunction with local indigenous communities. The RAP Advisory Group plans to investigate opportunities to improve and increase Aboriginal employment outcomes within Rous County Council in 2018.



OPERATIONS

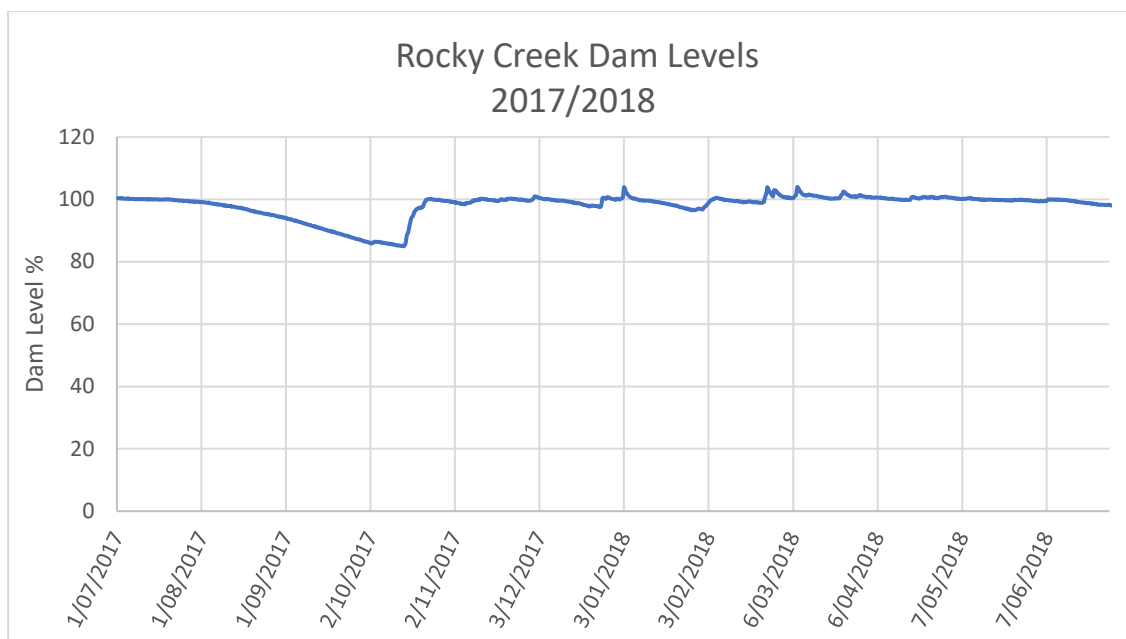
DAMS AND SOURCES

The water level at Rocky Creek Dam (RCD) dropped below 95% during the reporting period which triggered pumping from Emigrant Creek Dam and the Wilson River source. Bore sources located on the Alstonville Plateau and Woodburn were not required. More than 11,433 ML of water has been produced from Rous' available sources, with the percentages provided below:



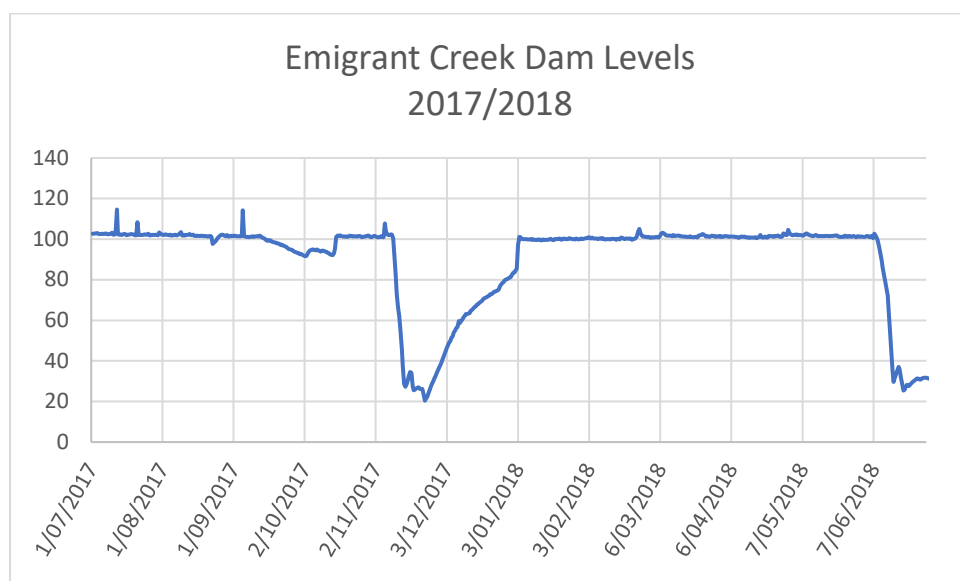
Rocky Creek Dam

Regular rainfall through the year resulted in the Rocky Creek Dam level remaining close to near full capacity for most of the reporting period. The minimum dam level of 85% occurred in mid-October 2017. A chart for Rocky Creek Dam level during the reporting period is provided below:



Emigrant Creek Dam

Emigrant Creek Dam was manually dewatered in November 2017 and again in June 2018. This was done to facilitate remediation works being performed on the restressable rock anchors located in the concrete spillway blocks. A chart for Emigrant Creek Dam level during the reporting period is provided below:



WATER TREATMENT

Water quality management systems

Rous has continued to build upon its Drinking Water Management System (DWMS) by implementing improvement actions.

The DWMS follows the Australian Drinking Water Guidelines (ADWG) framework for management of drinking water quality. The ADWG framework takes a multiple-barrier, catchment-to-tap approach to water quality management. This helps ensure water quality risks are managed throughout the whole supply process with appropriate monitoring and review.

In addition to our DWMS, Rous also collects drinking water samples on behalf of NSW Health, for analysis by NSW Health laboratories. These samples are taken in the distribution system and are representative of the water supplied to the consumer, with a minimum number of samples for each water supply system recommended by NSW Health. The results from this free-of-charge service are then published on-line through NSW Health's *NSW Drinking Water Database*.

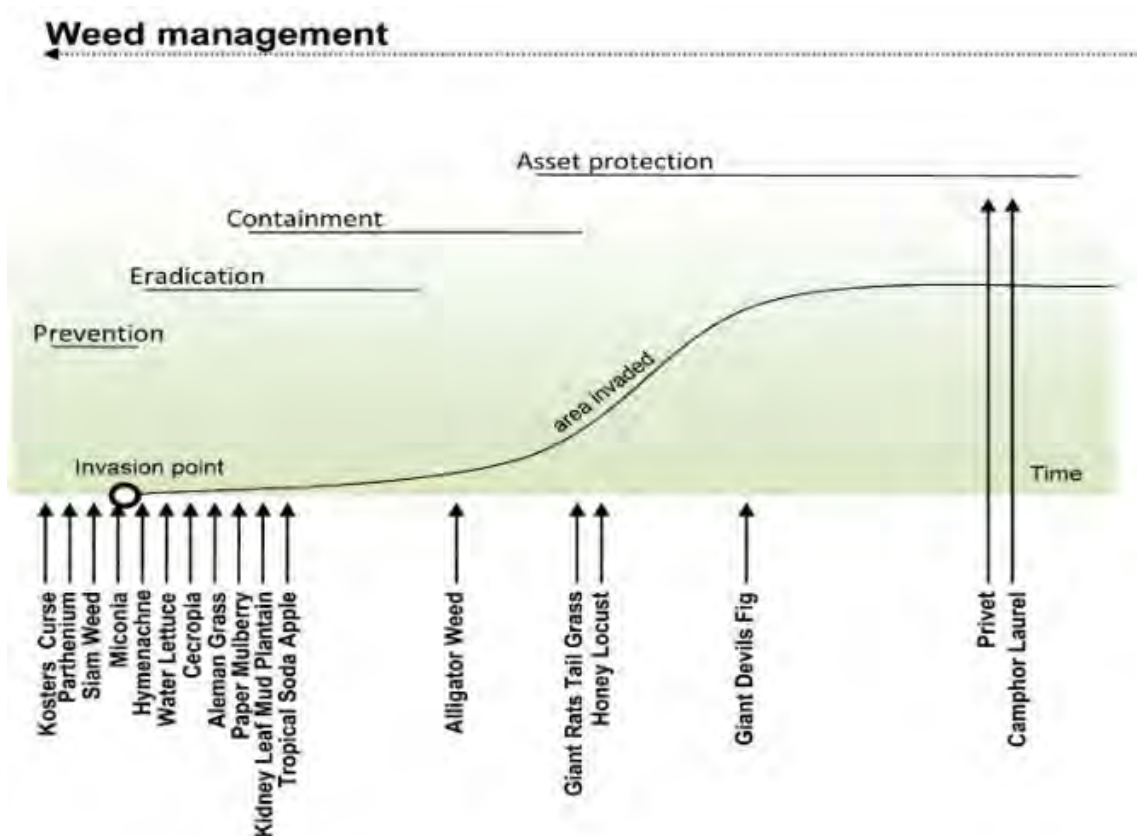
WATER DISTRIBUTION

During the reporting period a hydrant inspection and maintenance plan was developed, including the installation of ant-capping where required. This inspection schedule is based on a hydrant ranking system depending on the specific purpose of the hydrant.

WEED BIOSECURITY

Weed Biosecurity services extend beyond the four constituent councils of Ballina, Byron, Lismore and Richmond Valley, to include Tweed Shire and Kyogle. All services are covered by a Service Level Agreement; however, for Tweed Shire and Kyogle shires, there is a fee-for-service arrangement for Rous to fulfil each council's [NSW Weeds Action Program](#) and regulatory services obligations, rather than the financial contribution provided by the constituent councils. Under the Invasive Species Plan of NSW, and with the continuation of the Weed Action Program, Rous has continued with its pro-active contemporary weed management approach. This approach mirrors the goals and themes of the [Australian Weeds Strategy](#) and the [NSW Biodiversity Reform](#).

The diagram below illustrates the contemporary management platform that focuses on a rapid response to new and emerging weeds while preventing introduction of new weeds to our region. The higher the weed on the invasion curve, the more widespread and economically unviable it is to eradicate and control. Our weed management programs target weeds in the prevention, eradication and containment stage in line with the diagram below. Rous continues to undertake strategic control projects for new and emerging weeds across our areas of responsibility. This includes inspection of high-risk areas to ensure new weed incursions are detected and controlled before they can establish, as well as the control of regional high priority weed species.



Our goals are to:

Exclude new weed species (prevent them establishing in our region).

Eradicate or contain any new high priority weeds found in our region (eliminate them or stop their spread).

Effectively manage the impacts of widespread invasive weed species.

Build capacity in our region to help the community, industry and government commit to long-term management of invasive weeds.

To achieve this we focus on:

- Identification and management of high-risk weed species and how they spread into and within our region.
- Improving our capacity to find new weeds early.
- Ensuring we have the resources and procedures to take rapid strategic control measures against new weeds in our region.
- Directing our resources to where benefits will be the greatest.
- Increasing community commitment and involvement in proactive weed management.

High risk and high priority species management

Rous continued to manage weeds that can feasibly be prevented from establishing. This approach has specific strategies that encompass detection, control and extension activities to achieve this. The goal of long term eradication of our region's high priority weed species:

- | | |
|---------------------------------------|-------------------------------|
| • Senegal tea plant | • Paper mulberry |
| • Tropical soda apple (Control order) | • Miconia (prohibited matter) |
| • Hymenachne | • Cecropia |
| • Seeded banana | • Water lettuce |
| • Aleman grass | • Kidney leaf mud plantain |
| | • Tobacco weed |

is now considered economically and technically feasible due to the targeted approach taken by Rous in partnership with key community stakeholders and agencies.

In addition to the high priority weeds listed, Rous has 12 high risk species that it currently targets to prevent their establishment in our region:

- | | |
|--------------------------|-------------------|
| • Pond apple | • Blue heliotrope |
| • Koster's curse | • Mikania |
| • Prickly acacia | • Chinese violet |
| • Witchweed | • Horsetail |
| • East Indian hygrophila | • Parthenium |
| • Siam weed | |

Two of these targeted species have been found and controlled within the region, and four are known to be within 150km of the NSW border with Queensland. This highlights the importance of remaining vigilant and maintaining our current approach to contemporary weed management. This will ensure resources are targeted to where they will deliver the best return on investment for the region.

Rous' program of targeted extension and awareness initiatives have increased the level of reporting of new infestations by the community and raised the level of commitment and participation of the public towards the management of high priority weeds. The details of our strategic approach to high priority weeds during the reporting period are outlined below.

With the release of the *Tropical Soda Apple Ministerial Control Order* significant resources have been directed on finding and eradicating this weed. Over 240 properties have so far been found with tropical soda apple on them and strict compliance has occurred as a result. Over 2600 properties have been inspected and Council will continue to focus heavily on an eradication program.

Priority weeds

Giant devil's fig (GDF) remains a source of concern, as it continues to spread rapidly throughout the region. Work on this species has continued on selected roadsides. Information brochures have been developed with tips on identification and reporting techniques. These brochures have been distributed to targeted areas informing landowners of the risks and providing best practice guidelines for control.

As part of an integrated weed management program, Rous, in partnership with the Department of Primary Industries, has continued to distribute bio-control agents for the following weeds: *Salvinia*, Giant Parramatta grass, Cat's claw creeper and Lantana. Distributing the agents and recording information, such as landowner contacts and location, as well as mapping the distribution of the release of the biological control agents in the area, has been undertaken by Rous and is proving successful in containing many of the targeted weeds.

Our focus and priority rests with high risk and high priority species, but widespread weeds require staff effort, particularly in terms of advising landowners of best practice weed management.

Weed management on roadsides

Rous continues to apply resources toward the control of noxious weeds over the 12,000km of public roads across our region.

Road networks provide pathways for invasive plants to spread throughout the region. Due to the diversity of weed species present on roadsides in the Council area, eradication and control of all roadside weeds is deemed impractical and not cost effective.

Currently in northern NSW there are many weed species that have already established themselves and are widespread throughout the area. They can be spread by various means such as wind, waterways, animals, machinery and the road network itself.

A strategic approach focuses our limited resources toward the control of weed species where control will provide the greatest benefit. Resources available for roadside weed control are strategically allocated towards those plants that are classed as State Prohibited Weeds, Regionally Prohibited Weeds and Regionally Controlled Weeds as well as weeds that are recognised as new and emerging threats.

In addition to conventional treatment methods, we also use a selection of bio-control agents to assist in the management of widespread weed species that exist within the public road network.

Weed species treated on roadsides for the reporting period include the following targeted priority weeds:

- Giant devil's fig
- Yellow bells
- Groundsel bush
- Mysore thorn
- Broad-leaf pepper tree
- Kudzu
- Honey locust
- Chinese tallow
- Chinese celtis
- Bitou bush



Kudzu.

FLOOD MITIGATION

Asset management

During the reporting period all levees within the network were inspected to confirm their function and condition. This was combined with the roll out of an inspection program across our assets, and an inspection of all assets that were due for replacement based on a condition score or zero residual value. These inspections provided solid data for developing a capital expenditure program for 2018/19 as well as prioritising capital expenditure for the 2017/18 financial year.

In the development of the inspection programs, we identified the need for a full review of the flood mitigation assets, including finalising a clear definition on our roles and responsibilities, to allow us to update our risk assessment to be more wholistic, and to determine a clear costing of providing an agreed level of service

North Coast Floodplain Forum

In May 2018 the North Coast Floodplain Forum was established, as an opportunity for technical and professional staff involved in flood mitigation and management across the North Coast to network and share ideas.

Stakeholder relationships

In February 2018 Rous staff participated in a workshop for macadamia farmers on the floodplain, providing advice and contacts for property owners investigating changing to macadamia farming from other farming, or purchasing properties to expand existing macadamia farming businesses.

During the reporting period Council was involved in providing advice to canegrowers, Ballina Shire Council and NSW State government departments on complexity and difficulty of application processes for drain outlet clearing.



Bagotville Barrage.

PERFORMANCE - 2017/18 DELIVERY PROGRAM

Legend:

Green: Acceptable. Complete or on track according to schedule.

Amber: Monitor. In progress but behind schedule.

Red: Review. Corrective action required.

LEADERSHIP

Our goal: 1. Values based leadership and culture.

What achieving our goal will look like:

1.1 Leaders are visible at all levels of the organisation and are supported to effectively lead and drive performance.

| Activity | How we will measure our performance | Links to* | Comment | STATUS |
|---|---|-----------|---------|--------|
| 1.1.1.1 Develop and implement a leadership program for the Senior Management Team. | Improvement in leadership and management skills (assessed before, during and after undertaking the program). | WFMP | | ● |
| 1.1.1.2 Continue to implement and undertake ongoing review of activities associated with the Mission Vision Values Implementation Plan. | Implementation activities completed and ongoing activities reviewed by the Senior Management Team at least twice. | WFMP | | ● |
| 1.1.1.3 Continue to include discussion of individual staff member alignment with Council values as part of ongoing performance planning and management processes. | Individual mission, vision and values discussion held with all staff members at least 6 monthly. | WFMP | | ● |
| | Record of discussion to be maintained by supervisor and reported to manager upon completion. | WFMP | | ● |

STRATEGY AND PLANNING

Our goal: 2. Align strategic direction to core functions and sustainability.

What achieving our goal will look like:

2.1 Being responsive to the impact of population growth on our core functions.

2.2 Strategic partnerships/relationships supportive of our mission and vision.

2.3 Business activity contributes to local and regional growth and optimal environmental outcomes.

2.4 Converting strategy into action plans that anticipate and accommodate change and allocate accountability.

| Activity | How we will measure our performance | Links to | Comment | STATUS |
|---|---|----------|--|--------|
| 2.1.1.1 Develop Operational Plan for 2018/19. | Operational Plan adopted by 30 June 2018. | LTFP | | ● |
| 2.1.3.1 Undertake detailed investigation to assess the suitability of increased use of groundwater as a new water source. | Complete detailed assessment on 4 of the 7 shortlisted ground water investigation areas for suitability as a new ground water source. | FWS | Detailed assessment of 2 of the 4 areas has been completed. Further investigation works in 3 other locations are well advanced. Delays have been experienced due to regulatory approvals and changes in the project team membership. | ● |
| 2.2.1.1 Progress implementation of the Coastal Zone Management Plan for the Richmond River catchment through the CZMP Implementation Committee. | Progress of completion of actions under the Coastal Zone Management Plan for the Richmond River catchment. | CZMP | | ● |
| 2.2.1.2 Determine a policy position governing the ownership and management of Rous County Council's non-critical flood mitigation infrastructure/assets. | Review of options undertaken and policy position determined. | AMS | | ● |
| 2.2.2.1 Undertake a review of flood evacuation route for the areas protected by Lismore CBD and South Lismore Levees. | Achieved. | AMS | The proposed review of the flood evacuation routes has been deferred as a result of the successful grant application to update the Lismore Flood Risk Management Plan. | ● |
| 2.3.1.1 Establish Reconciliation Action Plan 2017/18. | Reconciliation Action Plan endorsed by Reconciliation Australia. | RAP | | ● |
| 2.3.1.2 Develop and maintain mutually beneficial relationships with Aboriginal and Torres Strait Islander people, communities and organisations to support positive outcomes. | Establishment of communication protocol and evidence of engagement. | RAP | | ● |
| 2.3.1.3 Raise internal and external awareness of our Reconciliation Action Plan. | Evidence of internal and external awareness initiatives. | RAP | | ● |
| 2.3.1.4 Engage employees in cultural learning opportunities to increase understanding and appreciation of Aboriginal and Torres Strait Islander cultures, histories and achievements. | Implement Councillor and staff processes to encourage and support engagement in Aboriginal and Torres Strait Islander community events. | RAP | | ● |

