



LATE ITEMS

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Item 8 Operation of a 999 head Feedlot including Construction of Associated Infrastructure**FILE REFERENCE** 20/28011**DELIVERY PROGRAM****GOAL:** **3. An Environmentally Responsible Shire****OUTCOME:** **2.1 OUR ECONOMY IS GROWING AND SUPPORTED****STRATEGY:** **2.2.1 Increase the range of opportunities to work locally -
OCD - external****AUTHOR** Planning Officer**STAFF DISCLOSURE OF INTEREST** Nil**TABLED DOCUMENTS** Section 79C Statutory Considerations
Statement of Environmental Effects**BACKGROUND**

Council received an application for a 999 head cattle feedlot. Based on assessment of the proposal under S.79C of the *Environmental Planning and Assessment Act, 1979*, it is considered that the merits of the proposal warrant development approval subject to the recommended conditions of consent.

COMMENT

Gwydir Shire Council received a development application (DA 29/2020), on the 11 September 2020, for a proposed 999 head Cattle Feedlot. The feedlot will include the conversion of six (6) existing cattle pens of varying sizes and one (1) hospital pen, which are currently utilised for drought feeding and temporary containment of cattle. In addition, the facility will also utilise the existing handling facilities (yards), access roads, machinery shed, hay and grain storage shed, water tanks, dams, silos, machinery, a feed mill, external hay storage area and cattle yards. The main construction components of the proposed feedlot will be a 100-tonne grain storage bunker, a manure pad/storage area (950m²), a sediment pond with a capacity of 0.3ML and an effluent storage pond with a capacity of 4ML.

Feed for the operations will be chiefly sourced externally from within the local area. Likewise, cattle for the feedlot will be sourced externally from local and regional producers, with approximately 100 head being bred on farm. Water for the development will be sourced from existing harvestable right storage dams on the property and the temporary transfer of a 25 ML groundwater entitlement from a neighbouring landholder. The applicant also intends to purchase additional permanent surface water entitlements. However, this would be subject to a NSW Water application and approval process. The

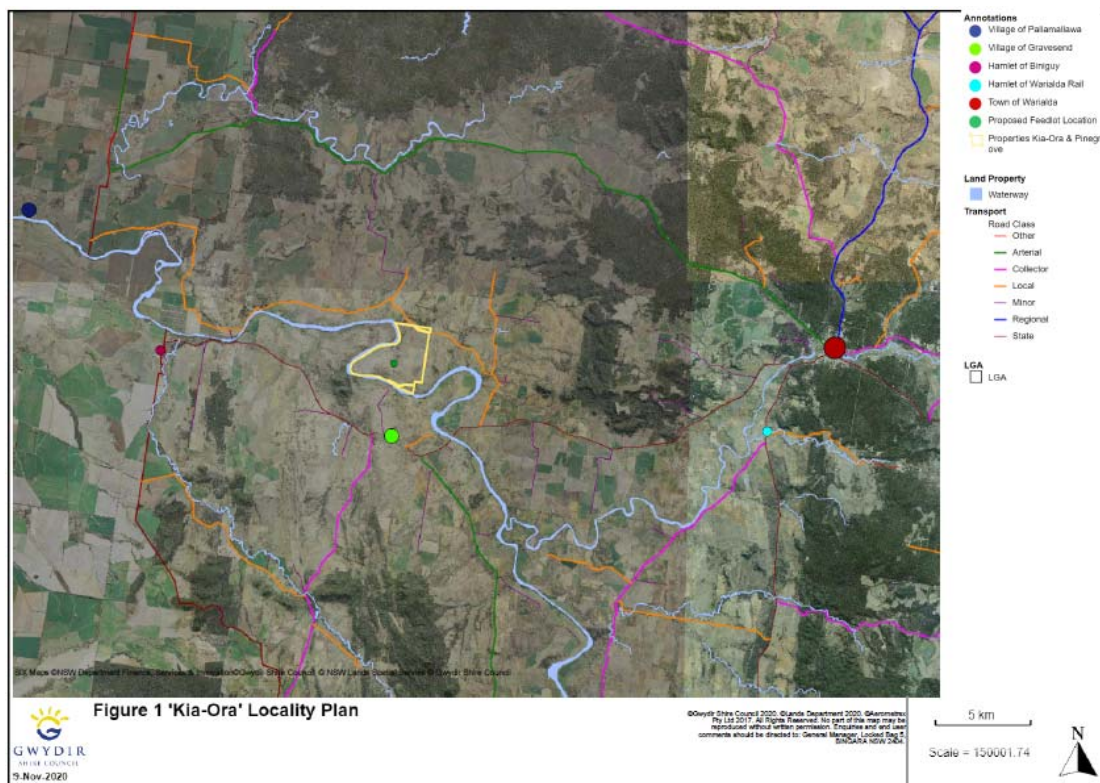
liquid and solid waste generated from the Feedlot is intended to be used as fertiliser on cropped areas of the property.

This report is divided into five sections, being:

1. Background
2. The Development Proposal
3. Statutory Planning Considerations
4. Consultation
5. Conclusion

Site location

The proposed feedlot is to be situated on the holding made up of the property “Kia-Ora” (being Lots 45 and 47, DP 751099; Lot 2, DP 590968; Lot 1, DP 651319), 819 Eden Forest Road, Gravesend and the adjoining property “Pinegrove” (Lots 59 and 76, DP 751099; Lot 1, DP 590968), 821 Eden Forest Road, Gravesend. Both properties are owned by Dancoul Pty Ltd and located approximately 2 kilometres north, as the crow flies, from the village of Gravesend and 21 kilometres west of Warialda. The total area of the two properties comes to 824.79 hectares. The proposed feedlot complex is to be situated on Lots 47 and 59, DP 751099, with the proposed manure and effluent disposal areas on Lots 45, 47, 59 and 76, DP 751099 and Lots 1 and 2, DP 590968.



Site Description and Uses

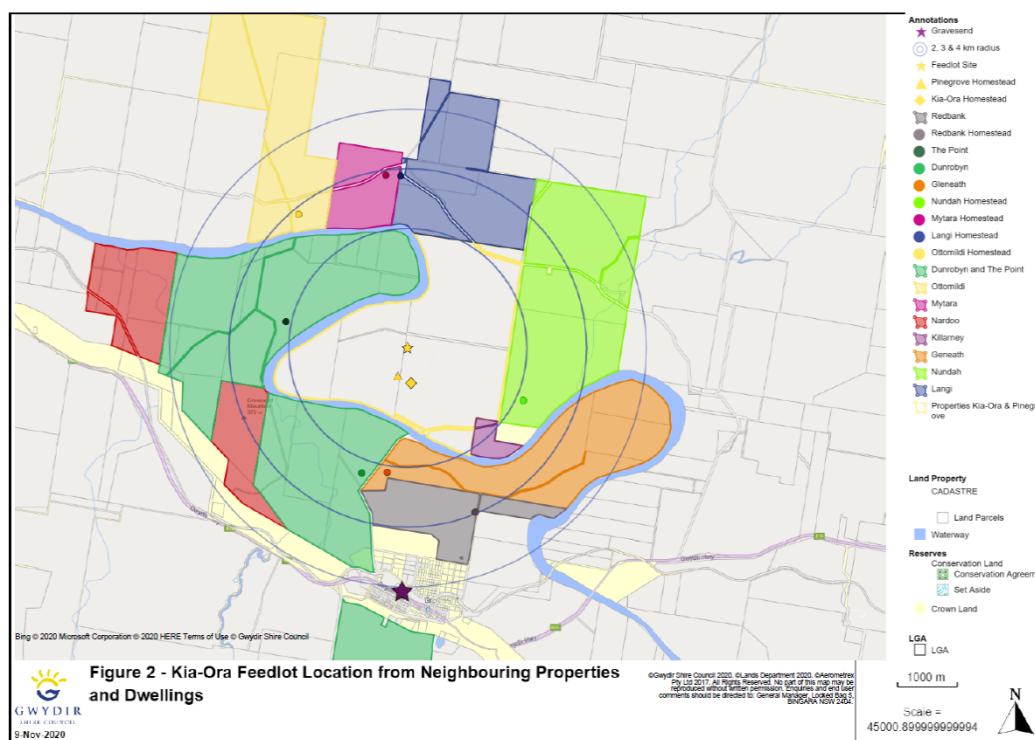
The proposed feedlot complex will be located approximately 3-4 kilometres north of the village of Gravesend, along the Eden Forest Road located north of the Gwydir Highway. The proposed feedlot complex is located within an agricultural dominant landscape and will cover an approximate area of 10 hectares (8-9 hectares of which consists of existing infrastructure) with approximately 340 hectares available for the disposal of manure and effluent.

The holding is currently occupied by two homesteads, an existing drought feeding operation, several sheds, silos, water tanks, dams, yards, and other associated structures. The property has been previously cleared of most vegetation to facilitate existing cropping and extensive grazing operations which occurs in the flatter regions of the property towards the Gwydir River, whilst the hilly regions further to the north, south and east of the proposed development retain native vegetation due to the steep, inaccessible nature of the terrain. Remnant riparian vegetation in relatively good condition forms a connected habitat corridor along the Gwydir River.

The subject land consists of undulating slopes ranging from 2-5%, surrounded on three sides (north, south, and west) by the Gwydir River. The feedlot site lies atop of a ridge, with soils consisting of a red/brown gravelly clay, derived from sandstone parent material. Soils in the cropped areas of the property consist mainly of brown and grey clays and are considered highly productive in optimum rainfall conditions. The soils are not identified as having salinity or acid sulphate issues.

Surrounding land uses

The properties 'Kia-Ora' and 'Pinegrove' are bounded by the properties 'Mytara' and 'Langi' to the north, 'Ottomildi' to the northwest, 'The Point' to the west, northwest, 'Dunrobyn' to the south, southwest, 'Gleneath' to the south, 'Redbank' to southeast and 'Nundah' to the east, southeast. All of which primarily engage in grazing and cropping operations. Figure 2 below depicts the location of the proposed feedlot within the predominantly rural setting. The property is also bordered by Eden Forest Road to the north, an unsealed public road.



In addition to the surrounding properties cropping and grazing operations they also have a homestead and associated structures located on them. Their location in relation to the proposed feedlot is shown in Figure 2 above and given in Table 1 below.

The closest dwelling-houses on adjoining properties not associated with the proposed development are located approximately 2000 metres east-southeast, south, south-southwest and west-northwest of the development site on the properties 'Nundah', 'Gleneath', 'Dunrobyn' and 'The Point'.

Receptor	Property Name	Direction from feedlot	Approx. Distance from Feedlot (m)
1	Gleneath	south	2,010
2	The Point	west, northwest	2,000
3	Dunrobyn	south, southwest	2,130
4	Nundah	east, southeast	2,130
5	Ottomildi	northwest	2,820
6	Redbank	southeast	2,900
-	Mylara	north	2,800
-	Langi	north	2,830
-	Gravesend	south	3,438

Table 1 Location of adjoining and nearby properties

CONSULTATION

Public consultation, referrals and submissions

The application was notified, in accordance with Section 3 of the Gwydir Shire Council Community Participation Plan 2019 as detailed in the following table.

The public consultation included:

- Notification of nearby and potentially affected landholders and residents, and placement of signs at the site during the exhibition period;
- Consultation with internal departments and the EPA through correspondence.

Notification Type: Type B	<ul style="list-style-type: none"> • Notification via letters of owners of all adjoining and surrounding properties and any other individual, organisations and/or public authorities likely to have an interest in the proposed development; and • Advertisement in the local newspaper/s. • Exhibition on proposed development on Council's websites and may also be exhibited at Council's Officers.
Notifications:	
Landowners/Occupiers	Adjacent/adjoining land owners were notified in writing - submission period of 21 days.
Exhibition period	Website and Officers - 21 days
Advertising in Local Newspaper	Gwydir Newspaper – 21 days
Referrals/Concurrences & Comments:	
Sent to for Comment	<ul style="list-style-type: none"> • NSW Environment & Protection Authority; • Roads and Maritime Services; • Department of Primary Industries - Agriculture; • Department of Planning Industries and Environment - Biodiversity, Conservation and Science Directorate; • National Parks and Wildlife Services; • Office of Environment & Heritage; • Water NSW.
Internal consultations	Council's Technical Services Department
Other	Nil
Submissions received:	
Public Submissions received	2 submission was received, one of which was an objection. Issues are considered in section 4 of this report.
Other Submissions received	A summary of submissions is at Attachment 1.

2. THE DEVELOPMENT PROPOSAL

The main component of the applicant's proposal includes the following:

- ⇒ Use of existing grain storage/milling area;
- ⇒ Use of existing machinery and storage sheds, and silos;
- ⇒ Use of existing cattle yards for loading/unloading of cattle;
- ⇒ Use of existing harvestable right dams;
- ⇒ Use of existing water supply system;
- ⇒ Use of existing internal roads, linking pens, fenced lane-ways, feed storage area and existing cattle yards;
- ⇒ Construction 100 Tonne Grain Bunker;
- ⇒ Construction of new sediment pond (0.3ML) and effluent storage pond (4 ML);
- ⇒ Manure temporary storage pad area (950m²);
- ⇒ Effluent Disposal Area (existing crop land) of approximately 10 hectares;
- ⇒ Manure Application Area (existing cropped land on property) of approximately 340 hectares.

The proposed feedlot complex and effluent disposal area is to be designed and operated in accordance with the Meat and Livestock Australia's National Guidelines for Beef Cattle Feedlots in Australia 3rd Edition. The National Guidelines for Beef Cattle Feedlots in Australia sets standards for drainage systems, separation distances, effluent and manure utilisation and pen pad construction.

The proposed feedlot will have a maximum capacity of 999 head, consisting of 6 pens of varying sizes (see Table 2 below) which allows an average stock density of 21.5m²/head. Cattle will be fed for an average of 90 days resulting in a maximum cattle turnover of approximately 3,996 cattle/year. Stock feed will generally comprise of a mixture of cotton seed, straw, balanced grains and other feed supplements. Grain, forage and some hay are to be produced on-farm. All other cattle feed will be imported onto the site. Feed will be prepared on site using a mobile feed mixer. Proposed feedlot complex and layout is shown in Figures 3 and 4.

Pen Number	Pen Area (m²)	Average No. head/pen (21.5m²/head)
1	3,967.9	185
2	4,039.1	188
3	3,212.9	150
4	3,732.9	174
5	3,255.5	152
6	3,219.7	150
Hospital Pen	2,206.4	-

Table 2 – Pen size and average density

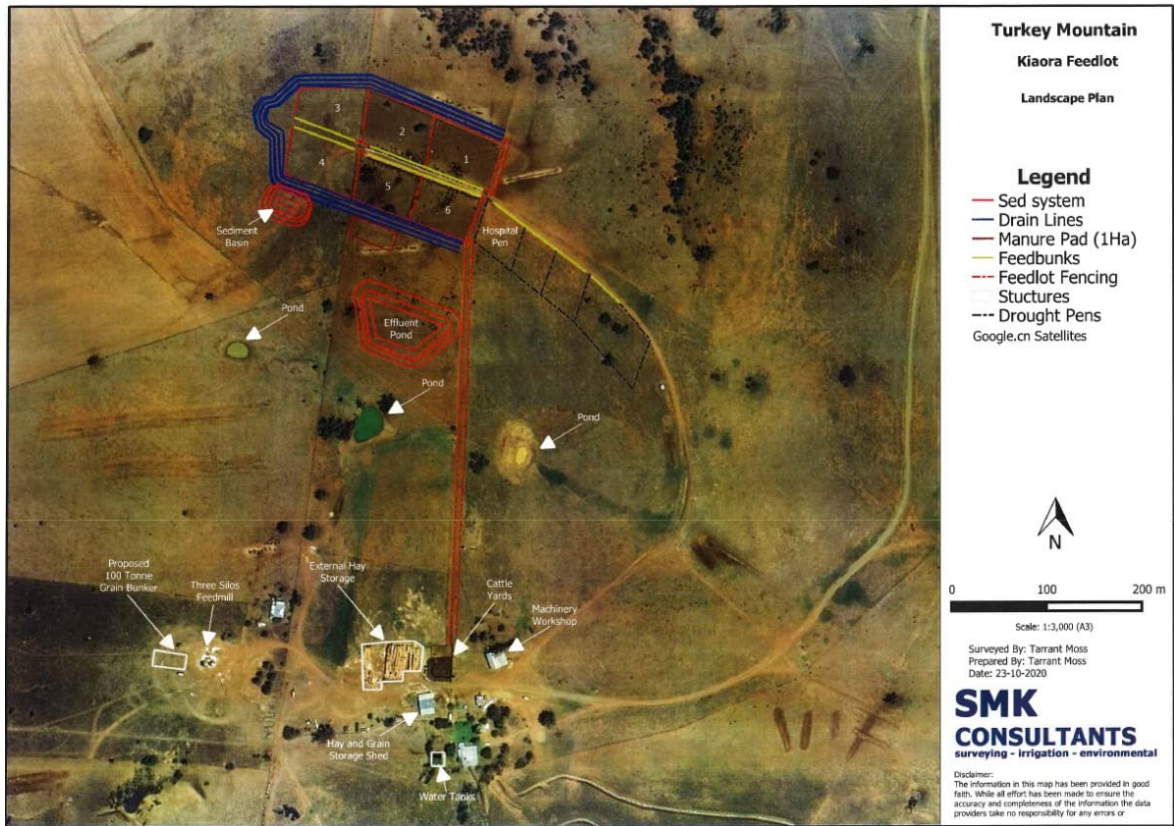


Figure 3 Proposed Feedlot Complex

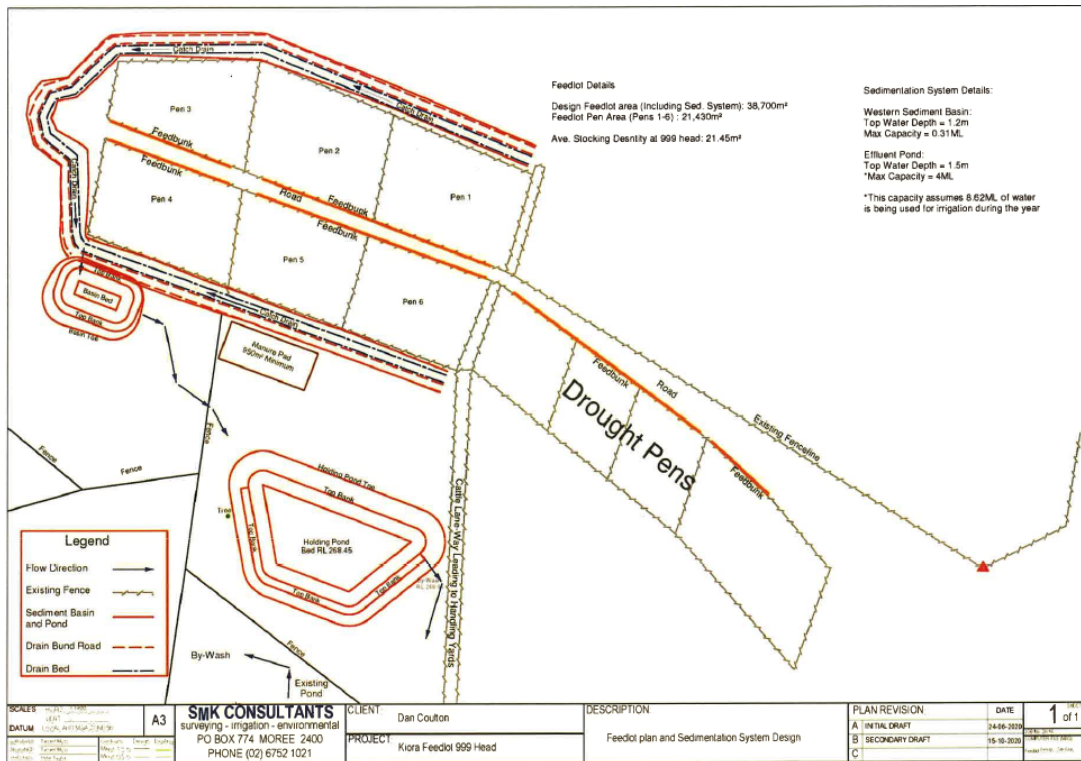


Figure 4 Proposed Feedlot Layout

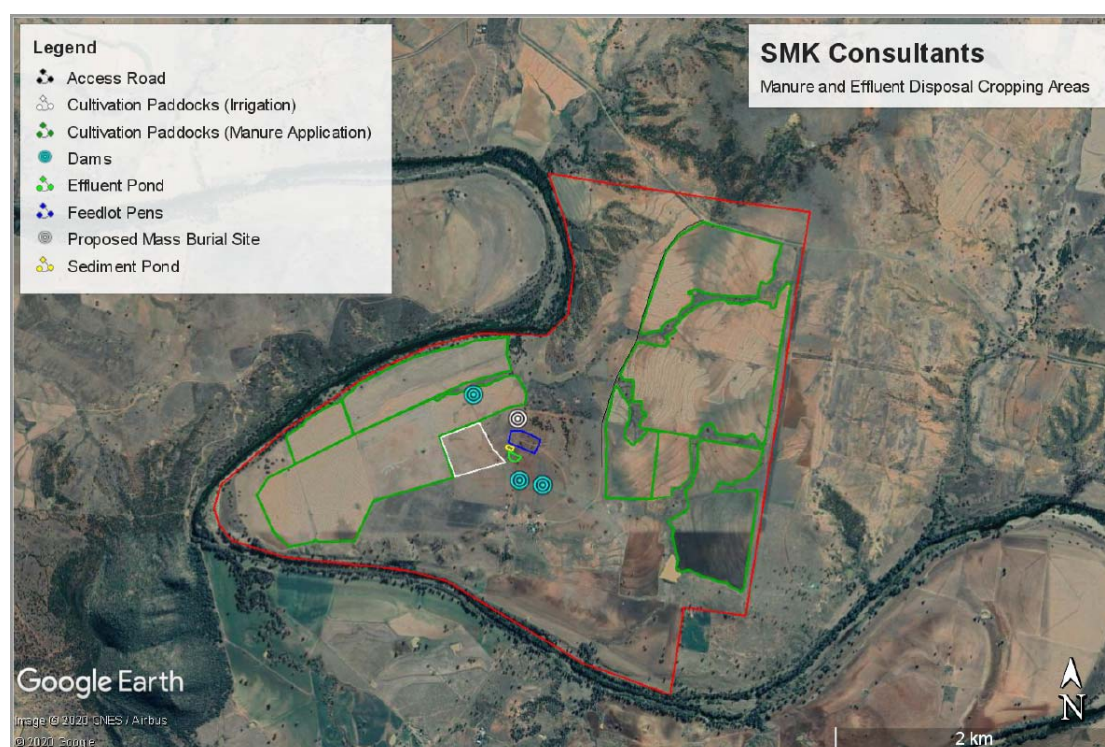


Figure 5 Aerial view of proposed Feedlot including Manure and Effluent Disposal Areas