| Activity | How we will measure our performance | Links to* | Comment | STATUS |
|---|--|-----------|--|--------|
| 2.3.1.5 Participate and celebrate National Reconciliation Week, NAIDOC, Close the Gap and other recognised events as supported via the communication protocol. | Evidence of participation. | RAP | | ● |
| 2.3.1.6 Investigate Aboriginal and Torres Strait Islander supplier diversity. | Identify Aboriginal and Torres Strait Islander businesses based in the four constituent council areas. | RAP | | ● |
| 2.3.1.7 Aboriginal and Torres Strait Islander employment outcomes within our workplace. | Successful implementation of employment outcomes. | RAP | Trainee proposals endorsed by RAP Advisory Group, positions included in 2018/19 organisation structure and budget. | ● |
| 2.3.1.8 Complete the Reconciliation Action Plan Impact Measurement Report. | Report to Reconciliation Australia annually on performance against key RAP targets to track and measure the broader impact of the RAP program. | RAP | | ● |
| 2.3.3.1 Develop a strategy to reduce greenhouse gas emissions and optimise recycling and waste minimisation based on the principles of ecologically sustainable development. | Achieve year 1 actions of the Greenhouse Gas Abatement strategy. | GGAS | Strategy adopted at the 20 June 2018 Council meeting. Year 1 actions will be carried forward into Y2 of the Delivery program. | ● |
| 2.3.5.1 Enhanced Demand Management Plan actions. | Achieve year 1 actions from the enhanced Demand Management Plan. | DMP | 2017/18 has been focussed on the development and adoption of a new Regional Demand Management Plan. This is now complete (plan adopted at the 20 June 2018 Council meeting). 2018/19 will be Year 1 of the new plan. | ● |
| 2.4.1.1 Review Capital Works Plan. | Develop a consolidated Rous County Council Capital Works Plan. | AMS | | ● |
| 2.4.2.1 Implement Capital Works Plan. | Less than 10% carried forward from 2017/2018 capital works budget. | AMS | Not achieved. It is recommended that 25% of the 2017/18 Capital Budget be carried forward (this is the subject of a separate report to this Council meeting - August 2018). The main contributions to this performance figure are; CE-Chambers (RCC Admin Building) \$346,000 CE-Foyer (RCC Building foyer upgrade) \$157,800 CE-Database (Water management database) \$110,200 CE-Software (EDRMS) \$100,000 CE-Depot (Depot upgrade - Sth Lismore) \$78,900 CE-Ozone (ECWTP ozone system renewal) \$78,300 CE-Elevated main \$140,000 CE-ST Helena 525 (St Helena 525 corrosion repairs) \$436,700 CE-Old Chambers (Wall/ Roof 56-60 Carrington St) \$89,100 CE-Perra rel5 (Perradenya Release 5) \$1,408,100 CE-Perra wos (Perradenya - Whole of subdivision) \$292,900 Total \$3,238,000 | ● |
| 2.4.3.1 Review staff induction process to include access awareness. | All new staff inducted in Council's Disability Inclusion Action Plan, and how it relates to them and the community. | DIAP | Project on hold. It has been identified that completion of this action will occur post implementation of the organisation wide position review and evaluation project. To be completed alongside 4.1.2.1 (three-month induction program) and 4.1.3.3 (best practice recruitment and selection). | ● |
| 2.4.3.2 Staff training in access awareness. | Design stage complete. | DIAP | Project on hold. It has been identified that the timing for completion of this action in the Delivery program is different to the Disability Inclusion Action Plan. The completion timeframe will be aligned with the key dates in the Disability Inclusion Action Plan which will see the project designed and implemented across Y2-Y4 of the Delivery program. | ● |

| Activity | How we will measure our performance | Links to | Comment | STATUS |
|--|---|----------|---|--------|
| 2.4.3.4 Develop listing of local disability employment providers. | List of local disability employment providers developed by 30 December 2017 and incorporated into procurement practices. | DIAP | Overdue but in progress. | ● |
| 2.4.3.5 Establish relationships with local disability support groups. | Targeted consultation pathways in place to inform future decision making. | DIAP | | ● |
| 2.4.3.6 Promote Council services and events that are inclusive/accessible. | Services and events promoted on Council's website. | DIAP | | ● |
| 2.4.3.7 Establish a project team to assess accessibility reports relating to Council sites, determine priorities and resourcing for years 2-4. | Project plan developed; priorities determined; budget allocations provided to Finance by 30 March 2018. | DIAP | No structured actions have been undertaken on these elements. | ● |
| | Priorities incorporated into the annual Operational plan. | DIAP | | ● |
| 2.4.3.8 Conduct audit of Council sites to review signage requirements. | Required signs across all sites identified by 30 September 2017. | DIAP | | ● |
| 2.4.3.9 Purchase and install all signs as a result of signage audit. | Signs purchased and installed by 30 March 2018. | DIAP | Required signs have been purchased, with installation commenced and ongoing. Action carried over to Y2 - due 30 September 2018 - see item 2.4.3.6 of 2018/19 Delivery Program/Operational Plan. | ● |
| | Signs meet requirements of Access to Premises Standards D4.3 (where braille sign is required). | DIAP | As above. | ● |
| | Signs installed in accordance with of Access to Premises Standards D4.2 (where sign is braille sign). | DIAP | As above. | ● |
| 2.4.3.10 Administration Centre - Level 2 foyer upgrade. | Level 2 foyer upgraded in accordance with the relevant accessibility building codes and standards (including Building Code of Australia, Australian Standard 1428.1). | DIAP | Contract for construction approved by Council - June 18 | ● |
| 2.4.3.11 Administration Centre - Level 4 foyer upgrade. | Level 4 foyer upgraded in accordance with the relevant accessibility building codes and standards (including Building Code of Australia, Australian Standard 1428.1, Access to Premises Standards). | DIAP | Contract for construction approved by Council - June 18 | ● |
| 2.4.3.12 Rocky Creek Dam - seek grant funding opportunities to provide accessible playground. | Grant funding opportunities identified and grants applied for. | DIAP | Grant opportunities are very limited to provide accessible playground equipment. Council is notified of upcoming federal and state community grants. | ● |
| 2.4.3.13 Review event management documents/practices. | Design stage complete. | DIAP | Not yet commenced. Incorporated in broader policy and procedure review process. | ● |
| 2.4.3.14 Inclusion of accessibility requirements in 'Recruitment' procedure and related documents. | Recruitment procedure and related documents developed and implemented by 30 June 2018. | DIAP | Project on hold. Completion alongside 4.1.3.3 (best practice recruitment and selection). | ● |
| 2.4.3.15 Recognise employment of persons with a disability in Council's Employee Value Proposition (EVP). | Developed by 31 December 2017. | DIAP | Overdue but in progress, currently in draft design phase of EVP (4.1.3.2). Expected completion third quarter of 2018. | ● |
| 2.4.3.16 Review Customer service charter. | New Customer service charter developed by 30 June 2018. | DIAP | | ● |
| 2.4.3.17 Review 'Feedback' policy, procedure and other related documents. | Feedback policy, procedure and other related documents revised, developed (where appropriate) and implemented by 30 June 2018. | DIAP | Action carried over to Y2 - due 31 December 2018 - see item 2.4.3.11 of 2018/19 Delivery Program/Operational Plan. | ● |
| 2.4.5.1 Review and update Drinking Water Quality Management System. | Achieved. | DWQMS | | ● |
| | Complete remaining actions from the Drinking Water Quality Management System Implementation Plan. | DWQMS | | ● |

| Activity | How we will measure our performance | Links to | Comment | STATUS |
|--|--|----------|---|--------|
| 2.4.6.1 Complete all operational readiness actions as identified in the Drought Management Plan. | Achieved. | DMP | Work is being progressed through the Drought Management Working Group. However due to resource constraints within the Constituent Councils (i.e. Constituent Councils have identified that they have limited operational staffing resources for undertaking compliance/enforcement activities and for the placement of signage during drought periods), not all readiness actions may be able to be completed in accordance with the plan and may require adoption of alternate approaches. | ● |
| 2.4.7.1 Assess physical security review results and develop implementation plan. | Staged implementation plan developed. | AMS | | ● |
| 2.4.8.1 Implement stage 1 physical security review implementation plan. | Achieved. | AMS | Routine security inspections included in Council's maintenance management system. Completed a ICT systems trial of electronic lock and key. Proceeding to operational trial at further high risk sites. | ● |
| 2.4.9.1 Review the succession plan for business critical roles. | Two workforce planning sessions per annum (including review of succession plan). | WFMP | | ● |
| 2.4.9.2 Coach the SMT and supervisors in workforce management methodology and benefits. | Achieved. | WFMP | | ● |
| 2.4.9.3 Establish biannual workforce planning sessions with SMT (for forecasting, assessment, challenge and review, monitoring and succession planning). | Biannual workforce reporting to SMT. | WFMP | | ● |
| 2.4.9.4 Establish a suite of workforce reporting metrics. | Achieved. | WFMP | | ● |
| 2.4.10.1 Implement advanced asset management planning. | Achieved year 1 actions from the Asset Management Plan. | AMP | | ● |
| 2.4.11.1 Develop IT strategic plan for 2017/21 period including a set of business rules to support consistent decision making. | Adopted by Senior Management Team and integrated into future IT/Technology business requirements. | ITSP | First draft of the IT Strategy has been received/reviewed, follow up for SMT in August 2018. | ● |
| 2.4.13.1 Areas of buffer zones/catchment lands brought under 'active management' for water quality control purposes through regeneration. | Maintain 112 ha existing buffer zones under 'active management'. | DWQMS | 50ha under 'active management'; target to be reviewed and resourcing capacity assessed during the first half of 2018/19. | ● |
| | Complete primary/follow-up works on a total of an additional 5 ha. | DWQMS | | ● |
| 2.4.13.2 Collaborate with Boatharbour Landcare (and property owners) to attract funding for implementation of on-ground works in the Boatharbour reach of the Wilsons River source. | Suitable funding opportunities identified and funding applications lodged. | DWQMS | | ● |
| 2.4.13.3 Implement Year 3 of the Wilsons River Tidal Pool Riparian Restoration Project in partnership with local landholders and schools. | Conduct 6 environmental education events at local schools. | DWQMS | | ● |
| | Conduct bush regeneration works on 5 private properties in accordance with existing landholder agreements. | DWQMS | | ● |
| | Plant 3,000 trees. | DWQMS | | ● |
| 2.4.13.4 River Reach Plan - Implement Year 2 works identified in riparian zone restoration partnerships with property owners in Emigrant Creek catchment. | Implement on-ground works on 8 properties within the Emigrant Creek catchment. | DWQMS | | ● |

| Activity | How we will measure our performance | Links to | Comment | STATUS |
|--|--|----------|---|--------|
| 2.4.13.5 Develop Site Action Plans outlining riparian zone restoration works in partnership with property owners in Emigrant Creek catchment. | Develop a total of 4 Site Action Plans. | DWQMS | No new plans finalised. Draft Property Site Action Plans completed for 2 properties. Discussions are continuing with a number of other landholders seeking agreement on proposed works. | ● |
| 2.4.13.6 Minimise and offset the impact of the Pacific Highway Upgrade on drinking water supply catchments. | Provide technical support to RMS in on-alignment restoration works. | DWQMS | | ● |
| | Provide technical support to RMS in the development and implementation of restoration work in off-alignment areas. | DWQMS | | ● |
| | Support a research partnership involving RMS and research partners to monitor the effectiveness of bio-retention basins installed along the length of the T2E Pacific Highway Upgrade. | DWQMS | This item is yet to be progressed due to focus on other initiatives under item 2.4.13.6 | ● |
| | Provide technical input to RMS/contractors regarding detailed design of the extent of the Pacific Highway upgrade within the wellhead protection area for the Woodburn Sands aquifer. | DWQMS | | ● |
| | Negotiate with RMS to secure appropriate compensation for assets that have been compromised by the Pacific Highway Upgrade. | DWQMS | | ● |
| 2.4.13.7 Implement Catchment Stakeholder Engagement Strategy. | Participate in the planning and staging of the 19th annual Big Scrub Rainforest Day. | DWQMS | | ● |
| | Plan/implement riparian improvements at strategic locations in partnership with Landcare groups with a focus on community engagement and exposure of key messages. | DWQMS | | ● |
| | Conduct a field day at Howards Grass/Emigrant Creek. | DWQMS | | ● |
| | Development of 'know your creek' resources as part of landholder engagement program. | DWQMS | | ● |
| 2.4.14.1 Identify, prioritise and optimise Rous County Council drains and levees (CZMP 4a). | Compile an inventory of existing drains and levees across the floodplain (RCC and non-RCC assets). | CZMP | | ● |
| | Document condition of drains and levees including past and current management (RCC assets only). | CZMP | | ● |
| 2.4.14.2 Develop floodgate management plans/protocols for Rous County Council's critical infrastructure sites as identified in the Rous County Council service level agreements (CZMP 4b). | 5 plans per local government area. | CZMP | Council completed a review of historical practices during 2017/18. As part of this review of floodgate management planning protocols, a need was identified to review best management practice and a revised template for Council's floodgate management plans - this has now been established. This is now being applied to the Floodgate Management Plan for Rocky Mouth Creek. | ● |
| 2.4.14.3 Partner with constituent councils to develop educational collateral in relation to wastewater/onsite sewerage management and practices (CZMP 10b). | Achieved. | CZMP | | ● |
| 2.4.14.5 Identify existing publicly available cultural heritage portals that record cultural sites (CZMP 12a). | Information available to inform planning and decision making. | CZMP | Partially available through web portal. Additional detail still at liaison stage with NPWS. | ● |
| 2.4.23.1 Develop a strategic plan informed by gaps in current flood modelling, data and other research that identifies where investment (including grant funding) will return the greatest benefit. | Adopted by Senior Management Team. | FMRSP | Further clarification on Council's role and service standards is needed from the constituent Councils before progress on this matter can be made. | ● |
| 2.4.23.2 Review and update flood modelling. | Achieved. | FMRSP | | ● |

INFORMATION AND KNOWLEDGE

Our goal: 3. Create value through applying knowledge.

What achieving our goal will look like:

3.1 We will better utilise the knowledge and expertise of our people and the knowledge embeded in our organisational systems to inform decision-making and enhance transparency, business continuity and resilience.

| Activity | How we will measure our performance | Links to* | Comment | STATUS |
|---|---|-----------|--|--------|
| 3.1.1.1 Assess level of utilisation of existing systems (Confirm, PayGlobal, NAV) and identify opportunities to optimise software. | Systems utilised to support efficiency of business processes and access to/analysis of/reporting of information. | ITSP | Postponed / Superceded by IT strategic plan and customer service review. | |
| 3.1.1.2 Investigate and identify opportunities to digitise workflows to enhance business efficiency, reduce double handling and waste. | Report to SMT with recommendations. | ITSP | Mobility for asset management has been successfully deployed to flood mitigation field team. | |
| | SMT determine a position and where necessary incorporate into budget process and include in project tracker tool. | ITSP | | |
| 3.1.2.1 Review the Emergency Response Plans and supporting appendices to ensure currency. | Achieved. | ERP | Depot flood evacuation plans have been updated based on lessons learnt from March 17 flood. | |
| 3.1.3.1 Facilitate regular internal capital works forums to discuss progress, plans and timeframes (Note: once implemented this will become part of business as usual activities). | At least 6 forums per annum. | WFMP | | |
| 3.1.3.2 Use business analysis techniques to map key end to end processes/workflows between Operations and Planning & Delivery (linked to merger transition plan). | Stage 1: Map and document key processes within two years. | WFMP | A review of the post merger functional and activity analysis has been completed. This review identified the need for changes to the organisation's structure. As a result of this review this action had been deferred until the structure has been finalised. | |
| 3.1.3.3 Emergency exercise (desktop). | Exercise completed. | ERP | Postponed to 2018/19 - carry forward budget request. | |
| 3.1.3.4 Safe working competencies identified, documented and periodically reviewed. | Safe working competencies current for all positions. | WHSMS | | |
| 3.1.3.5 Perform security focused external review of a key Information Technology system. | Review result reported to SMT (including actions arising). | ITSP | | |
| 3.1.3.6 Implement the internal communications framework. | Organisational performance results accessible to all staff and discussed at branch/team meetings. | WFMP | | |
| 3.1.4.1 Investigate opportunities for RWL professional staff to contribute expertise and knowledge to Rous County Council in delivering outcomes, improved procedures, delivery of grants and implementing and auditing drinking water quality management plans. | Undertake skills and knowledge audit and opportunity / gap analysis. | WFMP | | |
| 3.1.4.2 Implementation of values-based reward and recognition program. | Outstanding values-based behaviours recognised and rewarded. | WFMP | In progress, informed by employee engagement initiatives (item 4.1.1.1). | |

PEOPLE

Our goal: 4. Organisational capability through our people.

What achieving our goal will look like:

4.1 A high performing team enriched through diversity.

4.2 A workplace where safety and wellbeing come first.

| Activity | How we will measure our performance | Links to* | Comment | STATUS |
|--|--|-----------|---|--------|
| 4.1.1.1 Conduct employee 'pulse' surveys. | Undertake a pulse survey annually (over the first three years of this plan). | WFMP | In progress. To be replaced with a broader employee engagement survey, followed by a pulse survey annually; rollout planned post-finalisation of the organisation structure. | ● |
| | Improvements in employee engagement from initial survey results (measured using pulse survey). | WFMP | To be measured as part of employee engagement survey. | ● |
| | Monthly employee communications using a variety of channels. | WFMP | | ● |
| 4.1.1.2 Continue two way communications channels between SMT and employees. | Employees understand their role and their contribution to our mission and vision. | WFMP | | ● |
| 4.1.1.3 Include regular discussion and review of mission, vision and values in branch and team meetings. | Mission, vision and values are included on branch and team meeting agendas and/or recorded on team meeting minutes at least monthly. | WFMP | | ● |
| 4.1.2.1 Enhance the Rous three-month induction program (incl. best-fit options for electronic delivery of induction and refresher program). | At least 90% of new employees are satisfied with the three month induction program. | WFMP | Project on hold. It has been identified that completion of this action will occur post implementation of the organisation wide position review project. To be included as part of best practice recruitment and selection methodology activity (item 4.1.3.3). | ● |
| 4.1.2.2 Develop a technical training program for the dams and treatment operators (informed by 2.3 of the WFMP). | Technical training program established by 31 December 2018 (aligned to skill steps). | WFMP | Activities linked to this item commenced in January 2018. | ● |
| 4.1.3.1 Implement graduate/apprenticeship program (Targeting people from an Indigenous heritage and under 30's) (informed by 6.1 of the WFMP). | Achieved. | WFMP | In progress but behind schedule. Linked to Reconciliation Action Plan initiatives. Expected implementation last quarter of 2018. | ● |
| 4.1.3.2 Document and promote the employee value proposition (EVP). | EVP promotion material available on website and wiki. | WFMP | Overdue but in progress, currently in draft design phase of EVP (item 4.1.3.2). Expected completion third quarter of 2018. | ● |
| 4.1.3.3 Develop and implement a best practice recruitment and selection methodology. | Vacancies are filled within 90 business days (notice to acceptance). | WFMP | Performance to date has been 80 business days (notice to acceptance). Best practice recruitment and selection methodology project is currently on hold (will occur post implementation of the organisation wide position review project). The scope of the project will include induction program and broader employee lifecycle initiatives. | ● |
| | Less than or equal to 5% turnover for new employees within first 18 months post probation. | WFMP | As above. | ● |
| | Recruitment and selection activities promote and comply with Equal Employment Opportunity principles. | WFMP | As above. | ● |
| 4.1.3.4 Implement electronic recruitment and candidate management. | Electronic recruitment and candidate management software live. | WFMP | In progress but behind schedule. Currently in testing phase of new candidate management module of HR Information System. | ● |
| 4.2.1.1 Conduct a pilot program to assess the merit of implementing PERform. | Pilot program results reported to the Senior Management Team to inform decision making on future implementation. | WHSMS | Information session scheduled for the Safety Action Group meeting on 1 August 2018. | ● |

| Activity | How we will measure our performance | Links to | Comment | STATUS |
|---|---|----------|--|--------|
| 4.2.1.2 All WHS procedures reviewed. | WHS procedures current and accessible by staff on the wiki. | WHSMS | For the reporting period - two procedures endorsed at the July 2018 Health and Safety Committee meeting; awaiting approval by the SMT and General Manager. Three more procedures are scheduled for consideration at the August meeting of the Health and Safety Committee. | ● |
| 4.2.1.3 Health Safety Committee meetings held. | Minimum of 5 meetings by 30 June 2018. | WHSMS | | ● |
| 4.2.1.4 WHS management reporting. | Senior management team: management reporting 1 per quarter. | WHSMS | | ● |
| 4.2.1.5 Random workplace/site or project inspections. | 1 per month. | WHSMS | | ● |
| 4.2.1.6 Programmed audits (manned sites including depots). | Results documented and forwarded to asset manager, corrective actions added to WHS Action List. | WHSMS | | ● |
| 4.2.1.7 Participate in national safe work month (October). | Program of safety related awareness raising activities undertaken. | WHSMS | | ● |
| 4.2.1.8 Investigate opportunities for partnering or implementing a collaborative/shared services model (WHS) with constituent councils. | At least 2 occurrences of partnering by 30 June 2018. | WHSMS | Assisted Kyogle Council with advice on dust level monitoring (occupational exposure). | ● |

CUSTOMERS AND STAKEHOLDERS

Our goal: 5. Proactive management of relationships with member councils and key stakeholders.

What achieving our goal will look like:

5.1 Mutual understanding of needs, priorities, expectations, functions, operations, service standards, span of control and influence.






| Activity | How we will measure our performance | Links to | Comment | STATUS |
|---|--|----------|--|--------|
| 5.1.1.1 Develop an external communications plan that sets out to customers and stakeholders the principles of stakeholder engagement, communications and liaison (including linkages to existing information and reporting forums/avenues). | A documented plan that assigns responsibility for customer and stakeholder relationship management (including communications, liaison and feedback). | SLA | The documented plan has not been completed and is still in progress. The project is linked to item 3.1.3.2 | ● |
| 5.1.1.2 Top five customers have service level agreements in place (RWL) including service level plan parameters, business objectives and KPIs. | Minimum 3 or more in place. | RWLSP | One in place. | ● |
| 5.1.2.1 NSW Audit Office audit of council reporting on service delivery. | Rate of service efficiency and effectiveness of public reporting. | CSP | | ● |
| 5.1.2.2 NSW Audit Office audit of fraud control. | Fraud controls assessed against the Audit Office's Fraud Control Improvement Kit. | CSP | | ● |
| 5.1.2.3 NSW Audit Office audit of shared service arrangements. | Key enablers and barriers to effective and efficient shared services arrangements identified. | CSP | | ● |

PROCESS MANAGEMENT, IMPROVEMENT AND INNOVATION

Our goal: 6. Continuous improvement through process management and innovative thinking.