The proposed development also intends to use manure and effluent from the feedlot to replace non-organic fertiliser. Effluent from the storage pond will be irrigated on the disposal area indicated in white on Figure 5. Any surplus effluent remaining in the pond will be lost to evaporation. Solid waste from the effluent pond and from pen cleaning is to be trucked directly, when appropriate, for use on cropped and pasture areas of 'Kia-Ora' and 'Pinegrove', in place of non-organic fertiliser. When manure cannot be directly spread on cultivations, it will be temporarily stored south of pen 5 in the area shown as Manure Pad in Figure 4. Further information on the collection, storage and use of the effluent and manure from the proposed feedlot is discussed in greater detail in Attachments 1 and 3 of this report.

An adequate water supply for the proposed feedlot will be sourced partly from the properties existing harvestable rights and from an existing 25 ML groundwater entitlement temporarily transferred from neighbouring property. It is intended that water will be pumped from onsite dams through existing infrastructure or trucked from existing storage tanks and neighbouring groundwater bore to the feedlot complex. Water to be used on the site will be maintained at a suitable quality as per the Livestock Drinking Water Guidelines (Australian and New Zealand Guidelines for Fresh and Marine Water Quality, Volume 3, 2000) Further information on the water supply from the proposed feedlot is discussed in greater detail in Attachments 1 and 3 to this report.

The proposed development will source grain, forage and some hay on farm. All other feed and supplements will be imported from the local area and region. The feedlot will store approximately 3 weeks of ration to ensure feed is always available. Cattle will be feed according to the NSW Department of

Primary Industries recommendations and Animal Welfare guidelines. Cattle in the proposed feedlot will be fed for an average of 90 days and moved via internally constructed feed lanes and roads to the existing processing facilities.

The proposed development has suitable access to Eden Forest Road, an unsealed public road maintained by Council. Eden Forest Road joins the Gwydir Highway 8.19 kilometres to the east and again via Yagobie Crossing Road approximately 11.5 kilometres to the west. It is proposed that traffic created by the proposed feedlot will travel southeast along Eden Forest Road. Traffic generated by the proposed feedlot will include heavy vehicles carrying cattle and stockfeed in, cattle out and light vehicles transporting employees, visitors and service personnel. The anticipated impact of heavy vehicle traffic generated by the proposed feedlot (operating at maximum capacity) on Eden Forest Road is estimated to be 2.5 trucks per week or one truck every three days.

Sight distances from the feedlot entrance onto Eden Forest road are in excess of 500 metres to the east and to the west, which are considered sufficient.

The proposed feedlot intends to employ two permanent staff members (one of which will be the proponent), in addition to casual employees/contractors. The proposed feedlot will also generate additional employment for truck drivers, service providers and suppliers of cattle and stockfeed.

During the construction phase of the proposed feedlot development all construction activities will be limited to between the hours of 7am-6pm Monday to Friday, 7am-1pm on Saturday, with no works to be undertaken on Sundays or Public Holidays.

Standard feedlot operating hours will be between 7am to 5pm, 7 days per week. However, the feedlot will require some flexibility to allow strategic heavy vehicle movements outside of these hours due to desirable practice of transporting cattle either at night or in the early hours of the morning during the summer for animal welfare reasons. Grain deliveries and feed movements will generally be restricted between the hours of 7am to 5pm, Monday to Friday with only minor exceptions for weekends during harvest.

Statutory Planning Considerations:

3.1 Gwydir Local Environment Plan 2013 (GLEP)

The proposed development site is located in the RU1 Primary Production zone under the GLEP. The proposed development is defined as a feedlot and is categorised as intensive livestock agriculture under the GLEP. As such is permissible development in the RU1 Primary Production zone with Council consent.

The proposed development is also compliant with all other relevant sections of the GLEP. For more detailed information regarding the above see Attachment 1 of this report.

3.2 Section 94 Development Contribution Plan No. 1 – Traffic Generating Development (DCP)

The proposed feedlot is development to which the DCP applies. As such the feedlot operation shall be required to pay a contribution to Gwydir Shire Council for the movement of trucks on Council's roads in accordance with the DCP. For more detailed information regarding the above see Attachments 1 and 2 of this report.

3.3 State Legislation

3.3.1 *Environmental Planning and Assessment Act 1979 & Environmental Planning and Assessment Regulations 2000*

Not-with-standing Council's Local Environmental Plan, the proposed cattle feedlot development may be classified as *designated development* under the provisions of Schedule 3 of the *Environmental Planning and Assessment Regulation, 2000*. As the proposal before Council will accommodate no more than 1,000 head of cattle, the feedlot proposal is not designated development.

Further, the proposal does not require approvals listed under Section 91 of the *Environmental Planning and Assessment Act, 1979* and is therefore not classified as an integrated development.

Consequently, it is determined that the proposed feedlot is local development.

3.3.2 Other State Legislation relevant to the proposed development

The proposed development is considered to be compliant with the following Acts.

For further detail see Attachment 1 of this report.

- National Parks and Wildlife Act 1974
- The Heritage Act 1977
- Biodiversity Conservation Act 2016
- Rural Fires Act 1997
- Protection of the Environment Operations Act 1997
- Water Management Act 2000

3.3.3 State Environmental Plan Polices and Development Codes (SEPP's)

The proposed development is considered to be compliant with the following relevant SEPP's. For further detail see Attachment 1 of this report.

- State Environmental Planning Policy 33 – Hazardous and Offensive Developments
- State Environmental Planning Policy 55 – Remediation of Land
- State Environmental Planning Policy (Infrastructure) 2007
- State Environmental Planning Policy (Primary Production and Rural Development) 2019
- State Environmental Planning Policy (Koala Habitat Protection) 2019

3.4 Federal Legislation

The proposed development is considered to be compliant with the following relevant Federal Legislation. For further detail see Attachment 1 of this report.

- *Environment Protection and Biodiversity Conservation Act 1999*

3.5 Site Suitability and Potential Impacts

The proposed site of the feedlot is located approximately 4 kilometres north of the village of Gravesend, in a predominantly agricultural area used for cropping and grazing. As such the proposed development will not be out of character with the surrounding area.

The proposed feedlot complex site is located along a cleared ridgeline with a slope of approximately 2 percent. In this way the feedlot is advantageously situated to capture waste runoff from the pens, divert clean water runoff around the complex and to construct waste storage ponds with minimal disturbance to the surrounding vegetation or environment. It is considered that the site is appropriate for the effective construction and operation of a feedlot.

However, the proposed site is also in close proximity to the Gwydir River (located approximately 700m north, 1000m south and 1300m east) an important regional river. Uncontrolled water shed from the feedlot to the west, southwest, south and southeast has the potential to contaminate the Gwydir River with effluent and manure sediment, as such an effective controlled drainage area will be constructed to capture and funnel all contaminated runoff from within the feedlot to the sediment and effluent pond and to direct all clean runoff around and away from the feedlot site. However, should the effluent storage pond capacity being breached or fail, contaminated runoff may still reach the rivers. In this instance, effective ground cover vegetation/crops and contours will be important mitigations measure that will slow the rate of runoff and minimise the potential contamination of the river. Similarly, runoff of irrigated waste from the feedlot on the manure and effluent disposal areas could potentially contaminate the Gwydir River if inappropriately spread prior to storm/rain events. Additionally, it would be recommended that regular water quality monitoring of the Gwydir River downstream of the feedlot and ground water be undertaken.

Other potential impacts include noise, odour, dust, vermin and flies which are generally associated with feedlot operations and affect the amenity of surrounding properties and residences. The proposed feedlot site is located outside of the necessary separation distances set by the NSW EPA guidelines with the closest residences, not associated with the development, being 2,000m from the feedlot. At this stage, the proposed feedlot management practices, adequate separation distances from sensitive receptors, existing vegetation screens and the natural terrain, are considered sufficient to mitigate noise, dust, odour or visual impacts from the proposed development. The establishment of further vegetation screens may be considered in the future should existing mitigation measure prove to be insufficient. The control of vermin and flies will be managed in accordance with the National Guidelines for Beef Cattle Feedlots in Australia and will include baiting and effective management practices.

The proposed site is not affected by flooding, bush fire, sensitive lands or is it a location for threatened species, communities or ecologies. The proposed

site is also unaffected by local or state listed Aboriginal or non-indigenous heritage or cultural significance.

Full details for this section are discussed in Attachment 1 of this report.

4. Consultation

The proposed development was notified under Gwydir Shire Council's Community Participation Plan for a period of 21 days. Council received two submissions, one objecting to the proposed development. The main concerns raised are:

1. Table 5 of Appendix 6 – Odour Assessment: use of N/A with regards to sensitive receptor R3;
2. Existing feedlot was established approximately 3 years ago for drought feed but has now evolved into a feedlot operating without approval outside of drought conditions;
3. No known advertising for the operation of the drought feeding and containment on Kiaora by Gwydir Shire Council;
4. Increase in heavy traffic on Eden Forest Road, as well as odour, dust and fly problem since the opportunity feedlot commenced
5. Impact on personal comfort and existing ambient surrounding due to noise, odour and view. As well as the negative impact on our property value;
6. On consultation undertaken by proponent or proponent's consultant prior to development of the Statement of Environmental Effects. In particular when comparing the odour assessment results to the reality of what the physical impacts are to the immediate surrounding area;
7. The potential contamination risk to the Gwydir River from the effluent run-off particularly after heavy rain.

The above issues/concerns were raised with applicant's consultant, SMK Consultants. A summary of their response is as follows:

- 1) Sensitive receptors were identified using available online mapping, namely SIX Maps and Google Earth. Nundah is not shown on this layer, likely because the available aerial imagery pre-dates the construction of the homestead. For this reason, Nundah is shown as a sensitive receptor in the Level 1 Assessment, but its property name is labelled 'Unknown'. Similarly, the receptor name is identified as 'Not Applicable' in the 'Receptor Name' column of Table 5. This may have better been termed 'Unknown', rather than 'Not Applicable' (N/A).

However, the potential odour and dust impacts of the proposed feedlot on the property 'Nundah' was assessed as part of the Level 1 Odour Assessment. Section 5 of the Odour Assessment, which analyses the results of the assessment, includes the property 'Nundah', identified as Sensitive Receptor No. 4.

- 2) The existing drought feeding pens at Kia-Ora were originally built a few years ago as a response to ongoing, severe drought conditions in the locality. At present, the applicant is still feeding cattle on an as-required basis within the existing pen infrastructure. It is now proposed

to upgrade existing infrastructure to the required standards in order to operate a 999-head feedlot at this location. This would entail the upgrade of existing pens infrastructure and the construction of a sediment and effluent pond system to capture and store runoff from the feedlot pens.

- 3) Under the Primary Production and Rural Development (2019) State Environmental Planning Policy, temporary livestock agistment or housing after emergency events (drought, fire and floods) and temporary use of stock containment areas, are exempt development. No development application was therefore required to date for the drought feeding and temporary containment of livestock at Kia-Ora.
- 4) a. Odour and Dust

A Level 1 Air Quality Impact Assessment was prepared to determine whether potential offensive odours that may be generated by the feedlot do not cause unreasonable interference to the community. The assessment concluded that proposed development could be given a “pass” under the framework of the relevant Guidelines and recommendations. The process of a Level 1 Odour assessment is based on published data agreed to by the relevant authorities including the NSW EPA. The result of the odour assessment is considered as an independent assessment of potential odours being generated from the proposal. Furthermore, the assessment demonstrated that the feedlot site is adequately separated from the closest rural resident receptors to minimise adverse odour, dust and noise impacts from the operation of the feedlot, if management standards are consistent with the recommendations.

It is also noted that the homestead on Nundah is located approximately 2.18 kilometres from the proposed feedlot location. The elevation profile between the feedlot and the homestead is included in Figure 1. It’s noted that there are two hills and a valley separating the proposed feedlot from the homestead ‘Nundah’; the valley would form significant sidewalls which would confine odour and dust movements

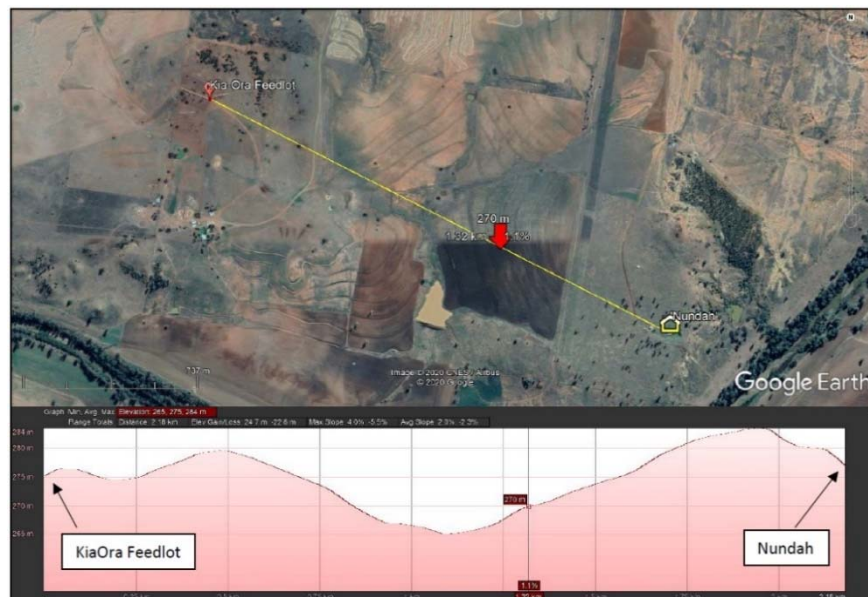


Figure 1: Elevation Profile between the Kia-Ora Feedlot and the Property 'Nundah'

The submission also requested an explanation of the term O.U. 'Odour Units'.

“The detectability of an odour is a sensory property that refers to the theoretical minimum concentration that produces an olfactory response or sensation. This point is called the ‘odour threshold’. The number of OU is the concentration of a sample divided by the odour threshold or the number of dilutions required for the sample to reach the threshold.”

Another definition of an odour unit, which is provided in ‘Odour Methodology Guideline (Department of Environmental Protection, WA, 2002), is the “Quantity of a gaseous substance or mixture of substances which, when evaporated into 1 m³, is distinguished from odourless air by half the panel members.”

b. Flies

Section 6.10 outlines the Feedlot’s ‘Vermin and Disease Control Measures-’, “Fly, mice and rat populations will be managed primarily through the Feedlot management schedule. (i.e. minimise feed wastage and spillage to reduce the likelihood of attracting vermin); and by implementing a baiting program if the vermin population reaches a nuisance level”. It is therefore considered that the implementation of a baiting program as part of the proposed feedlot would reduce the incidence of flies relative to current levels.

c. Traffic

It is natural that a development of this nature would result in an increase in traffic levels, however due to the small-scale of the project, this increase in traffic (approximately 2.5 trucks per week) is considered minor and does not present a significant concern in relation to road safety or road maintenance. In most cases, the traffic servicing the feedlot would involve a redirection of existing

truck movements in the area as the feedlot will rely upon produce from the local area when attainable.

The development is considered a traffic generating development and the Section 94 Development Contribution Plan No. 1 – ‘Traffic Generating Development’ 2011 for the Gwydir Shire is relevant to this proposal. It is expected that contribution payments may be required as a result of this proposal; these payments would go towards any maintenance works required to the Eden Forest Road.

5) Land Use Conflict

As mentioned in Point 4 above, the homestead of ‘Nundah’ is over 2 kilometres east of the proposed feedlot, and is separated from the development by two hills and a valley. As such, the homestead does not have a direct line of sight to the proposed feedlot at Kia-Ora, such that the proposal does not constitute an adverse visual impact for the property ‘Nundah’.

6) Covered in point 4 above.

7) The sediment ponds have been designed to contain runoff from a 1-in-20-year, 24-hour duration major storm event. The effluent pond has been designed based on a water balance produced to estimate the largest cumulative run-off that would occur within a month – long period during a 90-percentile wet year.

The required pond sizes are based on NSW EPA and other agency expectations of limiting the frequency of effluent overflow events to an acceptable level that would not create a significant impact on local watercourse water quality. This assumption is also based on appropriate mass filtration of an effluent pond overflow, through the use of grassed buffers and other sediment settling mechanisms. The proposed feedlot drains to the south, and the Gwydir River is located approximately 1.7 kilometres to the south of the proposal, being separated by vegetated grazing country. In the unlikely result of an overflow event, the runoff would be significantly diluted and filtered by ground cover such that wastewater overflow would not directly enter local watercourses.

The proposed development was referred internally to Council’s Technical Service Department for comment and potential impacts on Eden Forest Road.

- The use of River Road for feedlot traffic is prohibited;
- Causeways on Eden Forest Road must be widened to a minimum of 5m to Council standards with width indicators installed;
- A 200m dust seal is to be provided for any residence within 200m of Eden Forest Road; and
- A section 94 contribution of 32 cents per tonne is payable, on all truck movements, laden and unladen.
- That the “Kia-Ora” access and Eden Forest Road intersection be upgraded to Ausroad B-Double standard as necessary, at the applicant’s expense.

As the proposed feedlot is not considered to be integrated or designated the development was not formerly referred any agencies or government departments. However, the proposed feedlot was remitted to the following agencies and government department for comment.

Department/Agencies	Response to request through ePlanning Portal	Response to request outside of Portal
Water NSW	Accepted	No comment
Road and Maritime Services	Rejected	
National Parks & Wildlife Service	Rejected	See below summary
Environment Protection Authority	Rejected	
Department of Primary Industries – Agriculture	Accepted	No comment
Department of Planning Industries & Environment – Environment, Energy & Science – Biodiversity, Conservation and Science Directorate (BCS)	Rejected	See below summary

A summary of the agency's/government department's response are below:

- The SoEE provides insufficient evidence to determine whether the development meets the entry requirements of the Biodiversity Offset Scheme (BOS). While it is stated that “the BOS threshold would still not be exceeded; the threshold is equal to clearing 1 Ha of native vegetation” the SoEE fails to quantify the area of grassland that is being cleared or provide the minimum lot size associated with the property.
- It is further stated that the development is location on land that has “predominantly been cleared”, the grassland is “a mixed species composition (native, non-native and invasive) and is “classified as non-native on the NSW Sharing and Enabling Environmental Data (SEED) portal”. The SoEE fails to provide the data and evidence necessary to demonstrate the condition of the grassland to be impacted.
- BCS recommends that the proponent either provide evidence to demonstrate that the entry requirements of the BOS have not been met or that the grassland is in a condition that does not require offsetting.

A copy of the proponent's response to the above submission is found in Attachment 4 of this report. A summary of the response is noted below:

- **Biodiversity Offset Scheme**

The subject lot was assessed using the online Biodiversity Offsets Scheme Entry Tool, which determines whether any proposed clearing would be above or below the area thresholds or lies within an area mapped as having high biodiversity value. The results of the assessment tool have been included within the attached Appendix 1 and are summarised in Table 1.

Table 1: Summary of Biodiversity Values Map and Threshold Report BDAR Required

		BDAR Required
Minimum Lot Size Method	LEP	-
Minimum Lot Size	200 ha	-
Area Clearing Threshold	1 Ha	-
Area of Native Vegetation Cleared	0.16 Ha	No

The proposal feedlot construction requires the clearing of grassland habitat with low conservation values over an area of 0.16 Ha to facilitate the construction of the sediment pond. The remainder of the proposal is sited on previously cleared areas of land which are currently used as drought feeding and temporary containment pens. The area to be cleared (0.16 Ha) is therefore is well below the clearing threshold (1 Ha), therefore no further assessment in the form of a BDAR is required.

- The following description of the grassland is provided in Section 5.7 of the Statement of Environmental Effects:

“The sediment pond will be constructed in an area of disturbed, modified grassland. The footprint of the effluent pond also extends over this area of grassland, as well as on an adjacent area of cultivation. The grassland community comprises a mixture of common native, non-native and invasive species and it has been subject to extensive disturbance, evidenced by areas of bare ground and vehicular tracks associated with tracks of approximately 20% bare ground. Species present include Pignut (*Conopodium majus*), Windmill Grass (*Chloris truncata*), Prickly Pear (*Opuntia stricta*), White Clover (*Trifolium repens*), Buffel Grass (*Cenchrus ciliaris*), Plains Grass (*Austrostipa aristiglumis*), Galvanised Burr (*Sclerolaena birchii*) and Mallee Pear (*Cucumis myriocarpus*). The area of grassland is small, disjunct and has a low habitat value.”

Where appropriate conditions have been included with Council’s Schedule of Conditions, regulating, alleviating or mitigating the matters raised in the above submissions.