What achieving our goal will look like:

6.1 Recognising and being open to opportunities for improvement through innovation.

| Activity | How we will measure our performance | Links to* | Comment | STATUS |
|---|--|-----------|---|---|
| 6.1.1.1 Procure and implement an automated agenda, business paper, action and reporting software solution (including a secure option for councillors to access documentation electronically). | Process improvements, efficiency gains and environmental benefits through reduction in paper consumption. | BAU | Business case completed. Seeking further advice on next steps i.e. does suggested program meet organisation's system/network requirements; discussion regarding project plan; any dependency/sequencing with the electronic document records management system project. |  |
| 6.1.3.1 Review scope for Richmond Water Laboratories equipment renewal or purchase, layout changes. | By 30 June 2018. | RWLSP | |  |
| 6.1.4.1 Review Richmond Water Laboratories NATA accreditation and determine business requirements. | All NATA accredited tests reviewed. | RWLSP | |  |
| 6.1.9.1 Business case developed for any proposed non-core activity and submitted to the Senior Management Team or Council for consideration/determination as appropriate. | Only non-core business activities/projects that are formally approved, have an acceptable level of risk and rate of return on investment to be undertaken. | BAU | |  |
| 6.1.10.1 Identify, develop and implement a suite of service level metrics (internal/external stakeholders) to track like for like/year on year performance. | Achieved. | BAU | |  |

RESULTS AND SUSTAINABLE PERFORMANCE

Our goal: 7. Sustainable performance.

What achieving our goal will look like:

7.1 We are recognised as a valued regional service provider and reliable cost effective deliverer of our core functions and operations.

7.2 Levels of service align with agreed priorities, financial and asset capability and long-term financial plans.

| Activity | How we will measure our performance | Links to* | Comment | STATUS |
|--|---|-----------|---|--------|
| 7.1.1.1 Performance report issued to Service Level Agreement parties in relation to delivery of services subject to the agreement. | Copy of performance report issued with Delivery Program report. | DP | | ● |
| 7.1.1.2 Performance report issued to Council in relation to delivery of services subject to Service Level Agreements. | Copy of performance report issued with Delivery Program report. | DP | | ● |
| 7.1.1.3 Notifications to NSW Health on fluoride plant performance. | 100% of notifications within required timeframes. | DWQMS | | ● |
| 7.1.2.1 Achieve or exceed adopted financial budget forecast in net profit (Richmond Water Laboratories). | Achieved. | LTFP | | ● |
| 7.1.3.1 Deliver services according to service contracts in place (Richmond Water Laboratories). | Achieved or exceeded. | RWLSP | | ● |
| 7.1.4.1 Deliver lead agency role for Y3 of Weeds Action Program. | 100% of actions achieved. | WAP | | ● |
| 7.1.5.1 Complete all development and construction requirements for the marketing of Perradenya Release 5 Stage 2. | Land title registration achieved for individual lots. | BASP | | ● |
| 7.1.5.2 Progress design, cost and construction of Perradenya cycle path in negotiation with Lismore City Council. | Construction budget and timetable adopted by Council. | BASP | | ● |
| 7.2.1.1 Water quality monitoring report card for both Drinking water supply and Catchment monitoring programs. | Report card produced. | DWQMS | Water quality monitoring report cards for drinking water supply have been completed. Catchment report cards have not been completed. These report cards are specify output in the water management database software system, and the development of which is ongoing. Catchment water quality monitoring has been manually reviewed against guideline values to ensure that any significant changes in conditions are detected. | ● |
| 7.2.2.1 Contribute to the regional Ecohealth monitoring project. | Annual report card produced. | CZMP | The regional Ecohealth monitoring project has not progressed, with no consensus from the participating organisations to fund the next reporting period for the integrated North Coast Bioregion Ecohealth Program. RCC was not requested to be a funding partner, however made specific commitments to support the program. The program does require a 50% State contribution through NSW Office of Environment and Heritage. | ● |
| 7.2.3.1 Report on progress of actions to mitigate risk of environmental harm from activities (environmental action list). | Annual report to Council. | BAU | A review of outstanding actions has been completed. Report to be submitted to the October 2018 Council meeting. | ● |

STATUTORY REPORTING REQUIREMENTS

Audited financial reports - section 428(4)(a)

A copy of Rous' audited financial reports are provided at [Attachment 2](#).

Asset reporting - section 406(2) (refer Planning and Reporting manual requirement)

In accordance with the requirements of the *Local Government Act 1993* and the *Local Government (General) Regulation 2005*, the NSW Local Government Code of Accounting Practice and Financial Reporting and the Australian Accounting Standards:

- a) Assets to the value of \$8.025 million were acquired by Rous during the reporting period, bringing total assets held as at 30 June 2018 to the value of \$477.736 million (refer to page 28 of the audited financial reports 2017/18 at [Attachment 2](#)).
- b) Rous' report on the condition of public works, Special Schedule No. 7 is available on page 84 of the audited financial reports 2017/2018 (refer to [Attachment 2](#)).

Rates and charges written-off - clause 132

There was \$1,835.63 rates and charges written-off for the reporting period.

Regional State of the Environment report - section 428A

The preparation of the Regional State of the Environment report 2016 was funded by the 15 participating general and county councils of the north coast region of New South Wales and North Coast Local Land Services. The report assesses both local and regional environmental states using a set of indicators and measures specifically designed for the region and remains in place for 4 years.

The report allows participating councils to make informed decisions on environmental objectives and is a guide for both local and regional environmental planning and resourcing. It also informs the State on regional environmental conditions. A [copy](#) of the report is available on Council's website.

The Regional State of Environment report has three main goals:

1. To provide information to the community and decision-makers on the condition of the local environment and where resources are best placed to respond to community expectations;
2. To better align with State natural resource management reporting; and
3. To meet the reporting requirements of the *Local Government Act 1993*.



Legal proceedings - section 428(4)(b) and clause 217(1)(a3)

Rous incurred \$5,112 in relation to legal proceedings during the reporting period.

Councillor fees and expenses - section 428(4)(b) and clause 217(1)(a1)

The following fees and expenses were incurred by councillors in accordance with the policy titled 'Payment of Expenses and Provision of Facilities for Chairperson and Councillors' attached at Attachment 1:

| Member fees and expenses: expenditure | | 1/07/17 - 30/06/18 |
|---------------------------------------|--|--------------------|
| Chair fees | | \$15,850 |
| Member fees and travel reimbursed | | \$79,619 |
| Total | | \$95,469 |
| Budget allocation | | \$100,100 |

| | | |
|---|---------------------|-----------------|
| Dedicated office equipment allocated to councillors on a personal basis. | cl 217(1)(a1)(i) | 0 |
| Telephone calls made by councilors. | cl 217(1)(a1)(ii) | 0 |
| Councillor attendance at conferences and seminars (includes airfares, registrations, meals and accommodation). | cl 217(1)(a1)(iii) | \$7,110 |
| Training of councillors and provision of skill development for councilors. | cl 217(1)(a1)(iv) | 0 |
| Interstate visits undertaken during the year by councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses. | cl 217(1)(a1)(v) | 0 |
| Overseas visits undertaken during the year by councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses. | cl 217(1)(a1)(vi) | 0 |
| Expenses of any spouse, partner (whether of the same or the opposite sex) or other person who accompanied a councillor in the performance of his or her civic functions, being expenses payable in accordance with the <i>Guidelines for the Payment of Expenses and the Provision of Facilities for Mayors and Councillors for Local Councils in NSW</i> prepared by the Director-General from time to time. | cl 217(1)(a1)(vii) | 0 |
| Expenses involved in the provision of care for a child of, or an immediate family member of, a councillor, to allow the councillor to undertake his or her civic functions. | cl 217(1)(a1)(viii) | 0 |
| Total | | \$7,110 |
| Budget allocation | | \$31,500 |

Additional information for inclusion in annual report - section 428(4)(b) and clause 217(1)(a)

No overseas visits were undertaken during the year by councillors, Council staff or other persons while representing the Council.

Senior staff - section 428(4)(b) and clause 217(1)(b)(i-v)

Under the *Local Government Act 1993* Rous is required to appoint and employ a person under a performance-based contract to be its general manager. The General Manager is the only senior staff person employed by Rous. The total amount payable to the General Manager during the reporting period was:

| | |
|---|------------------|
| Total value of the salary component of the package | \$212,853 |
| Total amount of any bonus payments, performance payments or other payments made to the general manager that do not form part of the salary component of the general manager | - |
| Total amount payable by council by way of the employer's contribution or salary sacrifice to any superannuation scheme to which the general manager may be a contributor | \$18,900 |
| Total value of any non-cash benefits for which the general manager may elect under the package | - |
| Total amount payable by council by way of fringe benefits tax for any such non-cash benefits | \$4,559 |
| Total | \$236,312 |

Contracts awarded for amounts greater than \$150,000 - section 428(4)(b) and clause 217(1)(a2)

- Rocky Creek Dam carpark and park entrance upgrade was let to Price Civil Pty Ltd for \$1,027,276.73 (incl. GST).
- Perradenya land development: Release 5 Stage 2 – construction of 15 lot residential was let to Santin Earthmoving for \$1,286,353 (incl. GST).
- Emigrant Creek Dam repair of 16 permanent rock anchors was let to SRG Ltd for \$516,530 (excl. GST).
- Administration building foyer and entry upgrade was let to Greg Clark Building Pty Ltd for \$251,600 (incl. GST).
- Roof replacement and structural repairs – Cnr Conway & Carrington Street was let to Greg Clark Building for \$353,800 (incl. GST).

Private works - section 67 and clause 217(1)(a4)

Rous did not undertake any works on private land during the reporting period. Therefore, no resolutions pursuant to section 67 of the *Local Government Act 1993* were required.

Contributions under section 356 - section 428(4)(b) and clause 217(1)(a5)

Contributions of \$19,323.91 were made under section 356 in accordance with Council's 'Retail customers' water account assistance' policy.

Activities to implement EEO Management Plan - sections 345 and 428(4)(b) and clause 217(1)(a9)

It is Council's policy to provide equal opportunity in employment for all persons in accordance with relevant State and Commonwealth legislation.

The objectives of Rous' EEO Management Plan are met through the following strategies:

- *Policies and procedures:* Review and development of policies and procedures are assessed against EEO objectives
- *Communication:* Rous' values are proactively promoted and enforced through business practices

- *Recruitment and selection:* EEO objectives are integrated with our 'Recruitment' procedure
- *Training and development:* Commitment to equal opportunity of all staff to training and development and refresher training provided to staff periodically on EEO principles and our EEO Management Plan
- *Career planning:* Recruitment, appointment and promotion and training opportunities are monitored to ensure EEO principles are adhered to
- *Grievance handling:* Grievance resolution procedures are promoted to all staff. Relevant staff are trained in grievance resolution procedures and refresher harassment and bullying training provided to all staff.

Through staff training and awareness, policy development and implementation, key messaging has been provided to reinforce Rous' strong position against discrimination and harassment in any form.

External bodies - section 428(4)(b) and clause 217(1)(a6)

Rous has not delegated any of its functions to external bodies.

Controlling interests in companies - section 428(4)(b) and clause 217(1)(a7)

Council does not hold a controlling interest in any companies.

Partnerships, cooperatives and joint ventures - section 428(4)(b) and clause 217(1)(a8)

During the reporting period Rous was a party to the following arrangements:

- Statewide Mutual
 - A self-insurance pool covering public liability and professional indemnity insurance as well as providing risk management advice.
- StateCover
 - A self-insurance pool providing cover for workers' compensation insurance as well as providing advice on work health and safety matters.

Disability Inclusion Act 2014 – section 13(1)

The implementation of Council's Disability Inclusion Action Plan is included in the Delivery Program/Operational Plan of Council's Integrated Planning and Reporting Framework. Achievements in delivering the 2017/18 Delivery Program are provided at page 47 above, with activities relating directly to the DIAP outlined at items 2.4.3.1 - 2.4.3.17 inclusive.

Government Information (Public Access) Act 2009 - section 125 and clause 7

Following is a copy of Rous' Government Information (Public Access) ('GIPA') annual report to the NSW Ombudsman's office:

| | |
|------------------|----------------------------|
| Agency name | Rous County Council |
| Reporting period | 1 July 2017 – 30 June 2018 |

Clause 7A: Details of the review carried out by the agency under section 7 (3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of the review:

| | Reviews carried out by agency | Information made publicly available by the agency |
|------|-------------------------------|---|
| 7(a) | Yes | Yes |

Council reviews the open access information on its website to ensure the information that should be available to the public is. In terms of the authorised proactive release of information, this is generally assessed and determined at the time information is created. This has resulted in the release of a range of information in relation to the following:

- Advertisements for positions available within Council; Council meeting minutes and agendas; media releases; summary and photographs of 'Celebrating Green Innovation in Schools' event that Council contributed to in May 2018; Integrated Planning and Reporting documentation; details about upgraded facilities at Rocky Creek Dam; reporting on remediation works at Emigrant Creek Dam; photographs and details about progress of tree planning and bush regeneration along the Wilson River involving local school children; links to videos and competition details about the 'Love it or Lose it' campaign run in conjunction with local councils; details about Council's success in obtaining Natural Disaster Relief Assistance grant funding after flooding in Lismore in early 2017; and flood modelling project information.

Clause 7B: The total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications).

| | Total number of applications received |
|------|---------------------------------------|
| 7(b) | 0 |

Clause 7C: The total number of access applications received by the agency during the reporting year that the agency refused either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure).

| Number of applications refused | Wholly | Partly | Total |
|--------------------------------|--------|--------|-------|
| | 0 | 0 | 0 |
| % of total | 0% | 0% | |

Schedule 2 Statistical information about access applications to be included in annual report

| Table A: Number of applications by type of applicant and outcome* | | | | | | | | | | |
|---|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|---|-----------------------|----------|------------|
| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/ deny whether information is held | Application withdrawn | Total | % of total |
| Media | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of Parliament | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private sector business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Not for profit organisations or community | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (application by legal representative) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (other) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| % of total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 100 |

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of applicant and outcome

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/ deny whether information is held | Application withdrawn | Total | % of total |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|---|-----------------------|----------|------------|
| Personal information applications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access applications (other than personal information applications) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access applications that are partly personal information applications and partly other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

A *personal information application* is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

| Reason for invalidity | Number of applications | % of total |
|---|------------------------|------------|
| Application does not comply with formal requirements (section 41 of the Act) | 0 | 0 |
| Application is for excluded information of the agency (section 43 of the Act) | 0 | 0 |
| Application contravenes restraint order (section 110 of the Act) | 0 | 0 |
| Total number of invalid applications received | 0 | 0 |
| Invalid applications that subsequently became valid applications | 0 | 0 |
| Total | 0 | 0 |

* More than one public interest consideration may apply in relation to a particular access application and if so, each consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

| | Number of times consideration used* | % of total |
|---|-------------------------------------|------------|
| Overriding secrecy laws | 0 | 0 |
| Cabinet information | 0 | 0 |
| Executive Council information | 0 | 0 |
| Contempt | 0 | 0 |
| Legal professional privilege | 0 | 0 |
| Excluded information | 0 | 0 |
| Documents affecting law enforcement and public safety | 0 | 0 |
| Transport safety | 0 | 0 |
| Adoption | 0 | 0 |
| Care and protection of children | 0 | 0 |
| Ministerial code of conduct | 0 | 0 |
| Aboriginal and environmental heritage | 0 | 0 |
| Total | 0 | 0 |

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to sec 14 of Act

| | Number of occasions when application not successful | % of total |
|--|---|------------|
| Responsible and effective government | 0 | 0 |
| Law enforcement and security | 0 | 0 |
| Individual rights, judicial processes and natural justice | 0 | 0 |
| Business interests of agencies and other persons | 0 | 0 |
| Environment, culture, economy and general matters | 0 | 0 |
| Secrecy provisions | 0 | 0 |
| Exempt documents under interstate Freedom of Information legislation | 0 | 0 |
| Total | 0 | 0 |

Table F: Timeliness

| | Number of applications | % of total |
|--|------------------------|------------|
| Decided within the statutory timeframe (20 days plus any extensions) | 0 | 0 |
| Decided after 35 days (by agreement with applicant) | 0 | 0 |
| Not decided within time (deemed refusal) | 0 | 0 |
| Total | 0 | |

| Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome) | | | | |
|---|-----------------|-----------------|----------|------------|
| | Decision varied | Decision upheld | Total | % of total |
| Internal review | 0 | 0 | 0 | 0 |
| Review by Information Commissioner* | 0 | 0 | 0 | 0 |
| Internal review following recommendation under section 93 of Act | 0 | 0 | 0 | 0 |
| Review by ADT | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | |
| % of total | 0 | 0 | 0 | 0 |

*The Information Commissioner does not have the authority to vary decisions but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

| Table H: Applications for review under Part 5 of the Act (by type of applicant) | | |
|---|-----------------------------------|------------|
| | Number of applications for review | % of total |
| Applications by access applicants | 0 | 0 |
| Applications by persons to whom information the subject of access application relates (see section 54 of the Act) | 0 | 0 |
| Total | 0 | 0 |

| Table I: Applications transferred to other agencies | | |
|--|------------------------------------|------------|
| | Number of applications transferred | % of total |
| Agency-initiated transfers | 0 | 0 |
| Applicant-initiated transfers | 0 | 0 |
| Total | 0 | 0 |

Environmental Planning and Assessment Act 1979 - section 93G(5)

Constituent councils are the relevant planning authority for their local government areas and as such, Rous has no function in reporting on planning agreements.

Privacy and Personal Information Protection Act 1998 - section 33

Rous adopted its 'Privacy management' policy in 2015. The policy is based on the Model Privacy Management Plan for local government. No reviews were conducted during the reporting period by or on behalf of Rous under Part 5 of the Act.

Public Interest Disclosures Act 1994 - section 31

Following is a summary of Rous' Public Interest Disclosures ('PID') annual report to the NSW Ombudsman:

| Reporting period: 1 July 2017 – 30 June 2018 | | | |
|---|--|---|----------------|
| | Made by public officials performing their day to day functions | Under a statutory or other legal obligation | All other PIDs |
| Number of public officials who made PIDs directly | 0 | 0 | 0 |
| Number of PIDs received | 0 | 0 | 0 |
| Of PIDs received, number primarily about: | | | |
| - Corrupt conduct | 0 | 0 | 0 |
| - Maladministration | 0 | 0 | 0 |
| - Serious and substantial waste | 0 | 0 | 0 |
| - Government information contravention | 0 | 0 | 0 |
| - Local government pecuniary interest contravention | 0 | 0 | 0 |
| Number of PIDs finalised | 0 | 0 | 0 |

Rous has in place an internal reporting policy. In terms of steps taken by the General Manager to meet staff awareness obligations, a range of measures are in place: Staff training on our policy is delivered at team meetings; and Public Interest Disclosure Information is available on the staff intranet and incorporated into our Employee Induction Program.

ATTACHMENTS

1



Payment of Expenses
and Provision of
Facilities for
Chairperson and
Councillors policy

2



Annual Financial
Statements and
Auditor's Report
as at 30 June 2018

Policy



Payment of expenses and provision of facilities for chairperson and councillors

Approved by Council: 19/04/2017

To outline the expenses that can be incurred and facilities provided to councillors to assist in the discharge their civic duties as members of the governing body of Rous County Council.

Safety

Teamwork

Accountability

Respect

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Background

Rous County Council's governing body is elected by constituent councils. Each member of the governing body is elected from among the councillors of constituent councils. Under the *Local Government Act 1993* Council is required to have in place a policy governing the payment or reimbursement of expenses and the provision of facilities by Council to the chairperson and councillors. The policy must be prepared having regard to the 'Guidelines for the payment of expenses and provision of facilities for mayors and Councillors in NSW' in effect at the time.

Councillors have a range of obligations many of which arise through the *Local Government Act 1993* and are embedded in and reinforced through the Code of Conduct. This includes the requirements to act lawfully, honestly and exercise a reasonable degree of care and diligence in carrying out their functions. To support councillors, this policy sets out the expenses that can be incurred and reimbursed (including dollar limits) and facilities available. It also describes the process for application, approval, reconciliation and reimbursement (where applicable). Councillors may only receive reimbursement for expenses and access and use facilities as set out in this policy.

Definitions

ATO means Australian Taxation Office.

expenses means payment or reimbursement by Council for reasonable costs or charges associated with the performance of a councillor's civic duties. Expenses are separate and in addition to annual fees.

facilities means equipment or services provided by Council to councillors to enable them to perform their civic functions with relative ease and at a standard appropriate to their role as councillors.

official business of Council means functions that the chairperson or councillor are required, invited, or requested to attend to fulfil their obligations as Council representatives and/or have a direct benefit to Council including but not limited to:

- (a) Council meetings and Council committee meetings
- (b) meetings of committees facilitated by Council (for example, section 355 committees)
- (c) meetings, functions, workshops and other events to which attendance by a councillor has been requested or approved
- (d) receptions hosted or supported by Council (for example, Council's Christmas celebration or equivalent functions; charitable functions formally supported by Council)
- (e) professional development.

professional development means a seminar, conference, training course or other development opportunity relevant to the role of the chairperson or councillor.

valid GST receipt means an original tax invoice or receipt for an expense that meets the requirements of *A New Tax System (Goods and Services) Tax Act 1999*.