CONCLUSION

It is considered that the development application submitted to Council by Turkey Mountain Trading for the operation of 999 head feedlot including the use of existing pens and infrastructure, the construction of the controlled drainage area (including sediment and effluent ponds) and 100 tonne grain bunker, and disposal of effluent and manure from the feedlot on existing on-farm cropping land, satisfactorily address the:

- S.79(C) matters for consideration of the *Environmental Planning and Assessment Act, 1979*, and
- potential impacts of the proposed feedlot can either be mitigated or managed,
- proposal is generally in the public interest

Based on this assessment, it is considered that the merits of the proposal warrant development approval subject to the recommended draft conditions of consent.

The conditions take into consideration issues raised by internal and external Government Departments and public submission. Conditions of consent establish compliance controls and performance and environmental audits to mitigate the environmental impacts of the proposal to an acceptable level.

OFFICER RECOMMENDATION

THAT the report be received

FURTHER that the proposal for 999 head feedlot and associated facilities including sediment pond, effluent storage pond, water supply system, internal roads and laneways and existing infrastructure, located on the properties “Kia-Ora”, (being Lots 45 and 47, DP 751099; Lot 2, DP 590968; Lot 1, DP 651319), 819 Eden Forest Road, Gravesend and the adjoining property “Pinegrove” (Lots 59 and 76, DP 751099; Lot 1, DP 590968), 821 Eden Forest Road, Gravesend, be approved subject to the attached draft schedule of conditions.

FURTHER that the following matters are particularly addressed in the conditions:

- **That prior to construction of the proposed feedlot a construction certificate is obtained. The application should include full details of the construction of the controlled drainage area, sediment pond, effluent pond, 100 tonne grain bunker and any other associated structure.**
- **Prior to the occupation of the feedlot the applicant is to supply Council with a feedlot management plan, and**
- **That the “Kia-Ora” access and Eden Forest Road intersection be upgraded to Ausroad B-Double standard as necessary, at the applicant’s expense;**
- **That causeways on Eden Forest Road are to be upgraded to 5 metre width, with width indicators, at the applicant’s expense and to Council standards;**
- **That a 200 metre dust seal be provided for all residence within 200 metres of Eden Forest Road, at the applicant’s expense and to Council standards; and**
- **That s94 contributions be levied, at the rate of \$0.32/tonne for all trucks entering and leaving the feedlot laden or unladen, on the development in accordance with the Gwydir s94 Development Contributions Control Plan – Traffic Generating Development.**

ATTACHMENTS

- AT-** Schedule of Conditions
 - AT-** Submissions
 - AT-** Site Plans
-

Attachment 2

SCHEDULE OF CONDITIONS

PART A - GENERAL

1 Development Description

The main component of the applicant's proposal includes the following:

- Use of existing pens each with the following areas:

Pen Number	Pen Area (m ²)	Average No. head/pen (21.5m ² /head)
1	3,967.9	185
2	4,039.1	188
3	3,212.9	150
4	3,732.9	174
5	3,255.5	152
6	3,219.7	150
Hospital Pen	2,206.4	As needed

- Use of existing grain storage/milling area
- Use of existing machinery and storage sheds, and silos
- Use of existing cattle yards for loading/unloading of cattle
- Use of existing harvestable right dams
- Use of existing water supply system
- Use of existing internal roads, linking pens, cattle lane-ways, feed storage area and existing cattle yards
- Construction 100 Tonne Grain Bunker
- Construction of new sediment pond (0.3ML) and effluent storage pond (4 ML)
- Manure temporary storage pad area (950m²)
- Effluent Disposal Area (existing crop land) of approximately 10 hectares
- Manure Application Area (existing cropped land on property) of approximately 340 hectares

The feedlot is designed to be constructed in accordance with Meat & Livestock Australia's National Guidelines for Beef Cattle Feedlots in Australia, National Beef Cattle Environmental Code of Practice and Beef Cattle Feedlots: Design and Construction standards. Cattle will be fed for an average of 90 days, resulting in a maximum cattle turnover of 3,996 cattle/year.

2 Obligation to Minimize Harm to the Environment

The Applicant/Owner shall implement all practicable measures to prevent and/or minimize any harm to the environment that may result from the construction, operation, and/or rehabilitation of the development.

3 Scope of Approval

The Applicant/Owner shall carry out the development generally in accordance with:

- DA No 29/2020;
- Conditions of this Consent;
- The following Documents; and
- The feedlot shall accommodate a maximum of 1,000 head of cattle at any one time.

Submitted Item	Council's Stamp No/Date	Drawing/Job No	Drawn by	Dated
Site, Layout and Landscape Plans	29/2020 -	Sht's 3/3	SMK Consultants	October 2020
Statement of Environmental Effects	29/2020 -	999 Head Cattle Feedlot at 'Kiaora' - Booklet	SMK Consultants	September 2020
Addendum 1	29/2020 -	Statement of Environmental Effects – Feedlot Construction "Kiaora", 819 Eden Forest Road, Gravesend – Sht's 8/8	SMK Consultants	14 October 2020
Addendum 2	29/2020 -	Feedlot Construction "Kiaora", 819 Eden Forest Road, Gravesend – Sht's 11/11	SMK Consultants	29 October 2020

- 4 If there is any inconsistency between the above, the conditions of this consent shall prevail to the extent of the inconsistency.
- 5 The Applicant/Owner shall comply with any reasonable requirement/s of the Environmental Services Manager or authorized Officer of Council arising from the Council's assessment of:
- a) Any reports, plans or correspondence that are submitted by the Applicant/Owner in accordance with this consent; and
 - b) The implementation of any actions or measures contained in these reports, plans or correspondence.
- 6 **Prescribed Conditions**
- a. The proponent will obtain all necessary approvals required by State and Commonwealth legislation in undertaking the project.
 - b. The proponent will comply with the requirements of the NSW Department of Primary Industries Guidelines, Meat & Livestock Australia's National Guidelines for Beef Cattle Feedlots in Australia (3rd Edition), National Beef Cattle Feedlot Environmental Code of Practice (2nd Edition), Beef Cattle feedlots: Design and Construction standards (August 2016), EPA's Technical Notes on Odour and Noised, Australian Animal Welfare Standards and Guidelines for Cattle and the Department of Environment and Conservation (NSW) Environmental Guidelines – Use of Effluent by Irrigation.
 - c. The proponent will continue to liaise with the local community and Gwydir Shire Council during the development's construction and operation.
 - d. The Applicant shall carry out the development in a way that prevents and/or minimises the impacts of the development to the environment, surrounding properties and the community.
- 7 **Advisory Note 1**
- The applicant is advised that prior to construction of the approved development it is necessary to obtain a **Construction Certificate**. A Construction certificate may be issued either by a Council or an approved accredited certifier. A separate application, complete with detailed plans and specifications of the pens, sediment pond, effluent storage, internal roads and feed lanes, and any other excavations or earthworks, must be made for a Construction certificate.

8 Heritage and Archaeology

Impact of Works – Aboriginal Relics

If any Aboriginal archaeological relics are found or uncovered during the course of the work, then all works shall cease immediately in that area and the applicant shall contact the Department of Environment Climate Change and Water and Council. Depending on the possible significance of the relics, an archaeological assessment and an excavation permit under the *National Parks & Wildlife Act 1974* may be required before further works can be considered in that area. The applicant shall comply with any request made by the Department of Environment Climate Change and Water and/or Council to cease work for the purposes of archaeological recording.

a. **Heritage Removal Permit**

An Aboriginal Heritage Impact Permit Application must be lodged with and approved by the Office of Environment and Heritage prior to the disturbance or removal of any stone artefacts identified adjacent to the proposed feedlot site.

9 Protection of Public Infrastructure

The Applicant/Owner shall:

- a) Repair, or pay the full costs associated with repairing any public infrastructure that is damaged by the development; and
- b) Relocate, or pay the full costs associated with relocating any public infrastructure that needs to be relocated as a result of the development.

10 Operation of Plant and Equipment

The Applicant/Owner shall ensure that all plant and equipment at the site, vehicles, or used in connection with the development are:

- a) Maintained in a state of sound mechanical repair; and
- b) Operated in a proper and efficient manner

11 Compliance

Prior to commencement of any excavation work, the Applicant/Owner shall contact Council to verify that the Applicant/Owner has complied with the relevant conditions of this consent.

- a. The Applicant/Owner shall ensure that at all times, its employees or sub-contractors comply with the conditions of the Development consent.

12 Workcover

The Applicant/Owner's attention is drawn to the Workcover Authority's requirements under the Factories, Shops and Industries Act 1962, particularly in respect to amenities. It is recommended that the Workcover Authority be consulted to ensure requirements will be complied with prior to lodgement of any application for a Construction Certificate.

13 Compliance with Conditions

The use or occupation of the approved development shall not commence until such time as all conditions of this development consent have been complied with. The use or occupation of the development prior to the compliance with all conditions of development consent may make the applicant/developer liable to legal proceedings.

14 Feedlot Design

- a. The applicant shall ensure the design, construction and operation of the feedlot is in accordance with the Meat & Livestock Australia's National Guidelines for Beef Cattle Feedlots in Australia (3rd Edition), National Beef

Cattle Feedlot Environmental Code of Practice (2nd Edition) and Beef Cattle feedlots: Design and Construction standards (August 2016).

- b. All works subject to an approval shall be constructed, maintained and operated so as to ensure public safety and prevent possible damage to any public or private property.

15 Change of Building Use

Any change of use/classification in relation to the use of the existing buildings shall not be made until approval in writing by this Council is first obtained.

16 Utilities

All adjustments to existing utility services made necessary by the development are to be undertaken by the developer at no cost to Council.

17 Stockpiling of Manure

Manure may be stockpiled onsite in the short term, no more than 3 months.

The location of the stockpile site shall be located within the controlled drainage area and provided to Council as a part of the Feedlot Management Plan. The stockpile site shall have an impermeable floor and be maintained in long low mounds so as to minimise erosion by wind and water.

18 Feedlot Management Plan

Prior to the occupation of the feedlot the applicant is to supply Council with a Feedlot Management Plan detailing the feedlot operation (including such operations as pen cleaning schedule, pond maintenance and vermin control programs etc), and specify how monitoring and reporting requirements will be complied with.

PART A - PLANNING

1 Section 94 Plan – Traffic Generating Development

The feedlot operator shall pay a contribution of 32 cents per tonne, for all trucks entering and exiting the feedlot site (laden or unladen), to the Gwydir Shire Council for the movement of trucks on Council's roads in accordance with Council's Section 94 Plan – Traffic Generating Development. The contribution shall increase, on a yearly basis, in line with the CPI as required by Council's s94 Contribution Plan – Traffic Generating Development.

2 Section 94 Plan – Payment Period

Feedlot number declarations are to be received and s94 contributions paid within 30 days from the end of each quarter. Further that the quarterly Feedlot number declarations be audited annually, and the auditor's verification be supplied to Council within 60 days after the end of the financial year.

- 3** The applicant/owner shall ensure that the operation and use of the property comply with the current LEP definition of an intensive livestock keeping establishment, namely.

4 Eden Forest Road – Kia-Ora Access Intersection

The "Kia-Ora" access and Eden Forest Road intersection be upgraded to Ausroad B-Double standards, at the applicant's expense.

5 Road Works to be Undertaken – Eden Forest Road

- a) the widening of the causeways on Eden Forest Road to a minimum of 5 metres with width indicators installed. These upgrades are to be to Council standards and at the applicant's expense;
- b) Provision of a 200-metre dust seal for any residence within 200 metres of Eden Forest Road. These upgrades are to be to Council standards and at the applicant's expense.

6 River Road

The use of River Road for feedlot traffic is prohibited.

7 Traffic & Transport

Vehicular Parking and Manoeuvring

- a. Any vehicles or plant owned or operated by the occupants of the premises in connection with the conduct of their business are to be parked within the confines of the site in spaces designated on the submitted plans or as otherwise provided in accordance with the conditions of this consent.
- a. All vehicular movement to and from the site onto Eden Forest Road shall be in a forward direction.

8 Access to Site

- a. Main access to the site must be off Eden Forest Road.
- b. The intersection of the property access and Eden Forest Road is to be upgraded to B-Double standard at the developer's expense. Engineered plans are to be supplied to Council's Technical Services Department, prior to work commencing, to confirm design.

9 Threatened Species Mitigation

To protect remnant vegetation and existing habitat values for flora and fauna within the area, the following mitigation would be required;

- 1) Feedlot design, construction and management must be consistent with best management practices outlined in the Meat & Livestock Australia's National Guidelines for Beef Cattle Feedlots in Australia (3rd Edition), National Beef Cattle Feedlot Environmental Code of Practice (2nd Edition), Beef Cattle feedlots: Design and Construction standards (August 2016).
- 2) Feedlot effluent irrigation and manure application must only occur on existing cultivated land as shown in Figure 5: '*Proposed Effluent and Manure Disposal Areas at Kiaora*', of the document "*Statement of Environmental Effects, 999 Head Cattle Feedlot at 'Kiaora'*" by the SMK Consultants dated September 2020.
- 3) The following buffers must be maintained;
 - (a) A minimum distance of 25m between the feedlot and /or effluent/manure spreading and the edge of remnant vegetation patches. For remnants the grassy groundcover the edge is defined by the outer most grass tussocks, while for any wooded vegetation the

predominantly bare ground this edge is defined by the outside edge of the canopy of the outermost trees.

- (b) A minimum distance of 50m between environmentally sensitive areas and effluent/manure spreading including:
 - (i) Gwydir River;
 - (ii) the edge of any of remnant vegetation.
- 4) Effluent must be spread using a travelling irrigator and application rates must not exceed soil infiltrations rates.
- 5) A manure spreader must be used to spread organic solids to ensure solids are evenly spread over cropping areas.
- 6) Soil testing must be undertaken prior to any spreading of effluent and/or manure to establish a baseline soil nutrient / organic matter / chemical status within;
 - (a) cultivation areas
 - (b) remnant vegetation patches within 50m of the Gwydir River.
- 7) Soul/crop nutrient balances must be determined for cultivation areas [refer 6) above] to ensure spreading rates do not exceed soil nutrient storage capacity and crop utilisation.
- 8) Areas identified in 6) above must be re-sampled prior to any subsequent applications of effluent and /or manure to ensure no build- up of nutrients, contaminants and /or salts within the soil profile.
- 9) Should soil testing show an unacceptable change in the soil nutrient /chemical/salt levels then all effluent/manure spreading must cease on affected or adjoining cultivation areas.

10 Stormwater System and Sediment/Holding Ponds

No tail water drainage is to be discharged into or onto:

- Any adjoining public or Crown road
- Any other person's land
- Any Crown owned land
- Any river, creek or watercourse, including the Gwydir River
- Any ground water aquifer
- Any area of remnant native vegetation

11 Waste Disposal

- a. All waste shall be disposed on-site in a manner, which will not impact on the surrounding environment or the amenity of the area.
- b. No waste or other material shall be taken from the property for further processing or stockpiling without the prior approval of Council.

- 12 All works involving soil or vegetation disturbance shall be undertaken with adequate measures to prevent soil erosion and the entry of sediments into any river, lake, water body, and wetland or groundwater system.

13 Disposal of Solids/Manure

- a)
 - i) solid waste shall not be spread within 100 metres of a bore site;
 - ii) solid waste shall not be spread within 50 metres of the high bank of a watercourse
 - iii) solid waste shall not be spread within 100 metres of any property boundary and/or an occupiable premise on an adjoining property
 - iv) solid waste shall not be spread within 25 metres of a public road

b) **Timing**

Spreading of solid waste shall be restricted during months of December to February due to increased likelihood of receiving intense summer storms.

c) **Slopes**

Slopes in excess of 8% avoided unless composted solid waste is incorporated into soils as soon as possible after spreading and the area is protected by structural soil erosion control measures (e.g. graded bank).

d) **Manure and Other Pen Material**

Manure/Pen scrapings shall be stored for short periods of time in the area marked as "Manure Pad" on Figure 1: "*Updated Proposed Development Layout, showing new Effluent Pond Location*" by SMK Consultants dated 15 October 2020.

Note: The stockpiling or composting of manure onsite does not form part of this consent.

14 Soil – Erosion and Sediment Control

- a) Any topsoil taken from pen sites (new) and excavated areas shall be removed and stockpiled for later rehabilitation work.
- b) All batters shall be a minimum of 4 (h):1(v) re-topsoiled, seed and fertilised immediately on completion. Suitable species to use around sheds and feedlot area are lower growing perennial grass.
- c) All drains shall be established at a non-erodible grade and revegetated by re-topsoiling, seeding and fertilising immediately on completion.
- d) Disposal of run-off from the Development site shall occur at well-vegetated areas.

15 Watercourse Management

All works shall be constructed outside of 40 metres from the Gwydir River.

16 Groundwater Management

- 1. Baseline groundwater quality data shall be established prior to use of the feedlot and the impact of the development should be assessed against the minimum harm criteria of the Aquifer Interference Policy.
- 2. A groundwater monitoring (in particular the quality) and mitigation plan shall be developed in consultation with DPI – Water and submitted to Council, prior to

use of the feedlot. The monitoring bores shall be drilled to a depth where they intercept groundwater, so groundwater can be monitored, baseline groundwater quality data can be established, and the impact of the development can be assessed against Level 1 criteria of the Aquifer Interference Policy. It is also recommended the proponent use existing bores that intercept groundwater within the property as well.

17 Concentration Limits

For each discharge point or utilisation area specified in the table/s below, the concentration of a pollutant discharge at that point, or applied to that area, must not exceed the concentrations limits specified for that pollutant in the table.

Where a pH quality limit is specified in the Table, the specified percentage of samples must be within the specified ranges.

To avoid any doubt, this condition does not authorise the discharge or emission of any other pollutants.

17.1 Air

Point: all air discharges

Pollutant
Limits as specified in the Protection of the Environment Operations (Clean Air) Regulation 2010 (or as amended)

17.2 Volume and mass limits

The volume/mass of cattle must not exceed the volume/mass limit specified in the table below.

Total number of cattle in the feedlot pens on the premises

Volume Limit	Units of measure	Volume/Mass limit
Total number of cattle in the feedlot pens on the premises	Number of cattle	Maximum 999 cattle
Stocking density of cattle within the feedlot pens	m ² /head	Minimum 21.5m ² /head

Note: The above stocking density limit is based on the minimum separation distance to prevent odour nuisance from a Class 2 Feedlot to a residence located 1km from the site. This limit may be modified if the applicant can provide more detailed information that includes the exact distance to the nearest receptor, the frequency of winds towards this receptor, and justification of a higher feedlot classification.

17.3 Discharge Points and Utilisation Area

For each discharge point or utilisation area specified below (by a point number), the volume/mass of liquids discharged to water, or solids or liquids applied to the area, must not exceed the volume/mass limit specified for that discharge point or area.

For the point/s identified below, no discharge to waters is permitted unless the specified volume of runoff or flow is exceeded or the condition met.

Point/s	Specified volume of runoff or flow
Overflow points from the holding pond servicing	Either:

<p>the 'controlled drainage area'.</p> <p>For the purpose of these general terms of approval, the 'controlled drainage area' consists of the feedlot pens, manure storage area, and grassed drainage area for the feedlot development.</p>	<p>the runoff volume from the 'controlled drainage area' draining to the effluent holding pond/s and wet weather storage pond/s 1 in 20 year, 24 hour storm event, using volumetric runoff coefficients of 0.8 for the feedlot pens, roadways and other hard stand areas and 0.4 for grassed areas within the controlled drainage area;</p> <p>Or;</p> <p>the runoff volume from the controlled drainage area in a 90 percentile wet year determined from a water balance, calculated using; no longer than average monthly evaporation losses from the ponds, monthly withdrawals for irrigation, daily (or weekly) input data and using volumetric runoff coefficients of 0.4;</p> <p>whichever is greater.</p> <p><i>Note: Calculations for the water balance must reflect actual irrigation scheduling suited to the soils, cropping regime and local climate including all input and effluent draw off) rather than follow a simple theoretical moisture deficit irrigation regime.</i></p>
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For the purposes of these general terms of approval, data from the current "Australian Rainfall and Runoff", The Australian Institution of Engineers and rainfall data from the Australian Bureau of Meteorology for the Premises is to be used to calculate the volume of run-off from a 1 in 20 year, 24 hour storm event and a 90 percentile wet year.

17.4 Waste

The applicant must not cause, permit or allow any waste generated outside the premises to be received at the premises for storage, treatment, processing, reprocessing or disposal or any waste generated at the premises to be disposed of at the premises, except as expressly detailed as part of the development approval or as otherwise amended by the conditions of this consent.

17.5 Noise Limits

The Applicant/Owner shall ensure that the noise generated by the development does not exceed the following limits at any privately-owned land.

Noise Limits

Day ^{L_{Aeq(15 minute)}}	Evening	Night
48 dB(A)	45	40

Notes:

- a) *Noise from the development is to be measured at the most affected point on or within the residential boundary, or at the most affected point within 30 metres of a dwelling (rural situations) where the dwelling is more than 30 metres from the boundary, to determine compliance with the ^{L_{Aeq(15 minutes)}} noise limits (ie the equivalent continuous noise level when measured over a 15 minute period) in the above table. 5dBA must be added to the above limits if the noise is substantially tonal or impulsive in character.*
- b) *If it can be demonstrated that direct measurement of noise from the development is impractical, the Council may accept alternative means of determining compliance (see Chapter 11 of the NSW Industrial Noise Policy – EPA, 2000). The modification factors in Section 4 of the NSW Industrial*

Noise Policy shall also be applied to the measured noise levels where applicable.

- c) The noise emission limits identified in the above table apply under meteorological conditions of:
- Wind speeds of up to 3m/s at 10 metres above ground level, and
 - Temperature inversion conditions of up to 3°C/100m.
- d) Noise impacts that may be enhanced by temperature inversions must be addressed by quantifying the enhanced impacts and developing and implementing measures to ameliorate the impacts.

$L_{Aeq(15\text{ minute})}$ is the equivalent continuous noise level – the level of noise equivalent of the energy-average of noise levels occurring when measured over a 15-minute period.