Policy statement

1. Key policy principles

1.1 Accessibility

In accordance with the principles of equity and inclusion, councillors with accessibility needs will be provided with the aids, equipment and assistive technology they require to effectively perform their civic duties.

1.2 No general expense allowance

In accordance with the requirements of the *Local Government (General) Regulation 2005* Council does not provide councillors with a general expense allowance. A general expense allowance is a sum of money paid by Council to a councillor to expend on an item or service that is not required to be receipted and/or otherwise reconciled according to a set procedure and within a specified timeframe.

1.3 Access to and use of expenses and facilities – only incidental and private benefit allowed

Council resources (for example, property, official services and facilities) must be used ethically, efficiently and carefully. They must not be used for private benefit or gain or personal interest including but not limited to: a councillor's re-election, a political party event or activity. Councillors must avoid any action or situation that could create the appearance that council resources are being used inappropriately.

Councillors must not obtain more than an incidental private benefit under this policy. Incidental private benefit is not subject to compensatory payment back to Council.

Benefits received under consumer loyalty programs or other incentive bonus schemes (such as 'frequent flyer' schemes), where the rewards are convertible directly or indirectly to money, are considered to be a non-incidental private benefit. Where any non-incidental private benefit occurs, reimbursement to Council to the estimated value of the private benefit is required. This is calculated at the estimated private use percentage versus business use percentage.

1.4 Giving of gifts and benefits – only token value

Where it is appropriate for a councillor to give a gift or benefit while on official business of Council (for example, on a Council business related trip or when receiving visitors), these gifts and benefits must be of token value only (refer to Council's Code of Conduct). For the purpose of this policy, 'token value' means \$25.00 or less.

2. Monetary limits – expenses

| Expense - description | Monetary limits | Who can approve the expense? | What will be provided? |
|-----------------------|---|---|---|
| Carer | \$1,000 (excl. GST) per councillor, per financial year. | General Manager. | <p>Reimbursement for reasonable care arrangements to allow the councillor to attend official business of Council.</p> <p>Includes reimbursement up to one hour before and after the scheduled start and conclusion of the official business of Council.</p> <p>Reimbursement may be provided for childcare expenses (of the councillor's children up to and including the age of 16 years), care of the elderly, disabled and/or sick immediate family members for whom the councillor has carer responsibilities.</p> |
| Legal | Level 1: ≤ \$5,000 (excl. GST) per councillor, per financial year. | General Manager. | <p>Council may provide reimbursement or indemnify a councillor for reasonable costs properly incurred:</p> <ul style="list-style-type: none"> For legal proceedings being taken against them in defending an action arising from: <ul style="list-style-type: none"> The performance of good faith of a function of a county councillor; or Defending an action in defamation. For an inquiry, investigation or hearing into a councillor's conduct by an investigative or review body, including: <ul style="list-style-type: none"> Local Government Pecuniary Interest and Disciplinary Tribunal Independent Commission Against Corruption NSW Ombudsman Office of Local Government NSW Police Force Director of Public Prosecutions Council's Conduct Review Committee/Reviewer, |
| | Level 2: > \$5,000 (excl. GST) per councillor, per financial year. | Council's indemnity protection provider (in consultation with the General Manager). | |

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| Expense - description | Monetary limits | Who can approve the expense? | What will be provided? |
|---|---|---|---|
| | | | <p>provided that:</p> <ul style="list-style-type: none"> (i) The inquiry/hearing arises from the performance of good faith or a councillor's functions and the matter has proceeded to a formal investigation or review. (ii) Code of Conduct complaints: only available where the General Manager has referred the matter to a Conduct Reviewer/Conduct Review Committee to make formal inquiries into a matter in accordance with the procedures in the Code of Conduct. (iii) Pecuniary interest or misbehaviour matters: only available where a formal investigation has been commenced by the Office of Local Government. (iv) Where the investigative or review body makes a finding that is not substantially unfavourable to the councillor (eg. does not proceed to a finding, an inadvertent minor technical breach). |
| Official business of Council – excluding professional development | Level 1: ≤ \$500 (excl. GST) per councillor, per financial year. | General Manager. | <p>The councillor's direct expenses to attend, including (where applicable):</p> <ul style="list-style-type: none"> • ticket/registration • travel • accommodation • meals • incidentals. |
| | Level 2: > \$500 (excl. GST) per councillor, per financial year. | Resolution of Council (as a consequence of an appointment to a council committee for the term of the appointment (for attendance at committee meetings, etc.).) | |
| | Level 3: > \$500 (excl. GST) per councillor, per financial year. | Resolution of Council. | |

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| Expense - description | Monetary limits | Who can approve the expense? | What will be provided? |
|---|---|------------------------------|---|
| Official business of Council – professional development | Level 1: ≤ \$2,500 (excl. GST) or less per councillor, per financial year. | General Manager. | The councillor's direct expenses to attend, including (where applicable): <ul style="list-style-type: none"> • ticket/registration • travel • accommodation • meals • incidentals. |
| | Level 2: > \$2,500 (excl. GST) per councillor, per financial year. | Resolution of Council. | |

3. Provision of facilities

The Chairperson will be provided access to a Council office (equipped with a telephone, photocopier, facsimile machine and secretarial/administrative support services).

Councillors may access printing and secretarial/administrative support services on request, where it can be demonstrated that it is related directly to official business of Council.

4. Procedures

4.1 General rules

All bookings for official business of Council will, wherever possible, be paid for or reimbursed in accordance with relevant limits. These limits include:

- Any monetary limits listed in part 2 of this policy
- kilometre allowance under the Local Government (State) Award or airfare rate, whichever is the lower
- ATO 'Reasonable Travel and Meal Allowance Expenses' Determination applicable for the date of travel.

4.2 Pre-purchasing

Bookings and payments for tickets/registration, accommodation and travel relating to official business of Council must, wherever possible, be coordinated through the Executive Secretary or Executive Support Officers.

All requests to attend official business of Council must be made using the 'Councillor request for attendance at official business of Council' form.

4.3 Advance payment

Advance payment for meals and incidentals is available by EFT provided that a completed 'Vendor payment request form' has been lodged with sufficient notice to allow for the preparation of the advance (minimum two weeks).

4.4 Reimbursement

Reimbursement will only be made:

- (a) in accordance with the general rules listed at part 4.1 of this policy;
- (b) on lodgement of a completed 'Request for reimbursement' form within three months of the cost or expense being incurred (unless otherwise required by this policy) and accompanied by:
 - i. itemised account of the expenditure; and
 - ii. valid GST receipts.

For periods of less than a full year, for example, after a local government election, the reimbursement per councillor will be calculated on a pro rata basis.

4.4.1 Meals

Meals that are not included in the official business of Council will be reimbursed subject to the conditions outlined at part 4.1 of this policy and the production of a signed statutory declaration outlining the expenses (where valid GST receipts are unavailable).

4.4.2 Incidentals

Reasonable out of pocket expenses or incidental travel expenses incurred (such as telephone calls, facsimile calls, internet charges, taxi fares, parking fees, tolls etc.) will be reimbursed subject to the conditions outlined at part 4.1 of this policy and the production of a signed statutory declaration outlining the expenses (where valid GST receipts are unavailable).

4.4.3 Use of private vehicles

Travel to official business of Council in a private vehicle will be reimbursed in accordance with part 4.1 of this policy.

Note 1: All travel relating to official business of Council must be undertaken using the most direct route and most practicable and economic mode of transport, subject to any personal and medical considerations.

Note 2: If travelling to official business of Council, every attempt should be made to car pool with other councillors or Council staff.

Note 3: The driver is personally responsible for all traffic or parking fines incurred while travelling in private or Council vehicles.

4.4.4 Carer

Reimbursement for carer expenses may be provided on completion of the 'Request for reimbursement' form and statutory declaration. The following information is to be included in the statutory declaration:

- (a) official business of Council attended
- (b) individual requiring care
- (c) duration care was provided, and cost.

5. Dispute resolution

Should a dispute arise under this policy including the dispute regarding the approval or rejection of a claim, then the dispute should be reviewed by the chairperson. A report regarding the review and outcome must be put to the next full Council meeting.

6. Reporting

6.1 Councillor reports

Where a Council staff member does not attend the official business of Council, the councillor must prepare a report for Council detailing highlights, particularly noting aspects relevant to Council business and/or the community. This report is to be included in the next Council business paper following attendance at the official business of Council.

6.2 Quarterly budget review statement report

Any expenses provided to a councillor will be reported in the quarterly budget review statement report to Council.

6.3 Annual report

The General Manager will provide a summary of all expenses and facilities provided under this policy in Council's Annual Report.

Contact officer

General Manager.

Related documents

Policies

Not applicable.

Procedures

Not applicable.

Legislation

Local Government Act 1993.

Other

Code of Conduct.

Code of Conduct Procedures.

Councillor Induction and Professional Development Guide (2012).

Guidelines for the payment of expenses and provision of facilities for mayors and Councillors in NSW, Office of Local Government (October 2009).

Local Government (State) Award.

No excuse for misuse: Preventing the misuse of council resources, Guidelines: 2, Independent Commission Against Corruption (November 2002).

Office of Local Government Circulars and Guidelines.

| | | | |
|------------------------|--|----------------------------|----------------|
| <i>Office use only</i> | File no.: 172/13 | Next review date: 4 years. | |
| Version | Purpose and description | Date adopted by Council | Resolution no. |
| 10.0 | New layout; revised provisions relating to professional development. | 19/04/2017 | 31/17 |

Rous County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018



Rous County Council

General Purpose Financial Statements for the year ended 30 June 2018

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Overview

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

218 - 232 Molesworth Street
Lismore NSW 2480

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

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

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

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

Rous County Council

General Purpose Financial Statements for the year ended 30 June 2018

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

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


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

To the best of our knowledge and belief, these financial 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 17 October 2018.



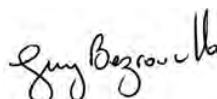
Keith Williams
Chair
17 October 2018



Basil Cameron
Councillor
17 October 2018



Phillip Rudd
General Manager
17 October 2018



Guy Bezrouchko
Responsible Accounting Officer
17 October 2018

Rous County Council

Income Statement

for the year ended 30 June 2018

| Original unaudited budget 2018 | \$ '000 | Notes | Actual 2018 | Actual 2017 |
|--|--|-------|----------------|----------------|
| Income from continuing operations | | | | |
| Revenue: | | | | |
| 18,255 | User charges and fees | 3a | 18,612 | 18,369 |
| 467 | Interest and investment revenue | 3b | 848 | 813 |
| 2,432 | Other revenues | 3c | 5,566 | 3,131 |
| 818 | Grants and contributions provided for operating purposes | 3d,e | 1,330 | 1,121 |
| 2,500 | Grants and contributions provided for capital purposes | 3d,e | 5,592 | 4,008 |
| Other income: | | | | |
| 2 | Net gains from the disposal of assets | 5 | — | — |
| 24,474 | Total income from continuing operations | | 31,948 | 27,442 |
| Expenses from continuing operations | | | | |
| 7,421 | Employee benefits and on-costs | 4a | 7,171 | 6,817 |
| 1,897 | Borrowing costs | 4b | 1,834 | 1,981 |
| 7,196 | Materials and contracts | 4c | 6,952 | 6,309 |
| 7,785 | Depreciation and amortisation | 4d | 6,668 | 6,473 |
| 667 | Other expenses | 4e | 683 | 724 |
| — | Net losses from the disposal of assets | 5 | 1,412 | 951 |
| — | Fair value decrement on investment property | 10 | — | 5 |
| 24,966 | Total expenses from continuing operations | | 24,720 | 23,260 |
| (492) | Operating result from continuing operations | | 7,228 | 4,182 |
| (492) | Net operating result for the year | | 7,228 | 4,182 |
| Gain on local government amalgamation | | | | |
| — | Net assets transferred from former councils | | — | 123,399 |
| (492) | Net result for the period | | 7,228 | 127,581 |
| (492) | Net result attributable to Council | | 7,228 | 127,581 |
| Net operating result for the year before grants and contributions provided for capital purposes | | | | |
| (2,992) | | | 1,636 | 174 |

Rous County Council

Statement of Comprehensive Income
for the year ended 30 June 2018

| \$ '000 | Notes | 2018 | 2017 |
|--|-------|---------------|----------------|
| Net operating result for the year (as per Income Statement) | | 7,228 | 127,581 |
| Other comprehensive income: | | | |
| Amounts that will not be reclassified subsequently to the operating result | | | |
| Gain (loss) on revaluation of IPP&E | 9 | 8,773 | 21,929 |
| Total items which will not be reclassified subsequently to the operating result | | 8,773 | 21,929 |
| Total other comprehensive income for the year | | 8,773 | 21,929 |
| Total comprehensive income for the year | | 16,001 | 149,510 |
| Total comprehensive income attributable to Council | | 16,001 | 149,510 |

Rous County Council

Statement of Financial Position
as at 30 June 2018

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6a | 2,334 | 1,700 |
| Investments | 6b | 33,950 | 29,120 |
| Receivables | 7 | 1,901 | 2,656 |
| Inventories | 8 | 346 | 279 |
| Other | 8 | 528 | 429 |
| Total current assets | | 39,059 | 34,184 |
| Non-current assets | | | |
| Inventories | 8 | 1,473 | 1,473 |
| Infrastructure, property, plant and equipment | 9 | 477,736 | 469,512 |
| Investment property | 10 | 710 | 710 |
| Intangible assets | 11 | 415 | 82 |
| Total non-current assets | | 480,334 | 471,777 |
| TOTAL ASSETS | | 519,393 | 505,961 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 12 | 2,367 | 2,562 |
| Borrowings | 12 | 2,426 | 2,274 |
| Provisions | 13 | 1,779 | 1,867 |
| Total current liabilities | | 6,572 | 6,703 |
| Non-current liabilities | | | |
| Borrowings | 12 | 24,145 | 26,572 |
| Provisions | 13 | 60 | 71 |
| Total non-current liabilities | | 24,205 | 26,643 |
| TOTAL LIABILITIES | | 30,777 | 33,346 |
| Net assets | | 488,616 | 472,615 |
| EQUITY | | | |
| Accumulated surplus | 14 | 235,554 | 228,326 |
| Revaluation reserves | 14 | 253,062 | 244,289 |
| Total equity | | 488,616 | 472,615 |

Rous County Council

Statement of Changes in Equity

for the year ended 30 June 2018

| \$ '000 | Notes | 2018 | IPP&E | Total equity | 2017 | IPP&E | Total equity |
|--|-------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| | | Accumulated surplus | revaluation reserve | | Accumulated surplus | revaluation reserve | |
| Opening balance | | 228,326 | 244,289 | 472,615 | 100,745 | 222,360 | 323,105 |
| Net result for the year prior to correction of errors and changes in accounting policies | | 7,228 | – | 7,228 | 127,581 | – | 127,581 |
| Net result for the year | | 7,228 | – | 7,228 | 127,581 | – | 127,581 |
| Other comprehensive income | | | | | | | |
| – Gain (loss) on revaluation of IPP&E | 9 | – | 8,773 | 8,773 | – | 21,929 | 21,929 |
| Other comprehensive income | | – | 8,773 | 8,773 | – | 21,929 | 21,929 |
| Total comprehensive income (c&d) | | 7,228 | 8,773 | 16,001 | 127,581 | 21,929 | 149,510 |
| Equity – balance at end of the reporting period | | 235,554 | 253,062 | 488,616 | 228,326 | 244,289 | 472,615 |

Rous County Council

Statement of Cash Flows
for the year ended 30 June 2018

| Original unaudited budget 2018 | \$ '000 | Notes | Actual 2018 | Actual 2017 |
|---|--|-------|-----------------|-----------------|
| Cash flows from operating activities | | | | |
| Receipts: | | | | |
| 18,255 | User charges and fees | | 20,272 | 16,563 |
| 467 | Investment and interest revenue received | | 727 | 986 |
| 3,318 | Grants and contributions | | 7,523 | 5,753 |
| 2,432 | Other | | 4,182 | 3,063 |
| Payments: | | | | |
| (7,421) | Employee benefits and on-costs | | (7,270) | (6,927) |
| (7,196) | Materials and contracts | | (6,943) | (6,392) |
| (1,897) | Borrowing costs | | (1,861) | (2,009) |
| (667) | Other | | (713) | (393) |
| 7,291 | Net cash provided (or used in) operating activities | 15b | 15,917 | 10,644 |
| Cash flows from investing activities | | | | |
| Receipts: | | | | |
| – | Sale of investment securities | | 31,370 | 34,250 |
| – | Sale of real estate assets | | – | 1,394 |
| 2 | Sale of infrastructure, property, plant and equipment | | 338 | 420 |
| Payments: | | | | |
| – | Purchase of investment securities | | (36,200) | (45,270) |
| (6,539) | Purchase of infrastructure, property, plant and equipment | | (8,516) | (6,064) |
| – | Purchase of development costs | | – | (192) |
| (6,537) | Net cash provided (or used in) investing activities | | (13,008) | (15,462) |
| Cash flows from financing activities | | | | |
| Receipts: | | | | |
| Nil | | | | |
| Payments: | | | | |
| (1,897) | Repayment of borrowings and advances | | (2,275) | (1,924) |
| (1,897) | Net cash flow provided (used in) financing activities | | (2,275) | (1,924) |
| (1,143) | Net increase/(decrease) in cash and cash equivalents | | 634 | (6,742) |
| 1,700 | Plus: cash and cash equivalents – beginning of year | 15a | 1,700 | 5,627 |
| – | Plus: cash transferred on amalgamation of councils | | – | 2,815 |
| 557 | Cash and cash equivalents – end of the year | 15a | 2,334 | 1,700 |

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

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Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 17/10/2018.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity for the purpose of preparing these financial statements.

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

Full dollars have been used in Note 20 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

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

and are clearly marked.

(a) New and amended standards adopted by Council

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

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

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 10,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (iii) employee benefit provisions – refer Note 13.

Significant judgements in applying the Council's accounting policies

- (iv) Impairment of receivables

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

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- Water service
- Flood mitigation service
- Biological weeds management

(b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets 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 other assets 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 which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

Effective for annual reporting periods beginning on or after 1 July 2018

- *AASB 9 Financial Instruments*

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

Effective for annual reporting periods beginning on or after 1 July 2019

- *AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

- *AASB 16 Leases*

Council is currently a party to leases that are not recognised in the Statement of Financial Position.

It is likely that some of these leases will need to be included in the Statement of Financial Position when this standard comes into effect.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term.

A corresponding right-of-use asset will also be recognised over the lease term.

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

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

| Functions/activities | Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b). | | | | | | | | | |
|---------------------------------------|--|----------------|-------------------------------------|---------------|---|----------------|--|--------------|---|----------------|
| | Income from continuing operations | | Expenses from continuing operations | | Operating result from continuing operations | | Grants included in income from continuing operations | | Total assets held (current and non-current) | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | | | | | | |
| Bulk Water Supply | 25,516 | 20,407 | 17,892 | 16,673 | 7,624 | 3,734 | 5,630 | 4,057 | 374,816 | 365,209 |
| Commerical Property | 233 | 416 | 307 | 300 | (74) | 116 | – | – | 6,669 | 5,879 |
| Fleet Operations | 62 | 62 | (28) | 65 | 90 | (3) | – | – | 1,442 | 1,232 |
| Flood Mitigation | 1,418 | 123,489 | 2,291 | 1,833 | (873) | 121,656 | 676 | 367 | 124,860 | 123,173 |
| Retail Water Supply | 2,554 | 2,373 | 2,226 | 2,196 | 328 | 177 | 10 | 10 | 9,275 | 8,294 |
| Richmond Water Laboratories | 779 | 778 | 697 | 709 | 82 | 69 | – | – | 597 | 526 |
| Weeds Biosecurity | 1,386 | 3,316 | 1,335 | 1,484 | 51 | 1,832 | 606 | 695 | 1,734 | 1,648 |
| Total functions and activities | 31,948 | 150,841 | 24,720 | 23,260 | 7,228 | 127,581 | 6,922 | 5,129 | 519,393 | 505,961 |

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

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

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

Bulk Water Supply

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

Commerical Property

Real estate development and various rental properties.

Fleet Operations

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

Flood Mitigation

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

Retail Water Supply

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

Richmond Water Laboratories

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

Weeds Biosecurity

Wide range of activities to combat the spread of invasive weeds across the local area.