Note: Noise measurement

For the purpose of noise measures required for this condition, the L_{Aeq} noise level must be measured or computed at any point within 30 metres of any residential or other noise sensitive receiver over a period of 15 minutes using “FAST” response on the sound level meter.

For the purpose of the noise criteria for this condition, 5 dB(A) must be added to the measured level if the noise is substantially tonal or impulsive in character. The location or point of impact can be different for each development, for example at the closest residential receiver or at the closest boundary of the development. Measurement locations can be:

1 metre from the facade of the residence for night time assessment;

at the residential boundary;

30 metres from the residence (rural situations) where boundary is more than 30 metres from residence.

The noise emission limits identified in paragraph 1 of this condition apply for prevailing meteorological conditions (winds up to 3m/s), except under conditions of temperature inversions. Noise impacts that may be enhanced by temperature inversions must be addressed by:

- documenting noise complaints received to identify any higher level of impacts or patterns of temperature inversions;
- where levels of noise complaints indicate a higher level of impact then actions to quantify and ameliorate any enhanced impacts under temperature inversions conditions should be developed and implemented.

18 Potentially offensive odour

The applicant must not cause or permit the emission of offensive odours from the premises, as defined under Section 129 of the Protection of the Environment Operations Act 1997.

Note: Section 129 of the Protection of the Environment Operations Act 1997, provides that the applicant must not cause or permit the emission of any offensive odour from the premises but provides a defence if the emission is identified in the relevant environment protection licence as a potentially offensive odour and the odour was emitted in accordance with the conditions of a licence directed at minimising odour.

- 19 A ground water monitoring program must be developed and implemented prior to the construction of the feedlot.
- a. At least one effective monitoring bore be constructed on the down-gradient side of the holding pond, with the necessary consent of NSW Office of Water. The monitoring bores must intercept groundwater to provide adequate information on contamination. Monitoring bores in a dry hole are not considered useful in indicating if leakage is occurring from the holding pond. That is, if leakage from the pond is in a vertical direction until reaching the shallowest aquifer and then spreading laterally down gradient, the 'early warning indicator' being a dry hole will not identify this spread of contamination. Therefore all monitoring bores will need to intercept groundwater to provide adequate information on groundwater contamination.
 - b. A ground water mitigation program must be outlined in the event that unacceptable levels of contamination are identified.
- 20 Provide approved type of shade for sick animals in hospital pen(s)
- Conduct a risk analysis using ALFA Risk Assessment Program for the feedlot site using the standard "fat black steer" as a model –
- a) If the calculated "**Over-all Risk**" for the "**extreme risk probability**" of heat stress due to an "**event duration**" of **3 or more days**, is "**less than 1/decade**".
 - No further requirement;
 - Recommend following the principles outlined in MLA NSW and National guidelines for managing animals during summer
 - Recommend membership of National Feedlot Accreditation Scheme (NFAS) to encourage best practice
 - b) if calculated "**Over-all Risk**" for the "**extreme risk probability**" of heat stress due to an "**event duration**" of **3 or more days** is "**1/decade**", or greater feedlots must have a "Summer Action Plan (SAP)" in place:
 - Must follow NFAS standards and become a member of NFAS;
 - Non-member of NFAS required to meet conditions during Dec-Feb to keep probability less than once/decade.
- Either through:
- Approved "Summer Action Plan (SAP)" developed with the NSW DPI Livestock Officer (Beef Feedlots) Jeffrey House using the ALFA/MLA RAP software to design suitable mitigations measures (breed, water, shade, pen cleaning etc) for implementation.
- Or
- Approved shade required in all pens
- Note:
- RAP software available at www.katestone.com.au/mla
 - Use climatic data from nearest appropriate centre
 - "Flat black steer" is Black, British breed (Bos Taurus), condition score 4, no access to shade, healthy and in a class 3 feedlot.

- “Approved shade” to a minimum of 3 sq metres per head, design and aspect to conform to recommendations published by MLA.
- Limit of acceptable risk based on probability of an extreme event of 3 days, less than once per decade.

21 Operating Conditions

21.1 Dust

- a. Activities occurring at the premises must be carried out in a manner that will minimise emissions of dust from the premises.
- b. The developer shall take appropriate measures to assist in the mitigation of potential dust nuisance which may arise including from vehicular movements on the subject site.

21.2 Maintenance of holding ponds

- a. The holding ponds must be maintained to ensure that sedimentation does not reduce their capacity by more than 20% of the design capacity.
- b. All effluent holding ponds/evaporation ponds and associated drains must be maintained to prevent infiltration.

21.3 Maintenance of feedlot pens

- a. The feedlot pen surface must be maintained to prevent infiltration.
- b. The manure pad depth:
 - does not exceed 50mm above the interface layer;
 - is left intact during pack removal; and
 - is left in a smooth, durable and uniform state following pack removal.
- c. No pen has a slope less than 3% or drains into another pen.
- d.
 - i) All feed trough, water trough and bin aprons slope away from the trough and bin to facilitate drainage; and
 - ii) water trough drains are constructed so that wash water is always discharged outside the pens.
- e. Under-fence cleaning is carried out at least monthly.
- f. Wet patches are eliminated at least weekly.
- g. Potholes are repaired at least weekly.

21.4 Solids storage

- a. Solids must be stored on an impermeable pad within the controlled drainage area.
- b. Manure with moisture content of greater than 35% is not placed in the main stockpiles.

21.5 Management of Utilisation Areas

- a. The quantity of effluent/solids applied to the utilisation area/s must not exceed the capacity of the area to effectively utilise the effluent/solids.

- b. For the purpose of this condition, 'effectively utilise' include the use of the effluent/solids for pasture or crop production, as well as the ability of the soil to absorb the nutrient, salt, hydraulic load and organic material.

21.6 Carcass Disposal

Carcass disposal pits must be shaped to prevent inflow of surface runoff and must be suitably lined to prevent infiltration.

21.7 Controlled Drainage Area

- a. A controlled drainage area (CDA) must prevent 'clean' runoff entering the site and collects all 'contaminated' runoff.
- b. For the purpose of this condition the CDA must include the feedlot pen areas, unloading and processing yards, hospital pens, cattle lanes, and the solids stockpile areas.

21.8 Activities must be carried out in a competent manner

Development activities must be carried out in a competent manner.

This includes:-

- processing, handling, movement and storage of materials and substances used to carry out the activity; and
- the treatment, storage, processing, reprocessing, transport and disposal of waste generated by the activity.

21.9 Maintenance of plant and equipment

All plant and equipment installed at the premises or used in connection with the licensed activity;

- must be maintained in a proper and efficient condition; and
- must be operated in a proper and efficient manner.

21.10 Spreading of Manure

- a. Manure spreading is:
 - not conducted one day before, or during weekends and public holidays; and
 - only conducted when conditions are favourable to dispersion.
- b. Manure is incorporated into cultivation as soon as practicable after spreading.

21.11 Feed Spillage

Feed residues and spilt feed are removed at least weekly.

21.12 Control of Vermin and Flies

Fly, mice and other vermin shall be controlled via the implementation of effective baiting programs and shall operate continuously from the commencement of the feedlot.

Details of the fly, mice and other vermin control program shall form part of the Feedlot Management Plan to be presented to Council prior to the issue of Occupation Certificate.

22 Monitoring and Recording Conditions

22.1 Monitoring records

Any monitoring required to be conducted by the conditions of consent in relation to the development must be recorded and retained as set out in the following 2 paragraphs.

- a. All records required to be kept by these conditions must be:
 - in a legible form, or in a form that can readily be reduced to a legible form;
 - kept for at least 4 years after the monitoring or event to which they relate took place; and
 - produced in a legible form to any authorised officer of Council and the EPA who asks to see them.
- b. The following records must be kept in respect of any samples required to be collected, the date/s on which the sample was taken;
 - the time/s at which the sample was collected;
 - the point at which the sample was taken; and
 - the name of the person who collected the sample.

22.2 Requirement to monitor concentration of pollutants discharged

- a. For each monitoring/discharge point or utilisation area specified below (by a point number), the applicant must monitor (by sampling or obtaining results by analysis) the concentration of each pollutant specified in Column 1. The applicant must use the sampling method, units of measure, and sample at the frequency, specified opposite in the other columns:
- b. **Point/s – overflow points on effluent holding and sedimentation pond/s**

Pollutant	Units of measure	Frequency	Sampling Method
Total Kjeldahl Nitrogen	mg/L	Each overflow event	Representative sample
Nitrate + Nitrite	mg/L	Each overflow event	Representative sample
Ammonia Nitrogen	mg/L	Each overflow event	Representative sample
Total Phosphorus	mg/L	Each overflow event	Representative sample
Reactive Phosphorus	mg/L	Each overflow event	Representative sample

Conductivity	uS/cm	Each overflow event	In situ
PH	pH	Each overflow event	In situ
Total Suspended Solids	mg/L	Each overflow event	Representative sample

Note: The frequency of monitoring and the pollutant/s to be monitored may be varied by Council once the variability of the water quality is established.

c. **Point/s – groundwater in effluent utilisation area and below effluent holding ponds.**

Pollutant	Units of measure	Frequency	Sampling Method
Total Nitrogen	mg/L	Establish background then every 6 months	Representative sample
Nitrate Nitrogen	mg/L	Establish background then every 6 months	Representative sample
Total Phosphorus	mg/L	Establish background then every 6 months	Representative sample
Conductivity	uS/cm	Establish background then every 6 months	In situ
PH	pH	Establish background then every 6 months	In situ
Reactive Phosphorus	mg/L	Establish background then every 6 months	Representative sample
Standing Water Level	Meters	Establish background then every 3 months	In situ
Ammonia N	mg/L	Establish background then every 6 months	Representative sample
E Coli	mg/L	Establish background then every 6 months	Representative sample
TKN	mg/L	Establish background then every 6 months	Representative sample

Final location of groundwater monitoring points and groundwater monitoring program is to be approved by Council.

Note: The frequency of monitoring and the pollutant/s to be monitored may be varied by Council once the variability of the groundwater quality is established.

d. **Point/s – Gwydir River down stream of the feedlot location.**

Pollutant	Units of measure	Frequency	Sampling Method
Total Nitrogen	mg/L	Establish background	Representative sample

		then every 6 months	
Nitrate Nitrogen	mg/L	Establish background then every 6 months	Representative sample
Total Phosphorus	mg/L	Establish background then every 6 months	Representative sample
Conductivity	uS/cm	Establish background then every 6 months	In situ
PH	pH	Establish background then every 6 months	In situ
Reactive Phosphorus	mg/L	Establish background then every 6 months	Representative sample
Standing Water Level	Meters	Establish background then every 3 months	In situ
Ammonia N	mg/L	Establish background then every 6 months	Representative sample
E Coli	mg/L	Establish background then every 6 months	Representative sample
TKN	mg/L	Establish background then every 6 months	Representative sample

Final location of groundwater monitoring points and groundwater monitoring program is to be approved by Council.