Rous County Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 3. Income from continuing operations

| \$ '000 | 2018 | 2017 |
|--|---------------|---------------|
| (a) User charges and fees | | |
| Specific user charges (per s.502 – specific ‘actual use’ charges) | | |
| Water supply services | 18,581 | 18,328 |
| Total specific user charges | 18,581 | 18,328 |
| Other user charges and fees | | |
| Fees and charges – statutory and regulatory functions (per s.608) | | |
| Regulatory/ statutory fees | 31 | 41 |
| Total fees and charges – statutory/regulatory | 31 | 41 |
| TOTAL USER CHARGES AND FEES | 18,612 | 18,369 |

Accounting policy for user charges and fees

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

(b) Interest and investment revenue (including losses)**Interest**

| | | |
|--|------------|------------|
| – Overdue user fees and charges | 2 | 3 |
| – Cash and investments | 846 | 810 |
| TOTAL INTEREST AND INVESTMENT REVENUE | 848 | 813 |

Interest revenue is attributable to:**Unrestricted investments/financial assets:**

| | | |
|---|------------|------------|
| General Council cash and investments | 848 | 813 |
| Total interest and investment revenue recognised | 848 | 813 |

Accounting policy for interest and investment revenue

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

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

| \$ '000 | | 2018 | 2017 |
|--|----|---------------------|---------------------|
| (c) Other revenues | | | |
| Rental income – investment property | 10 | 74 | 72 |
| Rental income – other council properties | | 177 | 173 |
| Assessment on other councils | | 1,425 | 1,405 |
| Class actions | | – | 358 |
| Settlement | | 2,950 | 156 |
| Water testing | | 779 | 778 |
| Other | | 161 | 189 |
| <u>TOTAL OTHER REVENUE</u> | | <u>5,566</u> | <u>3,131</u> |

Accounting policy for other revenue

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

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

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

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

| \$ '000 | 2018 Operating | 2017 Operating | 2018 Capital | 2017 Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| (d) Grants | | | | |
| Specific purpose | | | | |
| Pensioners' rates subsidies | 10 | 10 | – | – |
| Construction flouride dosing plants | – | – | – | 52 |
| Flood mitigation | 591 | 270 | – | – |
| Weed biosecurity | 597 | 681 | – | – |
| Water | 38 | 53 | – | – |
| Total specific purpose | 1,236 | 1,014 | – | 52 |
| Total grants | 1,236 | 1,014 | – | 52 |
| Grant revenue is attributable to: | | | | |
| – State funding | 1,236 | 1,014 | – | 52 |
| | 1,236 | 1,014 | – | 52 |

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

| \$ '000 | Notes | 2018 Operating | 2017 Operating | 2018 Capital | 2017 Capital |
|---|-------|-------------------|-------------------|-----------------|-----------------|
| (e) Contributions | | | | | |
| Developer contributions: | | | | | |
| (s7.4 & s7.11 – EP&A Act, s64 of the LGA): | | | | | |
| Cash contributions | | | | | |
| S 64 – water supply contributions | | – | – | 4,980 | 3,064 |
| Total developer contributions – cash | | – | – | 4,980 | 3,064 |
| Total developer contributions | 21 | – | – | 4,980 | 3,064 |
| Other contributions: | | | | | |
| Cash contributions | | | | | |
| Bulk supply network | | – | – | 612 | 879 |
| Flood mitigation | | 85 | 84 | – | 13 |
| Weed biosecurity | | 9 | 14 | – | – |
| Water | | – | 9 | – | – |
| Total other contributions – cash | | 94 | 107 | 612 | 892 |
| Total other contributions | | 94 | 107 | 612 | 892 |
| Total contributions | | 94 | 107 | 5,592 | 3,956 |
| TOTAL GRANTS AND CONTRIBUTIONS | | 1,330 | 1,121 | 5,592 | 4,008 |

Accounting policy for contributions

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

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

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

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

| \$ '000 | 2018 | 2017 |
|--|------------|------------|
| (f) Unspent grants and contributions | | |
| Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner: | | |
| Operating grants | | |
| Unexpended at the close of the previous reporting period | 550 | 635 |
| Add: operating grants recognised in the current period but not yet spent | 25 | 130 |
| Less: operating grants recognised in a previous reporting period now spent | (177) | (215) |
| Unexpended and held as restricted assets (operating grants) | 398 | 550 |
| Capital grants | | |
| Unexpended at the close of the previous reporting period | 27 | 31 |
| Less: capital grants recognised in a previous reporting period now spent | (13) | (4) |
| Unexpended and held as restricted assets (capital grants) | 14 | 27 |
| Contributions | | |
| Unexpended at the close of the previous reporting period | 29 | 17 |
| Add: contributions recognised in the current period but not yet spent | 74 | 22 |
| Less: contributions recognised in a previous reporting period now spent | (28) | (10) |
| Unexpended and held as restricted assets (contributions) | 75 | 29 |

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations

| \$ '000 | 2018 | 2017 |
|--|---------------------|---------------------|
| (a) Employee benefits and on-costs | | |
| Salaries and wages | 5,198 | 5,049 |
| Employee leave entitlements (ELE) | 1,214 | 1,146 |
| Superannuation | 662 | 619 |
| Workers' compensation insurance | 95 | 99 |
| Fringe benefit tax (FBT) | 37 | 35 |
| Payroll tax | 317 | 266 |
| Training costs (other than salaries and wages) | 165 | 129 |
| Other | 130 | 89 |
| Total employee costs | 7,818 | 7,432 |
| Less: capitalised costs | (647) | (615) |
| <u>TOTAL EMPLOYEE COSTS EXPENSED</u> | <u>7,171</u> | <u>6,817</u> |

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Defined Benefit Superannuation Contribution Plans

Council participates in a defined benefits superannuation scheme called the Local Government Superannuation Scheme – Pool B (Scheme). The Pooled Employers form a sub-group of the Scheme with over 170 employers supporting over 8,700 employees and ex-employees.

The Scheme is considered to be a defined benefit multi-employer plan for the following reasons:

- 1) Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
- 2) 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;
- 3) Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
- 4) The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Scheme.

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

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

Defined Benefit Superannuation Contribution Plans (continued)

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2017 for 4 years to 30 June 2021. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2017.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials. Each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Scheme'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 the allocation of any surplus which may be present at the date of withdrawal of the entity.

There are no specific provisions under the Scheme's trust deed dealing with deficits or surplus on windup. There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

The expected contribution to the Scheme for the next annual reporting period is \$97,519.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

| Employer Reserves only* | \$millions | Asset Coverage |
|-------------------------|------------|----------------|
| Assets | 1,817.80 | |
| Past Service Liability | 1,787.50 | 101.70% |
| Vested Benefits | 1,778.00 | 102.20% |

* 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 2.5% per annum

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line 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.

The implications are that additional contributions are estimated to remain in place until 30 June 2020 (i.e. \$153,000). It is estimated that Council's level of participation in the Scheme compared with other participating Pooled Employers is 0.13%.

(b) Borrowing costs

Interest bearing liability costs

| | | |
|--|--------------|--------------|
| Interest on loans | 1,834 | 1,981 |
| Total interest bearing liability costs expensed | 1,834 | 1,981 |
| TOTAL BORROWING COSTS EXPENSED | 1,834 | 1,981 |

Accounting policy for borrowing costs

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

Rous County Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

| \$ '000 | 2018 | 2017 |
|--|---------------------|---------------------|
| (c) Materials and contracts | | |
| Raw materials and consumables | 4,289 | 4,273 |
| Contractor and consultancy costs | 2,341 | 1,756 |
| Auditors remuneration ⁽²⁾ | 81 | 75 |
| Legal expenses: | | |
| – Legal expenses: other | 5 | 12 |
| Operating leases: | | |
| – Operating lease rentals: minimum lease payments ⁽¹⁾ | 220 | 167 |
| Other | 16 | 26 |
| <u>TOTAL MATERIALS AND CONTRACTS</u> | <u>6,952</u> | <u>6,309</u> |

Operating leases

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

1. Operating lease payments are attributable to:

| | | |
|-----------|-------------------|-------------------|
| Buildings | 220 | 167 |
| | <u>220</u> | <u>167</u> |

2. Auditor remuneration

During the year the following fees were paid or payable 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 | 70 | 70 |
| Remuneration for audit and other assurance services | <u>70</u> | <u>70</u> |
| Total Auditor-General remuneration | <u>70</u> | <u>70</u> |

Non NSW Auditor-General audit firms:**(i) Audit and other assurance services**

| | | |
|--|------------------|------------------|
| Other audit and assurance services | 11 | 5 |
| Remuneration for audit and other assurance services | <u>11</u> | <u>5</u> |
| Total remuneration of non NSW Auditor-General audit firms | <u>11</u> | <u>5</u> |
| Total Auditor remuneration | <u>81</u> | <u>75</u> |

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|--------------|--------------|
| (d) Depreciation, amortisation and impairment | | | |
| Depreciation and amortisation | | | |
| Plant and equipment | | 471 | 467 |
| Office equipment | | 142 | 133 |
| Furniture and fittings | | 32 | 19 |
| Land improvements (depreciable) | | 35 | 36 |
| Infrastructure: | | | |
| – Buildings | | 134 | 133 |
| – Water supply network | | 4,957 | 4,831 |
| – Flood mitigation assets | | 775 | 807 |
| Intangible assets | 11 | 122 | 47 |
| Total depreciation and amortisation costs | | 6,668 | 6,473 |
| <u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT /</u> | | | |
| <u>REVALUATION DECREMENT COSTS EXPENSED</u> | | | |
| | | 6,668 | 6,473 |

Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets and Note 11 for intangible assets.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

Impairment of financial assets

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

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|-------------------|-------------------|
| (e) Other expenses | | | |
| Advertising | | 11 | 64 |
| Bank fees | | 6 | – |
| Chairperson's fee | | 16 | 15 |
| Councillors' fees | | 77 | 70 |
| Councillors' (incl. Chairperson) expenses | | 17 | 5 |
| Contributions and donations | | 5 | 6 |
| Electricity | | 31 | 28 |
| Insurance | | 248 | 263 |
| Internal audit | | 22 | 5 |
| Pension rebates | | 18 | 19 |
| Postage | | 6 | – |
| Printing and stationery | | 68 | – |
| Telephone | | 98 | 133 |
| Water billing and collection | | 52 | 49 |
| Other | | 8 | 67 |
| Total other expenses | | 683 | 724 |
| <u>TOTAL OTHER EXPENSES</u> | | <u>683</u> | <u>724</u> |

Accounting policy for other expenses

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

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

| \$ '000 | Notes | 2018 | 2017 |
|--|-------|----------------|----------------|
| Plant and equipment | 9 | | |
| Proceeds from disposal – plant and equipment | | 338 | 420 |
| Less: carrying amount of plant and equipment assets sold/written off | | (231) | (313) |
| Net gain/(loss) on disposal | | 107 | 107 |
| Infrastructure | 9 | | |
| Less: carrying amount of infrastructure assets sold/written off | | (1,519) | (1,244) |
| Net gain/(loss) on disposal | | (1,519) | (1,244) |
| Real estate assets held for sale | 8 | | |
| Proceeds from disposal – real estate assets | | – | 958 |
| Less: carrying amount of real estate assets sold/written off | | – | (772) |
| Net gain/(loss) on disposal | | – | 186 |
| Financial assets ⁽¹⁾ | 6 | | |
| Proceeds from disposal/redemptions/maturities – financial assets | | 31,370 | – |
| Less: carrying amount of financial assets sold/redeemed/matured | | (31,370) | – |
| Net gain/(loss) on disposal | | – | – |
| NET GAIN/(LOSS) ON DISPOSAL OF ASSETS | | (1,412) | (951) |

Note 6(a). Cash and cash equivalent assets

| | | |
|--|--------------|--------------|
| Cash and cash equivalents | | |
| Cash on hand and at bank | 81 | 51 |
| Cash-equivalent assets | | |
| – Deposits at call | 2,253 | 1,649 |
| Total cash and cash equivalents | 2,334 | 1,700 |

Accounting policy for cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and 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.

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 6(b). Investments

| \$ '000 | 2018 | 2018 | 2017 | 2017 |
|---|----------------------|-----------------|----------------------|-----------------|
| | Current | Non-current | Current | Non-current |
| Investments | | | | |
| a. 'Held to maturity' | 33,950 | – | 29,120 | – |
| Total investments | 33,950 | – | 29,120 | – |
| <u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u> | <u>36,284</u> | <u>–</u> | <u>30,820</u> | <u>–</u> |
| Held to maturity investments | | | | |
| Long term deposits | 33,950 | – | 29,120 | – |
| Total | 33,950 | – | 29,120 | – |

Accounting policy for investments

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(a) Held to maturity investments

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

Recognition and de-recognition

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

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

Impairment of available for sale investments

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

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

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

| \$ '000 | 2018 | 2018 | 2017 | 2017 |
|--|---------------|-------------|---------------|-------------|
| | Current | Non-current | Current | Non-current |
| Total cash, cash equivalents and investments | 36,284 | – | 30,820 | – |
| attributable to: | | | | |
| External restrictions (refer below) | 3,411 | – | 606 | – |
| Internal restrictions (refer below) | 29,953 | – | 25,341 | – |
| Unrestricted | 2,920 | – | 4,873 | – |
| | 36,284 | – | 30,820 | – |

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

Details of restrictions

External restrictions – other

| | | |
|--------------------------------------|--------------|------------|
| Specific purpose unexpended grants | 412 | 606 |
| Other | 2,999 | – |
| External restrictions – other | 3,411 | 606 |

Internal restrictions

| | | |
|---|---------------|---------------|
| Plant replacement | 1,331 | 1,232 |
| Infrastructure replacement | 18,547 | 16,405 |
| Employees leave entitlement | 1,839 | 1,938 |
| Carry over works | 654 | 170 |
| Council chambers | 637 | 174 |
| Dam recreational | 66 | 66 |
| Emigrant creek dam | 305 | 305 |
| Grant matching | 151 | 208 |
| Insurance | 100 | 100 |
| New sources | 1,443 | 210 |
| Office equipment / computer | 777 | 864 |
| Organisation restructure – provision for redundancy | 243 | 243 |
| Richmond Water laboratories | 351 | 266 |
| Rental property fund | 1,395 | 1,452 |
| Structural works | 46 | 40 |
| Water supply strategy | 100 | 100 |
| Wilsons River source | 1,968 | 1,568 |
| Total internal restrictions | 29,953 | 25,341 |
| TOTAL RESTRICTIONS | 33,364 | 25,947 |

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 7. Receivables

| \$ '000 | Notes | 2018 | | 2017 | |
|--|-------|---------------------|-----------------|---------------------|-----------------|
| | | Current | Non-current | Current | Non-current |
| Purpose | | | | | |
| User charges and fees | | 85 | — | 139 | — |
| Accrued revenues | | | | | |
| – Interest on investments | | 448 | — | 327 | — |
| – Other income accruals | | 432 | — | 165 | — |
| Government grants and subsidies | | 492 | — | 51 | — |
| Sundry debtors | | 249 | — | 1,805 | — |
| Other debtors | | 195 | — | 169 | — |
| Total | | 1,901 | — | 2,656 | — |
| <u>TOTAL NET RECEIVABLES</u> | | <u>1,901</u> | <u>—</u> | <u>2,656</u> | <u>—</u> |
| Externally restricted receivables | | | | | |
| Other | | | | | |
| Government grants and subsidies | | 492 | — | 51 | — |
| Sec 64 headworks | | 417 | — | 150 | — |
| Total external restrictions | | 909 | — | 201 | — |
| Unrestricted receivables | | 992 | — | 2,455 | — |
| TOTAL NET RECEIVABLES | | 1,901 | — | 2,656 | — |

Accounting policy for receivables

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and receivables (Note 7) in the Statement of Financial Position. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

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

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income statement.

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 8. Inventories and other assets

| \$ '000 | Notes | 2018 | | 2017 | |
|--|-------|------------|--------------|------------|--------------|
| | | Current | Non-current | Current | Non-current |
| (a) Inventories | | | | | |
| Inventories at cost | | | | | |
| Real estate for resale (refer below) | | – | 1,247 | – | 1,247 |
| Stores and materials | | 346 | 226 | 279 | 226 |
| Total inventories at cost | | 346 | 1,473 | 279 | 1,473 |
| TOTAL INVENTORIES | | 346 | 1,473 | 279 | 1,473 |
| (b) Other assets | | | | | |
| Prepayments | | 268 | – | 169 | – |
| Bonds and security deposits | | 260 | – | 260 | – |
| TOTAL OTHER ASSETS | | 528 | – | 429 | – |
| Externally restricted assets | | | | | |
| Other disclosures | | | | | |
| Details for real estate development | | | | | |
| Residential – undeveloped | | – | 1,247 | – | 1,247 |
| Total real estate for resale | | – | 1,247 | – | 1,247 |
| (Valued at the lower of cost and net realisable value) | | | | | |
| Represented by: | | | | | |
| Development costs | | – | 1,247 | – | 1,247 |
| Total costs | | – | 1,247 | – | 1,247 |
| Total real estate for resale | | – | 1,247 | – | 1,247 |
| Movements: | | | | | |
| Real estate assets at beginning of the year | | – | 1,247 | – | 1,247 |
| Total real estate for resale | | – | 1,247 | – | 1,247 |

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 basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory held for distribution

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

Land held for resale/capitalisation of borrowing costs

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

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

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 9. Infrastructure, property, plant and equipment

| Asset class \$ '000 | as at 30/6/2017 | | | Asset movements during the reporting period | | | | | | | as at 30/6/2018 | | |
|--|-----------------------|---|---------------------|---|----------------------|-----------------------------|----------------------|---------------|--|--|-----------------------|---|---------------------|
| | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals | Additions new assets | Carrying value of disposals | Depreciation expense | WIP transfers | Revaluation decrements to equity (ARR) | Revaluation increments to equity (ARR) | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| | | | | | | | | | | | | | |
| Capital work in progress | 6,160 | – | 6,160 | 4,955 | 433 | – | – | (1,621) | – | – | 9,927 | – | 9,927 |
| Plant and equipment | 3,874 | 2,199 | 1,675 | 676 | – | (226) | (471) | – | – | – | 3,997 | 2,343 | 1,654 |
| Office equipment | 1,368 | 1,182 | 186 | 204 | – | – | (142) | – | – | – | 1,572 | 1,324 | 248 |
| Furniture and fittings | 698 | 276 | 422 | 3 | – | – | (32) | – | – | – | 701 | 308 | 393 |
| Land: | | | | | | | | | | | | | |
| – Operational land | 10,756 | – | 10,756 | – | 67 | – | – | 10 | (724) | – | 10,109 | – | 10,109 |
| – Non-depreciable land improvements – water supply network | 2,085 | – | 2,085 | – | 208 | – | – | – | – | 44 | 2,337 | – | 2,337 |
| – Depreciable land improvements – water supply network | 1,637 | 754 | 883 | 144 | – | – | (35) | 53 | – | 17 | 1,841 | 779 | 1,062 |
| Infrastructure: | | | | | | | | | | | | | |
| – Buildings | 5,537 | 3,450 | 2,087 | 26 | – | – | (134) | – | – | 234 | 4,757 | 2,544 | 2,213 |
| – Water supply network | 443,487 | 117,959 | 325,528 | 701 | 572 | (1,298) | (4,957) | 1,258 | – | 6,708 | 453,168 | 124,656 | 328,512 |
| – Flood mitigation | 130,331 | 10,601 | 119,730 | 36 | 1 | (226) | (775) | 21 | – | 2,494 | 132,773 | 11,492 | 121,281 |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP. | 605,933 | 136,421 | 469,512 | 6,745 | 1,281 | (1,750) | (6,546) | (279) | (724) | 9,497 | 621,182 | 143,446 | 477,736 |

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

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Accounting policy for infrastructure, property, plant and equipment

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

Water network and flood mitigation assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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

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

| Plant and equipment | Years | Other equipment | Years |
|-----------------------------------|--------------|--------------------------------|--------------|
| Office equipment | 2 to 10 | Playground equipment | 5 to 15 |
| Office furniture | 10 to 20 | Benches, seats etc. | 10 to 20 |
| Computer equipment | 2 to 5 | | |
| Vehicles | 5 | Buildings | |
| Heavy plant/road making equipment | 5 to 8 | Buildings: masonry | 50 to 100 |
| Other plant and equipment | 5 to 15 | Buildings: other | 20 to 40 |
| Water assets | | Flood mitigation assets | |
| Dams and reservoirs | 80 to 150 | Drains | 15 to 80 |
| Bores | 20 to 50 | Culverts | 50 to 80 |
| Reticulation pipes: PVC | 70 to 90 | Flood control structures | 10 to 80 |
| Reticulation pipes: other | 25 to 75 | Bulk earthworks | Infinite |
| Pumps and telemetry | 15 to 20 | | |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 10. Investment property

| \$ '000 | 2018 | 2017 |
|---|------------|------------|
| (a) Investment property at fair value | | |
| <u>Investment property on hand</u> | <u>710</u> | <u>710</u> |
| Reconciliation of annual movement: | | |
| Opening balance | 710 | 715 |
| – Net gain/(loss) from fair value adjustments | – | (5) |
| CLOSING BALANCE – INVESTMENT PROPERTY | 710 | 710 |

(b) Valuation basis

The basis of valuation of investment property is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2018 revaluations were based on independent assessments made by:
Taylor Byrne - Valuers & property consultants

(c) Contractual obligations at reporting date

Refer to Note 16 for disclosures relating to any capital and service obligations that have been contracted.

(d) Leasing arrangements – Council as lessor

The investment property are leased to tenants under long-term operating leases with rentals payable monthly.

Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:

| | | |
|--|-----------|------------|
| Within 1 year | 36 | 74 |
| Later than 1 year but less than 5 years | – | 36 |
| Total minimum lease payments receivable | 36 | 110 |

(e) Investment property income and expenditure – summary

| | | |
|--|-----------|------------|
| Rental income from investment property: | | |
| – Minimum lease payments | 74 | 72 |
| Direct operating expenses on investment property: | | |
| – that generated rental income | (17) | (53) |
| Net revenue contribution from investment property | 57 | 19 |
| plus: | | |
| Fair value movement for year | – | (5) |
| Total income attributable to investment property | 57 | 14 |

Accounting policy for investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the income statement as part of other income.

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

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 11. Intangible assets

| \$ '000 | 2018 | 2017 |
|--|-------------------|------------------|
| Intangible assets represent identifiable non-monetary assets without physical substance. | | |
| Intangible assets are as follows: | | |
| Opening values: | | |
| Gross book value | 592 | 568 |
| Accumulated amortisation | (510) | (449) |
| Net book value – opening balance | 82 | 119 |
| Movements for the year | | |
| – Purchases | 456 | 24 |
| – Amortisation charges | (123) | (61) |
| Closing values: | | |
| Gross book value (30/6) | 1,048 | 592 |
| Accumulated amortisation (30/6) | (633) | (510) |
| <u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u> ¹ | <u>415</u> | <u>82</u> |
| ¹ The net book value of intangible assets represent: | | |
| – Software | 415 | 82 |
| | 415 | 82 |

Accounting policy for intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Rous County Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 12. Payables and borrowings

| \$ '000 | 2018 | | 2017 | |
|--------------------------------------|--------------|---------------|--------------|---------------|
| | Current | Non-current | Current | Non-current |
| Payables | | | | |
| Goods and services | 433 | – | 192 | – |
| Capital creditors | 666 | – | 980 | – |
| Accrued expenses: | | | | |
| – Borrowings | 350 | – | 377 | – |
| Accrued expenses | 611 | – | 730 | – |
| Other | 307 | – | 283 | – |
| Total payables | 2,367 | – | 2,562 | – |
| Borrowings | | | | |
| Loans – secured ¹ | 2,426 | 24,145 | 2,274 | 26,572 |
| Total borrowings | 2,426 | 24,145 | 2,274 | 26,572 |
| TOTAL PAYABLES AND BORROWINGS | 4,793 | 24,145 | 4,836 | 26,572 |

(a) Payables and borrowings relating to restricted assets

There are no restricted assets (external or internal) applicable to the above payables and borrowings

¹. Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 17.

| \$ '000 | 2018 | 2017 |
|--|------------|------------|
| (b) Financing arrangements | | |
| Unrestricted access was available at balance date to the following lines of credit: | | |
| Bank overdraft facilities ⁽¹⁾ | 100 | 100 |
| Credit cards/purchase cards | 110 | 80 |
| Total financing arrangements | 210 | 180 |
| Undrawn facilities as at balance date: | | |
| – Bank overdraft facilities | 100 | 100 |
| – Credit cards/purchase cards | 110 | 80 |
| Total undrawn financing arrangements | 210 | 180 |

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

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Payables and borrowings (continued)

Accounting policy for payables and borrowings

Payables

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

Borrowings

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

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

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

Finance leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 13. Provisions

| \$ '000 | 2018 | | 2017 | |
|--------------------------------|---------------------|------------------|---------------------|------------------|
| | Current | Non-current | Current | Non-current |
| Provisions | | | | |
| Employee benefits: | | | | |
| Annual leave | 522 | – | 548 | – |
| Long service leave | 1,215 | 60 | 1,288 | 71 |
| TIL | 42 | – | 31 | – |
| <u>TOTAL PROVISIONS</u> | <u>1,779</u> | <u>60</u> | <u>1,867</u> | <u>71</u> |

(a) Provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

(b) Current provisions not anticipated to be settled within the next twelve months

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

| | | |
|---------------------------------|---------------------|---------------------|
| Provisions – employees benefits | 1,059 | 1,211 |
| | <u>1,059</u> | <u>1,211</u> |

Accounting policy for provisions

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

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

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

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 13. Provisions (continued)

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Rous County Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 15. Statement of cash flows – additional information

| \$ '000 | Notes | 2018 | 2017 |
|---|-------|---------------|----------------|
| (a) Reconciliation of cash assets | | | |
| Total cash and cash equivalent assets | 6a | 2,334 | 1,700 |
| Balance as per the Statement of Cash Flows | | 2,334 | 1,700 |
| (b) Reconciliation of net operating result to cash provided from operating activities | | | |
| Net result from Income Statement | | 7,228 | 127,581 |
| Adjust for non-cash items: | | | |
| Depreciation and amortisation | | 6,668 | 6,473 |
| Net losses/(gains) on disposal of assets | | 1,412 | 951 |
| Losses/(gains) recognised on fair value re-measurements through the P&L: | | | |
| – Investment property | | – | 5 |
| Gain on local government amalgamation | | – | (123,399) |
| +/- Movement in operating assets and liabilities and other cash items: | | | |
| Decrease/(increase) in receivables | | 755 | (1,070) |
| Decrease/(increase) in inventories | | (67) | (75) |
| Decrease/(increase) in other assets | | (99) | (12) |
| Increase/(decrease) in payables | | 241 | 47 |
| Increase/(decrease) in accrued interest payable | | (27) | (28) |
| Increase/(decrease) in other accrued expenses payable | | (119) | – |
| Increase/(decrease) in other liabilities | | 24 | 283 |
| Increase/(decrease) in employee leave entitlements | | (99) | (112) |
| Net cash provided from/(used in) operating activities from the Statement of Cash Flows | | 15,917 | 10,644 |

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Commitments for expenditure

| \$ '000 | 2018 | 2017 |
|--|--------------|--------------|
| (a) Capital commitments (exclusive of GST) | | |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | |
| Property, plant and equipment | | |
| Buildings | 36 | – |
| Plant and equipment | 110 | – |
| Infrastructure | 1,300 | 1,710 |
| Land development | 1,405 | 105 |
| Investment property | | |
| – Land | – | – |
| – Buildings | 14 | – |
| Total commitments | 2,865 | 1,815 |
| These expenditures are payable as follows: | | |
| Within the next year | 2,865 | 1,815 |
| Total payable | 2,865 | 1,815 |
| Sources for funding of capital commitments: | | |
| Unrestricted general funds | 2,865 | 1,815 |
| Total sources of funding | 2,865 | 1,815 |

Details of capital commitments

Council has committed to progressing the land development for Release 5 Stage 2.

(b) Finance lease commitments**Commitments under finance leases at the reporting date are payable as follows:**

| | | |
|--|------------|-----------|
| Within the next year | 54 | 23 |
| Later than one year and not later than 5 years | 72 | 27 |
| Total minimum lease payments | 126 | 50 |
| Amount recognised as a liability | 126 | 50 |

Additional details

Canon Finance Australia multiple machines photocopier print management agreement.

(c) Operating lease commitments (non-cancellable)**a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:**

| | | |
|--|--------------|--------------|
| Within the next year | 326 | 317 |
| Later than one year and not later than 5 years | 1,037 | 1,369 |
| Total non-cancellable operating lease commitments | 1,363 | 1,686 |

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

Galactica Tours lease for the Molesworth Street building (Rous Water main office building).

Conditions relating to finance and operating leases:

- All finance and operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Financial risk management

\$ '000

Risk management

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

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

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

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

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

| | Carrying value | | Fair value | |
|------------------------------------|----------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Financial assets | | | | |
| Cash and cash equivalents | 2,334 | 1,700 | 2,334 | 1,700 |
| Investments | | | | |
| – 'Held to maturity' | 33,950 | 29,120 | 33,950 | 29,120 |
| Receivables | 1,901 | 2,656 | 1,901 | 2,656 |
| Total financial assets | 38,185 | 33,476 | 38,185 | 33,476 |
| Financial liabilities | | | | |
| Payables | 2,367 | 2,562 | 2,367 | 2,562 |
| Loans/advances | 26,571 | 28,846 | 31,450 | 35,369 |
| Total financial liabilities | 28,938 | 31,408 | 33,817 | 37,931 |

Fair value is determined as follows:

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

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

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

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

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

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

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

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

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

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

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

| | Increase of values/rates | | Decrease of values/rates | |
|--|--------------------------|--------|--------------------------|--------|
| | Profit | Equity | Profit | Equity |
| 2018 | | | | |
| Possible impact of a 1% movement in interest rates | 363 | 363 | (363) | (363) |
| 2017 | | | | |
| Possible impact of a 1% movement in interest rates | 308 | 308 | (308) | (308) |

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

(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.

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

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 all debtors.

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

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

| | 2018 | 2017 |
|--------------------------------------|----------------------|----------------------|
| | Other receivables | Other receivables |
| (i) Ageing of receivables – % | | |
| Current (not yet overdue) | 94% | 98% |
| Overdue | 6% | 2% |
| | <u>100%</u> | <u>100%</u> |

(ii) Ageing of receivables – value

| | 2018 | 2017 |
|--------------------------|--------------|--------------|
| Other receivables | | |
| Current | 1,652 | 2,053 |
| 0 – 30 days overdue | 134 | 591 |
| 31 – 60 days overdue | 105 | 4 |
| 61 – 90 days overdue | 10 | – |
| > 91 days overdue | – | 8 |
| | <u>1,901</u> | <u>2,656</u> |

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

| \$ '000 | Weighted average interest rate | Subject to no maturity | ≤ 1 Year | payable in: 1 – 5 Years | > 5 Years | Total cash outflows | Actual carrying values |
|------------------------------------|--------------------------------------|------------------------------|--------------|----------------------------|---------------|---------------------------|------------------------------|
| 2018 | | | | | | | |
| Trade/other payables | - | – | 2,367 | - | - | 2,367 | 2,367 |
| Loans and advances | 6.58% | – | 4,136 | 16,428 | 14,833 | 35,397 | 26,571 |
| Total financial liabilities | | – | 6,503 | 16,428 | 14,833 | 37,764 | 28,938 |
| 2017 | | | | | | | |
| Trade/other payables | - | – | 2,562 | - | - | 2,562 | 2,562 |
| Loans and advances | 6.58% | – | 4,136 | 16,428 | 18,914 | 39,478 | 28,846 |
| Total financial liabilities | | – | 6,698 | 16,428 | 18,914 | 42,040 | 31,408 |

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 21 June 2017 and is not required to be audited.

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

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

Note that for variations* of budget to actual :

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

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

| \$ '000 | 2018 Budget | 2018 Actual | 2018 Variance* | |
|--|----------------|----------------|-------------------|-----------------|
| REVENUES | | | | |
| User charges and fees | 18,255 | 18,612 | 357 | 2% F |
| Interest and investment revenue | 467 | 848 | 381 | 82% F |
| Interest and Investment revenue was \$381k (F) (82%) in excess of the original budget. The original budget for investment interest was based on an average portfolio balance of \$18.684m calculated on an average rate of return of 2.5%. The portfolio size remained consistently higher due to compensation received, Section 64 Developer Contributions and slower than anticipated cash flow requirements for capital works, with an average held balance of \$30m. Whilst interest rates remained low they outperformed the BBSW on average by 51 points for the 2017/18 financial year. | | | | |
| Other revenues | 2,432 | 5,566 | 3,134 | 129% F |
| Other revenue was \$3.134m (F) (129%) in excess of the original budget. This increase was due to compensation received for infrastructure impacted by the Pacific Highway upgrade \$2.95m (F), Statecover income comprising safety incentives, workers compensation premium adjustments and wages reimbursements \$64k (F), Lismore City Council loan and insurance repayments \$61k (F), Richmond Water Laboratory \$21k (F), water filling stations \$11k (F), staff motor vehicle running costs \$11k (F), fuel tax credit income \$9k (F), floodgate sales \$3k (F), training incentives \$2k (F) and rental property income of \$1k (F). | | | | |
| Operating grants and contributions | 818 | 1,330 | 512 | 63% F |
| Grants & contributions provided for operating purposes were \$512k (F) (63%) above the original budget forecast. Restoration works commenced under the Natural Disaster Relief Assistance Program in relation to the March 2017 flood accounted for \$443 k (F): - Bungawalbyn levee \$285k and Swan Bay levee \$158k. Additional funding was also received for Tropical Soda Apple (Yabbra State Forrest) of \$40k (F), WAP \$15k (F), Seeded Banana \$10k (F) and Tropical Soda Apple Trial \$8k (F). These increases were offset by a decrease in funds received for Water Quality Monitoring \$3k (U), Catchment Activity Trailer \$1k (U) and pension subsidies \$1k (U). | | | | |
| Capital grants and contributions | 2,500 | 5,592 | 3,092 | 124% F |
| Grants and Contributions provided for capital purposes resulted in an increase of \$3.092m (F) (124%) above budget. The revenue increase can be attributed to increased receipts for Section 64 Developer Contributions of \$2.48m (F) (99%) higher than originally budgeted \$2.5m, contributions from RMS for Woolgoolga to Ballina Project: - Broadwater 150 section \$503k (F) and Woodburn 200 section \$107k (F) and hydrant installation \$2k (F). | | | | |
| Net gains from disposal of assets | 2 | – | (2) | (100%) U |
| Traditionally, Council has not provided a budget for gain on the disposal of assets due to the inherent difficulty in estimating proceeds from asset disposal. | | | | |

Rous County Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 18. Material budget variations (continued)

| \$ '000 | 2018 Budget | 2018 Actual | 2018 ----- Variance* ----- | | |
|--|----------------|----------------|-------------------------------|------|---|
| EXPENSES | | | | | |
| Employee benefits and on-costs | 7,421 | 7,171 | 250 | 3% | F |
| Borrowing costs | 1,897 | 1,834 | 63 | 3% | F |
| Materials and contracts | 7,196 | 6,952 | 244 | 3% | F |
| Depreciation and amortisation | 7,785 | 6,668 | 1,117 | 14% | F |
| Depreciation and amortisation were \$1,117m (F) (14%) below the original budget forecast. Water infrastructure assets were revaluation as at 1 July 2016 in accordance with the Office of Local Government five yearly cycle. Through the revaluation the useful lives were extended, resulting in a decrease in depreciation. This decrease was not reflected in the original budget. | | | | | |
| Other expenses | 667 | 683 | (16) | (2%) | U |
| Net losses from disposal of assets | – | 1,412 | (1,412) | 0% | 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 \$1,412k (U) (100%). This loss is comprised of a \$1,519m (U) loss from the disposal of Infrastructure assets, offset by \$108k (F) Plant, Property & Equipment. | | | | | |

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

| 2018 | Fair value measurement hierarchy | | | Total |
|--|---|--|--|----------------|
| | Level 1 Quoted prices in active mkts | Level 2 Significant observable inputs | Level 3 Significant unobservable inputs | |
| Recurring fair value measurements | | | | |
| Investment property | | | | |
| Commercial property | – | 710 | – | 710 |
| Total investment property | – | 710 | – | 710 |
| Infrastructure, property, plant and equipment | | | | |
| Buildings | – | – | 2,213 | 2,213 |
| Land | – | – | 10,109 | 10,109 |
| Non-depreciable land improvements | – | – | 2,337 | 2,337 |
| Depreciable land improvements | – | – | 1,062 | 1,062 |
| Water infrastructure: water distribution assets | – | – | 158,395 | 158,395 |
| Water infrastructure: dams and treatment assets | – | – | 170,116 | 170,116 |
| Flood mitigation infrastructure | – | – | 121,281 | 121,281 |
| Total infrastructure, property, plant and equipment | – | – | 465,513 | 465,513 |
| 2017 | | | | |
| Investment property | | | | |
| Commercial property | – | 710 | – | 710 |
| Total investment property | – | 710 | – | 710 |
| Infrastructure, property, plant and equipment | | | | |
| Buildings | – | – | 2,087 | 2,087 |
| Land | – | – | 10,756 | 10,756 |
| Non-depreciable land improvements | – | – | 2,085 | 2,085 |
| Depreciable land improvements | – | – | 883 | 883 |
| Water infrastructure: water distribution assets | – | – | 156,580 | 156,580 |
| Water infrastructure: dams and treatment assets | – | – | 168,949 | 168,949 |
| Flood mitigation infrastructure | – | – | 119,730 | 119,730 |
| Total infrastructure, property, plant and equipment | – | – | 461,070 | 461,070 |

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

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

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

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

Investment property

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

The last revaluation was performed by Taylor Byrne Pty Ltd for the 2017/18 financial year. Taylor Byrne is an independent entity and is not an employee of Council.

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

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

- Water Infrastructure – APV Valuers & Asset Management for the 2016/17 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Flood Mitigation Infrastructure – APV Valuers & Asset Management for the 2014/15 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Land & Buildings – Taylor Byrne Pty Ltd for the 2017/18 financial year. Taylor Byrne 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.

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

(3) Valuation techniques used to derive level 2 and level 3 fair values (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. Thus the values considered above are fair value for Plant & Equipment. Council has allocated these types of equipment to level 2 based on the fact that once these items are in use, level 2 is considered more appropriate as an indirect observable market is available.

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

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

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 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.

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

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

Flood Mitigation Infrastructure

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

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

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

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

| | Buildings | Land | Non-deprec. land improv. | Deprec. land improv. | Total |
|--|--------------|---------------|--------------------------------|----------------------------|---------------|
| Opening balance – 1/7/16 | 1,626 | 10,098 | 1,695 | 577 | 13,996 |
| Balance on transfer from former Councils | 558 | 563 | – | – | 1,121 |
| Transfers from/(to) another asset class | – | – | 178 | (27) | 151 |
| Purchases (GBV) | 36 | 95 | 186 | – | 317 |
| Disposals (WDV) | – | – | – | (12) | (12) |
| Depreciation and impairment | (133) | – | – | (37) | (170) |
| FV gains – other comprehensive income | – | – | 26 | 382 | 408 |
| Closing balance – 30/6/17 | 2,087 | 10,756 | 2,085 | 883 | 15,811 |
| Transfers from/(to) another asset class | – | 10 | – | 53 | 63 |
| Purchases (GBV) | 26 | 67 | 208 | 143 | 444 |
| Depreciation and impairment | (134) | – | – | (35) | (169) |
| FV gains – other comprehensive income | 234 | (724) | 44 | 18 | (428) |
| Closing balance – 30/6/18 | 2,213 | 10,109 | 2,337 | 1,062 | 15,721 |

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

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

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

| | Water distribution | Water dams & treatment | Flood mitigation | Total |
|--|-----------------------|------------------------------|---------------------|----------------|
| Opening balance – 1/7/16 | 133,497 | 174,001 | – | 307,498 |
| Balance on transfer from former Councils | – | – | 118,863 | 118,863 |
| Transfers from/(to) another asset class | 1,026 | 1,487 | – | 2,513 |
| Purchases (GBV) | 487 | 1,195 | 48 | 1,730 |
| Disposals (WDV) | (848) | (357) | (26) | (1,231) |
| Depreciation and impairment | (2,212) | (2,617) | (807) | (5,636) |
| FV gains – other comprehensive income | 24,630 | (4,760) | 1,652 | 21,522 |
| Closing balance – 30/6/17 | 156,580 | 168,949 | 119,730 | 445,259 |
| Transfers from/(to) another asset class | 604 | 654 | 21 | 1,279 |
| Purchases (GBV) | 966 | 305 | 37 | 1,308 |
| Disposals (WDV) | (730) | (568) | (226) | (1,524) |
| Depreciation and impairment | (2,251) | (2,704) | (775) | (5,730) |
| FV gains – other comprehensive income | 3,226 | 3,480 | 2,494 | 9,200 |
| Closing balance – 30/6/18 | 158,395 | 170,116 | 121,281 | 449,792 |

(5). Highest and best use

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

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions

\$ '000

a. Key management personnel

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

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

| Compensation: | 2018 | 2017 |
|--------------------------|-------------|-------------|
| Short-term benefits | 336 | 311 |
| Post-employment benefits | 19 | 20 |
| Other long-term benefits | 14 | 5 |
| Total | 369 | 336 |

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Statement of developer contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS AND LEVIES

| PURPOSE | Opening balance | Contributions received during the year | | Interest earned in year | Expenditure during year | Internal borrowing (to)/from | Held as restricted asset | Cumulative internal borrowings due/(payable) |
|----------------------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|--|
| | | Cash | Non-cash | | | | | |
| S64 contributions | — | 4,980 | — | — | (4,980) | — | — | — |
| Total contributions | — | 4,980 | — | — | (4,980) | — | — | — |

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 22. Financial result and financial position by fund

| Income Statement by fund | | |
|--|---------------|----------------------------|
| \$ '000 | 2018 | 2018 |
| Continuing operations | Water | General¹ |
| Income from continuing operations | | |
| User charges and fees | 18,612 | – |
| Interest and investment revenue | 722 | 126 |
| Other revenues | 3,124 | 2,442 |
| Grants and contributions provided for operating purposes | 48 | 1,282 |
| Grants and contributions provided for capital purposes | 5,592 | – |
| Total income from continuing operations | 28,098 | 3,850 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 5,819 | 1,352 |
| Borrowing costs | 1,831 | 3 |
| Materials and contracts | 5,267 | 1,685 |
| Depreciation and amortisation | 5,763 | 905 |
| Other expenses | 218 | 465 |
| Net losses from the disposal of assets | 1,191 | 221 |
| Total expenses from continuing operations | 20,089 | 4,631 |
| Operating result from continuing operations | 8,009 | (781) |
| Net result attributable to each council fund | 8,009 | (781) |
| Net operating result for the year before grants and contributions provided for capital purposes | 2,417 | (781) |

¹ General fund refers to all Council's activities other than Water.

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

Rous County Council

Notes to the Financial Statements
as at 30 June 2018

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

| Statement of Financial Position by fund | | |
|---|----------------|----------------------------|
| \$ '000 | 2018 | 2018 |
| ASSETS | Water | General¹ |
| Current assets | | |
| Cash and cash equivalents | 1,993 | 341 |
| Investments | 28,978 | 4,972 |
| Receivables | 1,039 | 862 |
| Inventories | 310 | 36 |
| Other | 258 | 270 |
| Total current assets | 32,578 | 6,481 |
| Non-current assets | | |
| Receivables | 6,385 | – |
| Inventories | – | 1,473 |
| Infrastructure, property, plant and equipment | 354,484 | 123,252 |
| Investment property | – | 710 |
| Intangible assets | 404 | 11 |
| Total non-current assets | 361,273 | 125,446 |
| TOTAL ASSETS | 393,851 | 131,927 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | 1,822 | 545 |
| Borrowings | 2,374 | 52 |
| Provisions | 1,779 | – |
| Total current liabilities | 5,975 | 597 |
| Non-current liabilities | | |
| Borrowings | 24,090 | 6,440 |
| Provisions | 60 | – |
| Total non-current liabilities | 24,150 | 6,440 |
| TOTAL LIABILITIES | 30,125 | 7,037 |
| Net assets | 363,726 | 124,890 |
| EQUITY | | |
| Accumulated surplus | 114,809 | 120,745 |
| Revaluation reserves | 248,917 | 4,145 |
| Total equity | 363,726 | 124,890 |

¹ General Fund refers to all Council's activities other than Water.

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

Rous County Council

Notes to the Financial Statements for the year ended 30 June 2018

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

| \$ '000 | Amounts 2018 | Indicator 2018 | Prior periods 2017 | 2016 | Benchmark |
|--|-----------------|-------------------|-----------------------|-----------|-----------|
| Local government industry indicators – consolidated | | | | | |
| 1. Operating performance ratio | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses | 3,048 | 11.56% | 4.82% | 2.39% | > 0.00% |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions | 26,356 | | | | |
| 2. Own source operating revenue ratio | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions | 25,026 | 78.33% | 81.31% | 76.98% | > 60.00% |
| Total continuing operating revenue ⁽¹⁾ | 31,948 | | | | |
| 3. Unrestricted current ratio | | | | | |
| Current assets less all external restrictions ⁽²⁾ | 34,739 | 6.30x | 6.08x | 5.95x | > 1.5x |
| Current liabilities less specific purpose liabilities ^(3, 4) | 5,513 | | | | |
| 4. Debt service cover ratio | | | | | |
| Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation | 11,550 | 2.81x | 2.45x | 2.17x | > 2x |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | 4,109 | | | | |
| 5. Cash expense cover ratio | | | | | |
| Current year's cash and cash equivalents plus all term deposits | 36,284 | 22.84 mths | 21.0 mths | 17.6 mths | > 3 mths |
| Payments from cash flow of operating and financing activities | 1,589 | | | | |

Notes

- ⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.
- ⁽²⁾ Refer Notes 6-8 inclusive.
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.
- ⁽³⁾ Refer to Notes 11 and 12.
- ⁽⁴⁾ Refer to Note 11(b) and 12(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

| \$ '000 | General indicators ⁵ | | Water indicators | | Benchmark |
|--|---------------------------------|---------|------------------|--------|-----------|
| | 2018 | 2017 | 2018 | 2017 | |
| Local government industry indicators – by fund | | | | | |
| 1. Operating performance ratio | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses | 0.59% | -19.37% | 13.10% | 9.25% | > 0.00% |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions | | | | | |
| 2. Own source operating revenue ratio | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions | 66.70% | 70.51% | 79.93% | 82.96% | > 60.00% |
| Total continuing operating revenue ⁽¹⁾ | | | | | |
| 3. Unrestricted current ratio | | | | | |
| Current assets less all external restrictions ⁽²⁾ | 9.38x | 7.58x | 5.93x | 5.83x | > 1.5x |
| Current liabilities less specific purpose liabilities ^(3, 4) | | | | | |

Notes

(1) - (4) Refer to Notes at Note 23a above.

(5) General fund refers to all of Council's activities except for its water activity which is listed separately.

Rous County Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

| \$ '000 | General indicators ⁵ | | Water indicators | | Benchmark |
|--|---------------------------------|--------|------------------|--------|------------|
| | 2018 | 2017 | 2018 | 2017 | |
| Local government industry indicators – by fund (continued) | | | | | |
| 4. Debt service cover ratio | | | | | |
| Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation | 6.18x | 8.41x | 2.76x | 2.08x | > 2x |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | | | | | |
| 5. Cash expense cover ratio | | | | | |
| Current year's cash and cash equivalents plus all term deposits | 18.22 | 19.88 | 23.88 | 21.21 | > 3 months |
| Payments from cash flow of operating and financing activities | months | months | months | months | |

Notes

(1) Refer to Notes at Note 23a above.

(5) General fund refers to all of Council's activities except for its water activity which is listed separately.

END OF AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial report

Rous County Council

To the Councillors of the Rous County Council

Opinion

I have audited the accompanying financial report of Rous County Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 18 Material budget variations
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in blue ink, appearing to read 'Karen Taylor', with a stylized, cursive script.

Karen Taylor
Director, Financial Audit Services

19 October 2018
SYDNEY

Keith Williams
Chair
Rous County Council
PO Box 230
LISMORE NSW 2480

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: D1823648/1821

19 October 2018

Dear Chair

**Report on the Conduct of the Audit
for the year ended 30 June 2018
Rous County Council**





I have audited the general purpose financial statements of Rous County Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

| | 2018 | 2017 | Variance |
|---|-------------|-------------|--|
| | \$m | \$m | % |
| User charges and fees | 18.6 | 18.4 |  1.1 |
| Grants and contributions revenue | 6.9 | 5.1 |  35.3 |
| Operating result for the year | 7.2 | 4.2 |  71.4 |
| Net operating result before capital amounts | 1.6 | 0.2 |  7.0 |

Council's operating result of \$7.2 million (including effect of \$6.7 million in depreciation and amortisation) was \$3 million higher than the 2016–17 result. This increase is largely attributable to settlement of compensation from highway upgrade works of \$3.0 million.

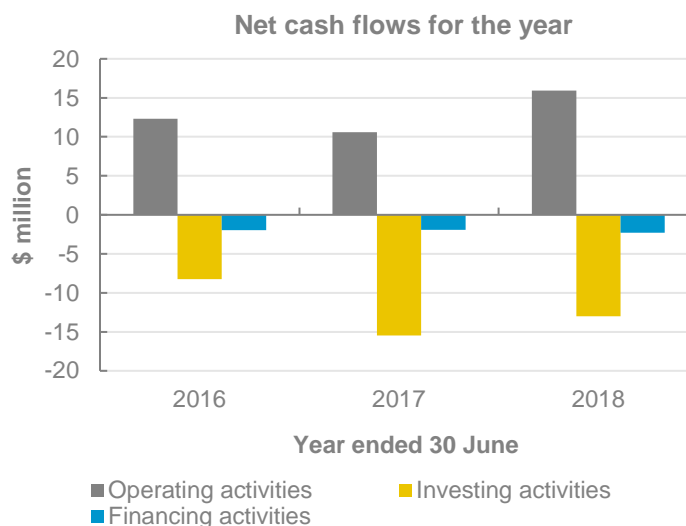
This also led to a smaller improvement in the improved operating result before capital items, mainly due to higher developer contributions and funding received for works on the Woolgoolga to Ballina highway upgrade in 2017–18.

STATEMENT OF CASH FLOWS

Net cash provided in operating activities increased due to higher grants and contributions received and the one-off compensation received.

Although there was a decrease in net cash used in investing activities, this represents a shift in Council's investment portfolio.

Financing activities have remained consistent over the 3-year period as there have been no major changes in the current borrowing structure.



FINANCIAL POSITION

Cash and Investments

| Cash and Investments | 2018 | 2017 | Commentary |
|-----------------------------|-------------|-------------|--|
| | \$m | \$m | |
| External restrictions | 3.4 | 0.6 | The increase in external restrictions is due to funds received from the RMS for the Pacific highway upgrade. Increases in internal restrictions are due additional funds received from grants and contributions. |
| Internal restrictions | 30.0 | 25.3 | |
| Unrestricted | 2.9 | 4.9 | |
| Cash and investments | 36.3 | 30.8 | Restrictions mainly relate to infrastructure replacement. |

Debt

Council has a bank overdraft facility with an approved drawdown limit of \$0.1m, which was unused at 30 June 2018. Council continues to repay borrowings in-line with existing loan agreements.

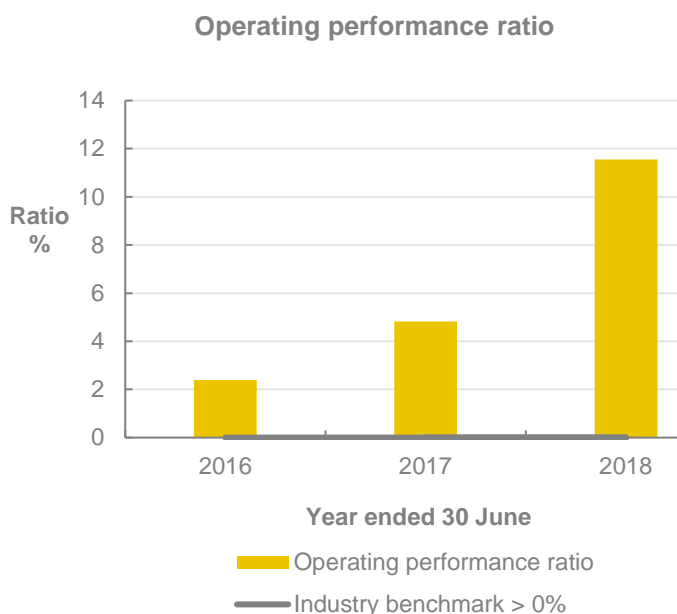
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 23 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

Operating performance ratio

Council has a strong operating performance ratio which has improved over the last three years. 2017–18 was mainly impacted by the compensation described above.

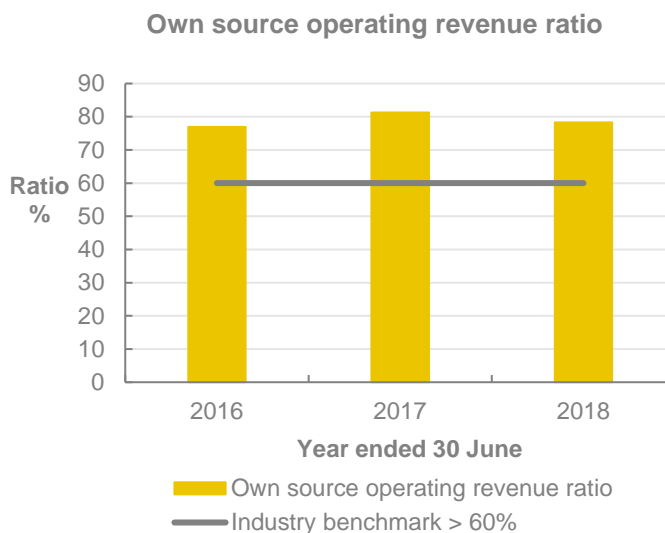
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



Own source operating revenue ratio

Council continues to exceed the benchmark for own source operating revenue ratio demonstrating it is not overly reliant on external funding sources.

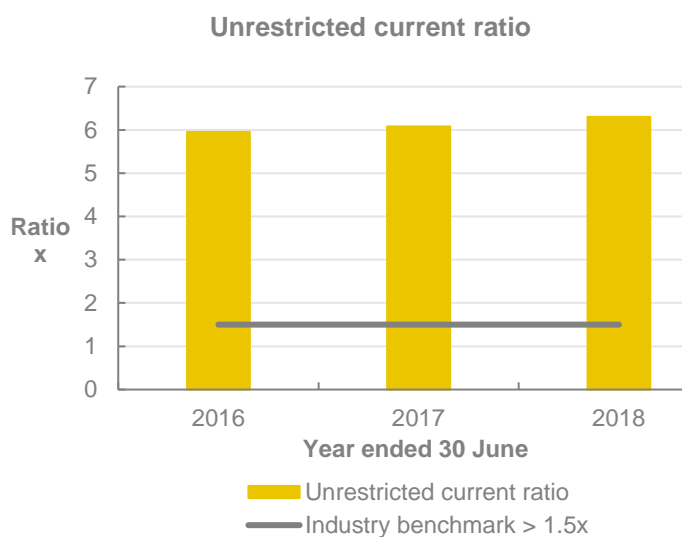
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continues to exceed the benchmark for the unrestricted current ratio as there are limited restrictions in place over Council's current assets.

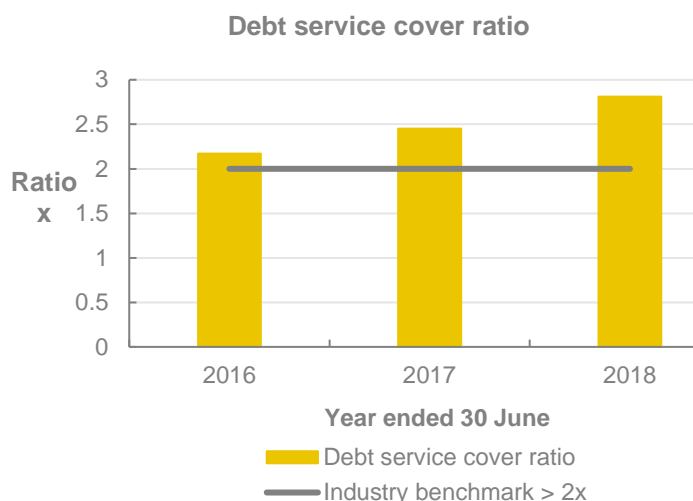
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council has improved its debt service cover ratio over the past three years as it continues to reduce borrowings.

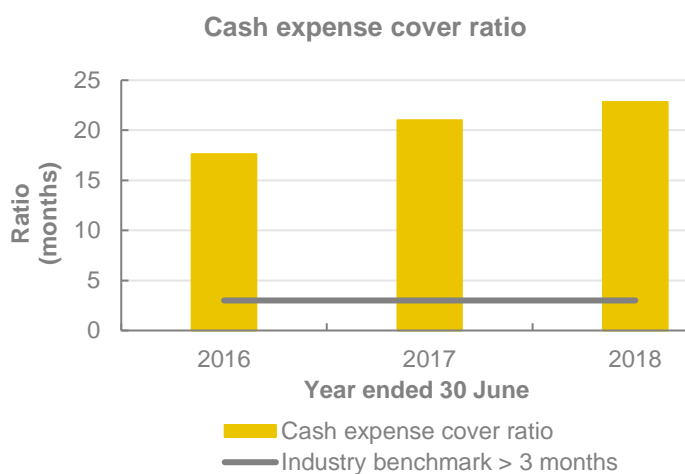
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Cash expense cover ratio

Council continues to exceed the benchmark for cash expense cover ratio, supported by an improved cash and investment position over the past 3 years.

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

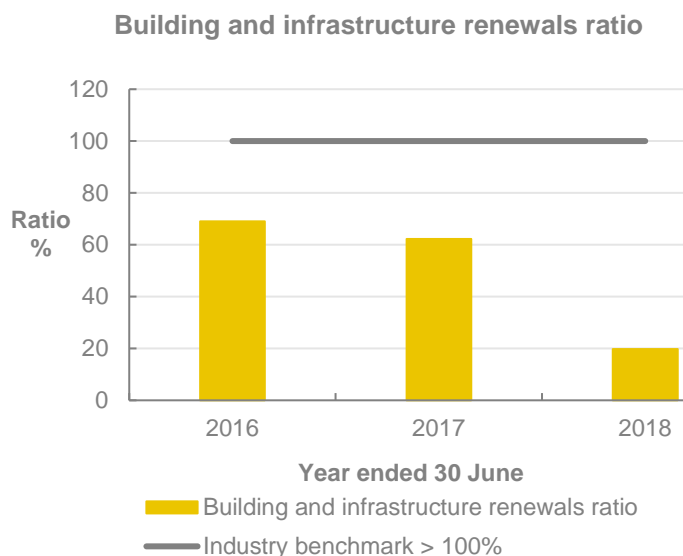


Building and infrastructure renewals ratio (unaudited)

Council's asset renewal expenditure is not keeping pace with the rate at which these assets are depreciating, and has decreased over the past 3 years. However, there is an additional \$5 million of work-in progress on asset renewals, which is not included in this calculation.

The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from council's Special Schedule 7 which has not been audited.



OTHER MATTERS

Legislative compliance

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

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

Yours sincerely

Karen Taylor
Director, Financial Audit Services

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Rous County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018



Rous County Council

Special Purpose Financial Statements

for the year ended 30 June 2018

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| Statement of Financial Position – Water Supply Business Activity | 5 |
| Statement of Financial Position – Other Business Activities | 6 |
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| 4. Auditor's Report | |

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 2018

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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


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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 17 October 2018.



Keith Williams

Chair

17 October 2018



Basil Cameron

Councillor

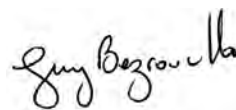
17 October 2018



Phillip Rudd

General Manager

17 October 2018



Guy Bezroucho

Responsible Accounting Officer

17 October 2018

Rous County Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

| \$ '000 | 2018 | 2017 |
|--|----------------|----------------|
| Income from continuing operations | | |
| User charges | 18,612 | 18,349 |
| Interest | 722 | 677 |
| Grants and contributions provided for non-capital purposes | 48 | 63 |
| Other income | 3,124 | 691 |
| Total income from continuing operations | 22,506 | 19,780 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 5,819 | 5,440 |
| Borrowing costs | 1,831 | 1,976 |
| Materials and contracts | 5,267 | 4,844 |
| Depreciation, amortisation and impairment | 5,763 | 5,442 |
| Loss on sale of assets | 1,191 | 1,330 |
| Other expenses | 218 | 282 |
| Total expenses from continuing operations | 20,089 | 19,314 |
| Surplus (deficit) from continuing operations before capital amounts | 2,417 | 466 |
| Grants and contributions provided for capital purposes | 5,592 | 3,994 |
| Surplus (deficit) from continuing operations after capital amounts | 8,009 | 4,460 |
| Surplus (deficit) from all operations before tax | 8,009 | 4,460 |
| Less: corporate taxation equivalent (30%) [based on result before capital] | — | — |
| SURPLUS (DEFICIT) AFTER TAX | 8,009 | 4,460 |
| Plus opening retained profits | 106,875 | 102,489 |
| Plus adjustments for amounts unpaid: | | |
| – Corporate taxation equivalent | — | — |
| Less: | | |
| – Surplus dividend paid | (75) | (74) |
| Closing retained profits | 114,809 | 106,875 |
| Return on capital % | 1.2% | 0.7% |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 8,009 | 4,460 |
| Less: capital grants and contributions (excluding developer contributions) | (612) | (930) |
| Surplus for dividend calculation purposes | 7,397 | 3,530 |
| Potential dividend calculated from surplus | 3,699 | 1,765 |

Rous County Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

| | Land Category 2 | | Com Pro Category 2 | |
|--|--------------------|----------------|-----------------------|--------------|
| \$ '000 | 2018 | 2017 | 2018 | 2017 |
| Income from continuing operations | | | | |
| User charges | – | – | 233 | 175 |
| Interest | – | – | 34 | 36 |
| Profit from the sale of assets | – | 384 | – | – |
| Total income from continuing operations | – | 384 | 267 | 211 |
| Expenses from continuing operations | | | | |
| Materials and contracts | – | – | 207 | 277 |
| Depreciation, amortisation and impairment | – | – | 63 | 8 |
| Calculated taxation equivalents | 28 | 28 | 3 | 3 |
| Other expenses | – | – | 38 | 5 |
| Total expenses from continuing operations | 28 | 28 | 311 | 293 |
| Surplus (deficit) from continuing operations before capital amounts | (28) | 356 | (44) | (82) |
| Surplus (deficit) from continuing operations after capital amounts | (28) | 356 | (44) | (82) |
| Surplus (deficit) from all operations before tax | (28) | 356 | (44) | (82) |
| Less: corporate taxation equivalent (30%) [based on result before capital] | – | (107) | – | – |
| SURPLUS (DEFICIT) AFTER TAX | (28) | 249 | (44) | (82) |
| Plus opening retained profits | (1,206) | (1,590) | 2,162 | 2,167 |
| Plus adjustments for amounts unpaid: | | | | |
| – Taxation equivalent payments | 28 | 28 | 3 | 3 |
| – Corporate taxation equivalent | – | 107 | – | – |
| Add: | | | | |
| – Subsidy paid/contribution to operations | – | – | 75 | 74 |
| Closing retained profits | (1,206) | (1,206) | 2,196 | 2,162 |
| Return on capital % | n/a | n/a | n/a | n/a |
| Subsidy from Council | 28 | – | 44 | – |

Rous County Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2018

| \$ '000 | 2018 | 2017 |
|---|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 1,993 | 1,693 |
| Investments | 28,978 | 23,427 |
| Receivables | 1,039 | 2,311 |
| Inventories | 310 | 174 |
| Other | 258 | 169 |
| Total current assets | 32,578 | 27,774 |
| Non-current assets | | |
| Receivables | 6,385 | 5,942 |
| Infrastructure, property, plant and equipment | 354,484 | 348,295 |
| Intangible assets | 404 | 76 |
| Total non-current assets | 361,273 | 354,313 |
| TOTAL ASSETS | 393,851 | 382,087 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | 1,822 | 2,010 |
| Borrowings | 2,374 | 2,226 |
| Provisions | 1,779 | 1,705 |
| Total current liabilities | 5,975 | 5,941 |
| Non-current liabilities | | |
| Borrowings | 24,090 | 26,572 |
| Provisions | 60 | 61 |
| Total non-current liabilities | 24,150 | 26,633 |
| TOTAL LIABILITIES | 30,125 | 32,574 |
| NET ASSETS | 363,726 | 349,513 |
| EQUITY | | |
| Accumulated surplus | 114,809 | 106,875 |
| Revaluation reserves | 248,917 | 242,638 |
| TOTAL EQUITY | 363,726 | 349,513 |

Rous County Council

Statement of Financial Position – Council's Other Business Activities
as at 30 June 2018

| | Land Category 2 | | Com Pro Category 2 | |
|--------------------------------------|--------------------|----------------|-----------------------|--------------|
| \$ '000 | 2018 | 2017 | 2018 | 2017 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | – | – | 78 | 1,452 |
| Investments | – | – | 1,131 | – |
| Receivables | 254 | 254 | 17 | – |
| Other | – | – | 260 | – |
| Total Current Assets | 254 | 254 | 1,486 | 1,452 |
| Non-current assets | | | | |
| Inventories | 5,127 | 4,656 | – | – |
| Investment property | – | – | 710 | 710 |
| Total non-current assets | 5,127 | 4,656 | 710 | 710 |
| TOTAL ASSETS | 5,381 | 4,910 | 2,196 | 2,162 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | 203 | 174 | – | – |
| Total current liabilities | 203 | 174 | – | – |
| Non-current liabilities | | | | |
| Borrowings | 6,384 | 5,942 | – | – |
| Total non-current liabilities | 6,384 | 5,942 | – | – |
| TOTAL LIABILITIES | 6,587 | 6,116 | – | – |
| NET ASSETS | (1,206) | (1,206) | 2,196 | 2,162 |
| EQUITY | | | | |
| Accumulated surplus | (1,206) | (1,206) | 2,196 | 2,162 |
| TOTAL EQUITY | (1,206) | (1,206) | 2,196 | 2,162 |

Rous County Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

| Note | Details | Page |
|------|--|------|
| 1 | Summary of significant accounting policies | 8 |
| 2 | Water Supply Business Best-Practice Management disclosure requirements | 12 |

Rous County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies

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

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

The figures presented in these 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 (NSW), the Local Government (General) 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, current values 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, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

Water

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

Rous County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

Category 2

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

Land development

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

Commercial Properties

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

Monetary amounts

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

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$750,000.

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

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Rous County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

Income tax

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

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

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

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

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

Rous County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

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

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

(iv) Dividends

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

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

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS

Rous County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 2. Water supply business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

| | | |
|-------|--|-----|
| (i) | Calculated tax equivalents | N/A |
| (ii) | Number of assessments multiplied by \$3/assessment | N/A |
| (iii) | Amounts payable for tax equivalents [lesser of (i) and (ii)] | N/A |
| (iv) | Amounts actually paid for tax equivalents | N/A |

2. Dividend from surplus

| | | |
|-------|--|-----|
| (i) | 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines] | N/A |
| (ii) | Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment | N/A |
| (iii) | Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016 | N/A |

| | | | | | |
|--------------|-----------|---------------|-----------|---------------|---|
| 2018 Surplus | 7,397,000 | 2017 Surplus | 3,530,000 | 2016 Surplus | – |
| | | 2017 Dividend | 74,000 | 2016 Dividend | – |

| | | |
|------|---|-----|
| (iv) | Maximum dividend from surplus [least of (i), (ii) and (iii) above] | – |
| (v) | Dividend actually paid from surplus [refer below for required pre-dividend payment criteria] | – |
| (vi) | Are the overhead reallocation charges to the water business fair and reasonable? ^a | YES |

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

| | | |
|-------|---|-----|
| (i) | Completion of strategic business plan (including financial plan) | YES |
| (ii) | Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines] | YES |
| | – Complying charges [item 2 (b) in table 1] | YES |
| | – DSP with commercial developer charges [item 2 (e) in table 1] | YES |
| | – If dual water supplies, complying charges [item 2 (g) in table 1] | YES |
| (iii) | Sound water conservation and demand management implemented | YES |
| (iv) | Sound drought management implemented | YES |
| (v) | Complete performance reporting form (by 15 September each year) | YES |
| (vi) | a. Integrated water cycle management evaluation | YES |
| | b. Complete and implement integrated water cycle management strategy | YES |

Rous County Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 2. Water supply business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators

| | | | |
|----------------|---|--------|---------|
| NWI F1 | Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a) | \$'000 | 27,376 |
| NWI F4 | Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)] | % | 0.00% |
| NWI F9 | Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47) | \$'000 | 350,267 |
| NWI F11 | Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2) | \$'000 | 10,278 |
| NWI F14 | Capital expenditure (water) Acquisition of fixed assets (w16) | \$'000 | 7,988 |
| NWI F17 | Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)] | % | 3.20% |
| NWI F26 | Capital works grants (water) Grants for the acquisition of assets (w11a) | \$'000 | – |

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial report

Rous County Council

To the Councillors of the Rous County Council

Opinion

I have audited the accompanying special purpose financial report (the financial report) of Rous County Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of each Declared Business Activity as at 30 June 2018, notes comprising a Summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply
- Land Development
- Commercial Properties.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or

in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

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

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Notes 2 and 3 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in blue ink, appearing to read 'Karen Taylor', is centered on the page.

Karen Taylor
Director, Financial Audit Services

19 October 2018
SYDNEY

Rous County Council

SPECIAL SCHEDULES
for the year ended 30 June 2018



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Rous County Council

Special Schedules for the year ended 30 June 2018

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| Special Schedule 4 | Water Supply – Statement of Financial Position | 7 |
| Special Schedule 5 | Sewerage Service Operations – incl. Income Statement | n/a |
| Special Schedule 6 | Sewerage Service – Statement of Financial Position | n/a |
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¹ Special Schedules are not audited (with the exception of Special Schedule 2).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Rous County Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2018

\$'000

| Function or activity | Expenses from continuing operations | Income from continuing operations | | Net cost of services |
|--|-------------------------------------|-----------------------------------|--------------|----------------------|
| | | Non-capital | Capital | |
| Governance | 363 | – | – | (363) |
| Administration | 4,411 | 3,161 | – | (1,250) |
| Public order and safety | | | | |
| Fire service levy, fire protection, emergency services | – | – | – | – |
| Beach control | – | – | – | – |
| Enforcement of local government regulations | – | – | – | – |
| Animal control | – | – | – | – |
| Other | – | – | – | – |
| Total public order and safety | – | – | – | – |
| Health | – | – | – | – |
| Environment | | | | |
| Invasive plants and insect/vermin control | 1,335 | 1,355 | – | 20 |
| Other environmental protection | 2,288 | 1,380 | – | (908) |
| Solid waste management | – | – | – | – |
| Street cleaning | – | – | – | – |
| Drainage | – | – | – | – |
| Stormwater management | – | – | – | – |
| Total environment | 3,623 | 2,735 | – | (888) |
| Community services and education | | | | |
| Administration and education | – | – | – | – |
| Social protection (welfare) | – | – | – | – |
| Aged persons and disabled | – | – | – | – |
| Children's services | – | – | – | – |
| Total community services and education | – | – | – | – |
| Housing and community amenities | | | | |
| Public cemeteries | – | – | – | – |
| Public conveniences | – | – | – | – |
| Street lighting | – | – | – | – |
| Town planning | – | – | – | – |
| Other community amenities | – | – | – | – |
| Total housing and community amenities | – | – | – | – |
| Water supplies | 16,056 | 19,380 | 5,592 | 8,916 |
| Sewerage services | – | – | – | – |

Rous County Council

Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2018

\$'000

| Function or activity | Expenses from continuing operations | Income from continuing operations | | Net cost of services |
|---|-------------------------------------|-----------------------------------|--------------|----------------------|
| | | Non-capital | Capital | |
| Recreation and culture | | | | |
| Public libraries | — | — | — | — |
| Museums | — | — | — | — |
| Art galleries | — | — | — | — |
| Community centres and halls | — | — | — | — |
| Performing arts venues | — | — | — | — |
| Other performing arts | — | — | — | — |
| Other cultural services | — | — | — | — |
| Sporting grounds and venues | — | — | — | — |
| Swimming pools | — | — | — | — |
| Parks and gardens (lakes) | — | — | — | — |
| Other sport and recreation | — | — | — | — |
| Total recreation and culture | — | — | — | — |
| Fuel and energy | — | — | — | — |
| Agriculture | — | — | — | — |
| Mining, manufacturing and construction | | | | |
| Building control | — | — | — | — |
| Other mining, manufacturing and construction | — | — | — | — |
| Total mining, manufacturing and const. | — | — | — | — |
| Transport and communication | | | | |
| Urban roads (UR) – local | — | — | — | — |
| Urban roads – regional | — | — | — | — |
| Sealed rural roads (SRR) – local | — | — | — | — |
| Sealed rural roads (SRR) – regional | — | — | — | — |
| Unsealed rural roads (URR) – local | — | — | — | — |
| Unsealed rural roads (URR) – regional | — | — | — | — |
| Bridges on UR – local | — | — | — | — |
| Bridges on SRR – local | — | — | — | — |
| Bridges on URR – local | — | — | — | — |
| Bridges on regional roads | — | — | — | — |
| Parking areas | — | — | — | — |
| Footpaths | — | — | — | — |
| Aerodromes | — | — | — | — |
| Other transport and communication | — | — | — | — |
| Total transport and communication | — | — | — | — |
| Economic affairs | | | | |
| Camping areas and caravan parks | — | — | — | — |
| Other economic affairs | 267 | 232 | — | (35) |
| Total economic affairs | 267 | 232 | — | (35) |
| Totals – functions | 24,720 | 25,508 | 5,592 | 6,380 |
| General purpose revenues ⁽¹⁾ | — | 848 | — | 848 |
| Share of interests – joint ventures and associates using the equity method | — | — | — | — |
| NET OPERATING RESULT ⁽²⁾ | 24,720 | 26,356 | 5,592 | 7,228 |

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

(2) As reported in the Income Statement

Rous County Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

| \$'000 | 2018 | 2017 |
|--|---------------|---------------|
| A Expenses and income | | |
| Expenses | | |
| 1. Management expenses | | |
| a. Administration | 3,467 | 3,173 |
| b. Engineering and supervision | 1,205 | 987 |
| 2. Operation and maintenance expenses | | |
| – dams and weirs | | |
| a. Operation expenses | 121 | 74 |
| b. Maintenance expenses | 381 | 317 |
| – Mains | | |
| c. Operation expenses | – | – |
| d. Maintenance expenses | 572 | 677 |
| – Reservoirs | | |
| e. Operation expenses | 226 | 217 |
| f. Maintenance expenses | 23 | 30 |
| – Pumping stations | | |
| g. Operation expenses (excluding energy costs) | 4 | 2 |
| h. Energy costs | 781 | 812 |
| i. Maintenance expenses | 187 | 97 |
| – Treatment | | |
| j. Operation expenses (excluding chemical costs) | 1,573 | 1,473 |
| k. Chemical costs | 876 | 895 |
| l. Maintenance expenses | 496 | 515 |
| – Other | | |
| m. Operation expenses | 296 | 221 |
| n. Maintenance expenses | 70 | 69 |
| o. Purchase of water | – | – |
| 3. Depreciation expenses | | |
| a. System assets | 4,958 | 4,864 |
| b. Plant and equipment | 806 | 577 |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | 1,831 | 1,976 |
| b. Revaluation decrements | – | – |
| c. Other expenses | 1,025 | 1,008 |
| d. Impairment – system assets | – | – |
| e. Impairment – plant and equipment | – | – |
| f. Aboriginal Communities Water and Sewerage Program | – | – |
| g. Tax equivalents dividends (actually paid) | – | – |
| 5. Total expenses | 18,898 | 17,984 |

Rous County Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

| \$'000 | 2018 | 2017 |
|--|---------------|---------------|
| Income | | |
| 6. Residential charges | | |
| a. Access (including rates) | 2,105 | 2,054 |
| b. Usage charges | – | – |
| 7. Non-residential charges | | |
| a. Access (including rates) | – | – |
| b. Usage charges | 16,476 | 16,274 |
| 8. Extra charges | – | – |
| 9. Interest income | 722 | 720 |
| 10. Other income | 3,155 | 713 |
| 10a. Aboriginal Communities Water and Sewerage Program | – | – |
| 11. Grants | | |
| a. Grants for acquisition of assets | – | – |
| b. Grants for pensioner rebates | 10 | 10 |
| c. Other grants | 38 | 104 |
| 12. Contributions | | |
| a. Developer charges | 4,980 | 3,064 |
| b. Developer provided assets | – | – |
| c. Other contributions | 612 | 878 |
| 13. Total income | 28,098 | 23,817 |
| 14. Gain (or loss) on disposal of assets | (1,191) | (1,132) |
| 15. Operating result | 8,009 | 4,701 |
| 15a. Operating result (less grants for acquisition of assets) | 8,009 | 4,701 |

Rous County Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

| \$'000 | 2018 | 2017 |
|--|---------------|--------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| 16. Acquisition of fixed assets | | |
| a. New assets for improved standards | – | – |
| b. New assets for growth | 1,280 | 2,524 |
| c. Renewals | 5,824 | 3,565 |
| d. Plant and equipment | 884 | 897 |
| 17. Repayment of debt | 2,275 | 1,924 |
| 18. Totals | 10,263 | 8,910 |
| Non-operating funds employed | | |
| 19. Proceeds from disposal of assets | 334 | 420 |
| 20. Borrowing utilised | – | – |
| 21. Totals | 334 | 420 |
| C Rates and charges | | |
| 22. Number of assessments | | |
| a. Residential (occupied) | 2,017 | 2,017 |
| b. Residential (unoccupied, ie. vacant lot) | – | – |
| c. Non-residential (occupied) | 15 | 15 |
| d. Non-residential (unoccupied, ie. vacant lot) | – | – |
| 23. Number of ETs for which developer charges were received | 594 ET | 376 ET |
| 24. Total amount of pensioner rebates (actual dollars) | \$ 10 | \$ 10 |

Rous County Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

| \$'000 | Current | Non-current | Total |
|---|---------------|----------------|----------------|
| ASSETS | | | |
| 25. Cash and investments | | | |
| a. Developer charges | – | – | – |
| b. Special purpose grants | 14 | – | 14 |
| c. Accrued leave | 1,780 | 60 | 1,840 |
| d. Unexpended loans | – | – | – |
| e. Sinking fund | – | – | – |
| f. Other | 28,866 | – | 28,866 |
| 26. Receivables | | | |
| a. Specific purpose grants | – | – | – |
| b. Rates and availability charges | – | – | – |
| c. User charges | – | – | – |
| d. Other | 1,292 | 6,385 | 7,677 |
| 27. Inventories | 309 | – | 309 |
| 28. Property, plant and equipment | | | |
| a. System assets | – | 350,267 | 350,267 |
| b. Plant and equipment | – | 4,217 | 4,217 |
| 29. Other assets | 257 | 404 | 661 |
| 30. Total assets | 32,518 | 361,333 | 393,851 |
| LIABILITIES | | | |
| 31. Bank overdraft | – | – | – |
| 32. Creditors | 1,822 | – | 1,822 |
| 33. Borrowings | 2,374 | 24,090 | 26,464 |
| 34. Provisions | | | |
| a. Tax equivalents | – | – | – |
| b. Dividend | – | – | – |
| c. Other | 1,779 | 60 | 1,839 |
| 35. Total liabilities | 5,975 | 24,150 | 30,125 |
| 36. NET ASSETS COMMITTED | 26,543 | 337,183 | 363,726 |
| EQUITY | | | |
| 37. Accumulated surplus | | | 114,809 |
| 38. Asset revaluation reserve | | | 248,917 |
| 39. Other reserves | | | – |
| 40. TOTAL EQUITY | | | 363,726 |
| Note to system assets: | | | |
| 41. Current replacement cost of system assets | | | 457,345 |
| 42. Accumulated current cost depreciation of system assets | | | (107,078) |
| 43. Written down current cost of system assets | | | 350,267 |

Rous County Council

Notes to Special Schedule 3

for the year ended 30 June 2018

Administration ⁽¹⁾

(item 1a of Special Schedule 3) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedule 3) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedule 3) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedule 3) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedule 3) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedule 3) is to be used when I,PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedule 3) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedule 3) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 is for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedule 3) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedule 3) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Other income (items 10 and 11 of Special Schedule 3) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedule 3) including capital contributions for water supply received by Council under Section 565 of the *Local Government Act*.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Rous County Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

| Asset class | Asset category | Estimated cost to bring assets to satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | 2017/18 Required maintenance ^a | 2017/18 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|----------------------|---------------------------|---|---|---|----------------------------|---------------------|------------------------------|---|--------------|--------------|--------------|-------------|
| | | | | | | | | 1 | 2 | 3 | 4 | 5 |
| Buildings | | | | | | | | | | | | |
| | Council works depot | 100 | 100 | 17 | 37 | 1,008 | 2,029 | 18% | 33% | 48% | 1% | 0% |
| | Council houses | 150 | 404 | 23 | 30 | 1,205 | 2,728 | 0% | 32% | 40% | 28% | 0% |
| | Sub-total | 250 | 504 | 40 | 67 | 2,213 | 4,757 | 7.7% | 32.4% | 43.4% | 16.5% | 0.0% |
| Water supply network | | | | | | | | | | | | |
| | Water supply network | 1,950 | 7,653 | 1,833 | 1,729 | 328,512 | 453,167 | 29% | 52% | 11% | 8% | 0% |
| | Sub-total | 1,950 | 7,653 | 1,833 | 1,729 | 328,512 | 453,167 | 28.7% | 52.0% | 10.9% | 8.4% | 0.0% |
| Land improvements | | | | | | | | | | | | |
| | Water assets | 22 | 69 | 308 | 296 | 3,399 | 4,178 | 24% | 41% | 31% | 5% | 0% |
| | Sub-total | 22 | 69 | 308 | 296 | 3,399 | 4,178 | 23.6% | 40.6% | 31.3% | 4.5% | 0.0% |
| Flood mitigation | | | | | | | | | | | | |
| | Flood assets | 394 | 200 | 1,062 | 634 | 121,281 | 132,773 | 13% | 68% | 18% | 1% | 0% |
| | Sub-total | 394 | 200 | 1,062 | 634 | 121,281 | 132,773 | 13.1% | 68.4% | 17.5% | 1.0% | 0.0% |
| | TOTAL – ALL ASSETS | 2,616 | 8,426 | 3,243 | 2,726 | 455,405 | 594,875 | 25.0% | 55.4% | 12.8% | 6.8% | 0.0% |

Notes:

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

Infrastructure asset condition assessment 'key'

| | | |
|---|---------------------|---------------------------------------|
| 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

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

| | Amounts 2018 | Indicator 2018 | Prior periods | | Benchmark |
|--|-----------------|-------------------|---------------|--------|-----------|
| | | | 2017 | 2016 | |
| Infrastructure asset performance indicators * consolidated | | | | | |
| 1. Buildings and infrastructure renewals ratio ⁽¹⁾ | | | | | |
| Asset renewals ⁽²⁾ | 1,167 | 19.78% | 62.22% | 69.00% | >= 100% |
| Depreciation, amortisation and impairment | 5,901 | | | | |
| 2. Infrastructure backlog ratio ⁽¹⁾ | | | | | |
| Estimated cost to bring assets to a satisfactory standard | 2,616 | 0.57% | 1.73% | 2.00% | < 2.00% |
| Net carrying amount of infrastructure assets | 455,405 | | | | |
| 3. Asset maintenance ratio | | | | | |
| Actual asset maintenance | 2,726 | 84.06% | 89.36% | 89.00% | > 100% |
| Required asset maintenance | 3,243 | | | | |
| 4. Cost to bring assets to agreed service level | | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | 8,426 | 1.42% | 1.01% | 2.00% | |
| Gross replacement cost | 594,875 | | | | |

Notes

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

⁽¹⁾ Excludes Work In Progress (WIP)

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

Rous County Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

| \$ '000 | General indicators ⁽¹⁾ | | Water indicators | | Benchmark |
|--|-----------------------------------|--------|------------------|--------|-----------|
| | 2018 | 2017 | 2018 | 2017 | |
| Infrastructure asset performance indicators by fund | | | | | |
| 1. Buildings and infrastructure renewals ratio ⁽²⁾ | | | | | |
| Asset renewals ⁽³⁾ | 9.02% | 8.94% | 21.73% | 72.51% | >= 100% |
| Depreciation, amortisation and impairment | | | | | |
| 2. Infrastructure backlog ratio ⁽²⁾ | | | | | |
| Estimated cost to bring assets to a satisfactory standard | 0.52% | 2.53% | 0.59% | 1.44% | < 2.00% |
| Net carrying amount of infrastructure assets | | | | | |
| 3. Asset maintenance ratio | | | | | |
| Actual asset maintenance | 63.61% | 73.51% | 94.58% | 93.46% | > 100% |
| Required asset maintenance | | | | | |
| 4. Cost to bring assets to agreed service level | | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | 0.51% | 0.43% | 1.69% | 1.19% | |
| Gross replacement cost | | | | | |

Notes

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

⁽²⁾ Excludes Work In Progress (WIP)

⁽³⁾ 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.