Note: The frequency of monitoring and the pollutant/s to be monitored may be varied by Council once the variability of the groundwater quality is established.

e. **Point/s – soils on solids utilisation areas**

Pollutant	Units of measure	Frequency		Sampling Method
		Top Soil	Sub Soil	
pH	pH	Annually	Annually	Special Method 1
Conductivity	uS/cm	Annually	Annually	Special Method 1
Total Kjeldahl Nitrogen	mg/kg	Annually	N/A	Special Method 1
Nitrate Nitrogen	mg/kg	Annually	Annually	Special Method 1
Total Phosphorus	mg/kg	Annually	Every 3 years	Special Method 1

Available Phosphorus	mg/kg	Annually	Annually	Special Method 1
Exchangeable sodium percentage	%	Annually	Annually	Special Method 1
Cation Exchange Capacity	cmol(+)/kg	Annually	Annually	Special Method 1
Exchangeable cations (Ca, Mg, Na, K)	cmol(+)/kg	Annually	Annually	Special Method 1
Chloride	mg/kg	Annually	Annually	Special Method 1
Organic Carbon	%	Annually	N/A	Special Method 1
P sorption capacity	kg/ha	Every 3 years	Every 3 years	Special Method 1
Bulk Density	kg/m ³	Every 3 years	Every 3 years	Special Method 1
Aggregate stability	%	Every 3 years	Every 3 years	Special Method 1

Special Method 1 - means composite soil samples must be taken of the;

1. top soil,
2. sub soils

for each soil monitoring point. The monitoring of the pollutants must be done in accordance with methods approved by the EPA.

Note: Final location of soil monitoring points and soil monitoring program is to be approved by Council. Soil monitoring points are to be established to monitor soil management units taking into account different soil types and landscape variables and solid waste utilisation procedures.

f. **Point/s – waste solids (manure)**

Pollutant	Units of measure	Frequency	Sampling Method
pH	pH	Special Frequency 1	Representative Sample
Conductivity	uS/cm	Special Frequency 1	Representative Sample
Total Kjeldahl Nitrogen	mg/kg	Special Frequency 1	Representative Sample
Nitrate Nitrogen	mg/kg	Special Frequency 1	Representative Sample
Ammonia Nitrogen	mg/kg	Special Frequency 1	Representative Sample
Total Phosphorus	mg/kg	Special Frequency 1	Representative Sample
Dry matter	%	Special Frequency 1	Representative Sample
Sodium	mg/kg	Special Frequency 1	Representative Sample
Calcium	mg/kg	Special Frequency 1	Representative Sample
Chloride	mg/kg	Special Frequency 1	Representative Sample
Magnesium	mg/kg	Special Frequency 1	Representative Sample
Potassium	mg/kg	Special Frequency 1	Representative Sample

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Organic Carbon	%	Special Frequency 1	Representative Sample
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Special Frequency 1 – Prior to solids application.

Note: The frequency of monitoring and the pollutant/s to be monitored may be varied by Council once the variability of the manure quality is established.

22.3 Air

a. **Point – at feedlot – on-site weather**

Parameter	Units of measure	Frequency	Averaging Period	Sampling Method
Air temperature	°C	Continuous	1 hour	AM-4
Wind direction	°	Continuous	15 minute	AM-2 & AM-4
Wind speed	m/s	Continuous	15 minute	AM-2 & AM-4
Sigma theta	°	Continuous	15 minute	AM-2 & AM-4
Rainfall	mm	Continuous	24 hour	AM-4
Evaporation	mm	Continuous	24 hour	Instrument calculation or approved BoM station data

22.4 Requirements to monitor volume or mass

For each discharge point or utilisation area specified below, the applicant must monitor the volume of liquids discharged to water or applied to the area:

- the mass of solids applied to the area;
- over the interval, at the frequency and using the method and units of measure, specified below.

Point	Frequency	Units of Measure	Sampling Method
Capacity of effluent holding and sedimentation pond/s	Monthly	kL	Method approved by Council
Overflow discharge from effluent holding and sedimentation pond/s	Every overflow event	kL/day	Estimate
Solids applied to utilisation area/s	Every application	Location, application area (ha), and mass of solids applied (T/day)	Estimate

Solids utilisation area/s	Each cropping cycle	Crop yield (tonnes) and crop nutrient content (mg/kg of N, P, K)	Method approved by Council
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Testing methods – concentration limits

Monitoring for the concentration of a pollutant discharged to water or applied to a utilisation area required by this condition must be done in accordance with:

- the Approved Methods Publication; or
- if there is no methodology required by the Approved Methods Publication or by the conditions of consent in relation to the development or the relevant load calculation protocol, a method approved by Council in writing before any tests are conducted;

22.5 Mass Animal Disposal

The disposal of dead cattle by burning is prohibited, the applicant/licensee must develop a "Mass Animal Disposal Plan" within 4 months of the issuing of the Development Consent.

The plan can consider a number of disposal options but at the very least must address the requirements to dispose of all animals within the feedlot by burial. Burial options must consider:

- Site location, a specific site needs to be set aside for pit establishment should it be required. In considering site location the following issues have to be considered:
 - Proximity to flood zones;
 - Proximity to groundwater tables;
 - Soil characterisation, to determine the suitability or otherwise of the soil to act as an impermeable barrier for leachate contamination to groundwater;
 - Site volume being sufficient to hold all cattle within the feedlot.
- The ability to access materials to line a pit if required;
- The ability to access machinery to construct the hole;
- The ability to set up monitoring regimes to ensure that disposal pits do not pollute adjacent environments.

22.6 Storage Tanks

All grain or feed storage facilities associated with the proposal are to be fully enclosed or suitably covered so as not to attract or support vermin and birds.

22.7 Complaints Procedure & Records

- a. Throughout the life of the development, the Applicant/Owner shall ensure that the following contacts are available for community complaints;
 - i) A telephone number on which complaints about the development may be registered;
 - ii) A postal address to which written complaints may be sent; and
 - iii) An email address to which electronic complaints may be transmitted.
- b. The telephone number, the postal address and the email address shall be advertised in at least one appropriate local newspaper prior to the commencement of work at the development site.

- b. The Applicant/Owner shall record legible details of all complaints made to the owner, operator, applicant or any employee or agent in relation to pollution from the development. The record must include, but not necessarily be limited to:
 - i) the date and time, where relevant of the complaint;
 - ii) The means by which the complaint was made (telephone, mail or email);
 - iii) any personal details of the complainant that were provided, or if no details were provided, a note to that effect;
 - iv) the nature of the complaint
 - v) any action(s) taken by the Applicant/Owner in relation to the complaint, including any follow-up contact with the complainant; and
 - vi) if no action was taken by the Applicant/Owner in relation to the complaint, the reason(s) for no action being taken.
- d. A sign shall be erected at the site boundary giving contact details. The record of a complaint must be kept for at least 4 years after the complaint was made.
- e. Records shall be made available for inspection by an authorised officer of Council upon request. The Applicant/Owner shall also make summaries of the Register, without details of the complainants, available for public inspection.

PART A - HEALTH

There are no relevant conditions for this section

PART A – BUILDING

1 Building - Structural Adequacy

The Applicant shall ensure that all structures are constructed in accordance with the relevant requirements of the National Construction Code.

Notes:

- *Under Part 4A of the EP&A Act, the Applicant/Owner is required to obtain construction and occupation certificates for the proposed building works.*
- *Part 8 of the EP&A Regulation sets out the detailed requirements for the certification of development.*

PART B – PRIOR TO COMMENCEMENT OF BUILDING WORKS

1 Notification of Commencement of Work

At least two (2) days prior to work commencing on site, Council must be informed, by the submission of Form 7 of the *Environmental Planning & Assessment Regulation, 1998*, of the name and details of the Principal Certifying Authority and the date construction work is proposed to commence

2 Advisory Note 2

Signs to be Erected on Building and Demolition Sites

- (1) A sign must be erected in a prominent position on any work site on which work involved in the erection or demolition of a building is being carried out:-
 - (a) stating that unauthorised entry to the work site is prohibited, and
 - (b) showing the name of the person in charge of the work site and a telephone number at which that person may be contacted outside working hours.
- (2) Any such sign is to be removed when the work has been completed.
- (3) This clause does not apply to:-
 - (a) building work carried out inside an existing building, or
 - (b) building work carried out on premises that are to be occupied continuously (both during and outside working hours) while the work is being carried out.

3 Advisory Note 3

Toilet Facilities:

- (1) Toilet facilities are to be provided, at or in the vicinity of the work site on which work involved in the erection or demolition of a building is being carried out, at the rate of one toilet for every 20 persons or part of 20 persons employed at the site.
- (2) Each toilet provided:-
 - (a) must be a standard flushing toilet, and
 - (b) must be connected:
 - (i) to a public sewer, or
 - (ii) if connection to a public sewer is not practicable, to an accredited sewage management facility approved by the Council, or
 - (iii) if connection to a public sewer or an accredited sewage management facility is not practicable, to some other sewage management facility approved by the Council.
- (3) The provision of toilet facilities in accordance with this clause must be completed before any other work is commenced.
- (4) In this clause:

accredited sewage management facility means a sewage management facility to which Division 4A of Part 3 of the Local Government Act (Approvals) Regulation 1993 applies, being a sewage management facility that is installed or constructed to a design or plan the subject of a certificate of accreditation referred to in clause 95B of the Regulation.

approved by the Council means the subject of an approval in force under Division 1 of Part 3 of the *Local Government (Approvals) Regulation 1993*.

public sewer has the same meaning as it has in the *Local Government (Approvals) Regulation 1993*.

sewage management facility has the same meaning as it has in the *Local Government (Approvals) Regulation 1993*.

4 Site Management

Run-off and erosion controls must be implemented before construction to prevent soil erosion, water pollution or the discharge of loose sediment on surrounding land, as follows:

- a) divert uncontaminated run-off around cleared or disturbed areas,
- b) erect a silt fence to prevent debris escaping into drainage systems or waterways,
- c) prevent tracking of sediment by vehicles onto roads,
- d) stockpile topsoil, excavated material, construction, landscaping supplies and debris within the site.

5 Advisory Note 4

Dial before you Dig

Underground assets may exist in the area that is subject to this application. In the interests of health and safety and in order to protect damage to third party assets please contact Dial before you Dig at www.1100.com.au or telephone on 1100 before excavating or erecting structures (This is the law in NSW). If alterations are required to the configuration, size, form or design of the development upon contacting the Dial before you Dig service, an amendment to the development consent (or a new development application) may be necessary. Individuals owe asset owners a duty of care that must be observed when working in the vicinity of plant or assets. It is the individual's responsibility to anticipate and request the nominal location of plant or assets on the relevant property via contacting the Dial before you Dig service in advance of any construction or planning activities.

6 Advisory Note 5

Telecommunications Act 1997 (Commonwealth)

Telstra (and its authorised contractors) are the only companies that are permitted to conduct works on Telstra's network and assets. Any person interfering with a facility or installation owned by Telstra is committing an offence under the Criminal Code Act 1995 (Cth) and is liable for prosecution. Furthermore, damage to Telstra's infrastructure may result in interruption to the provision of essential services and significant costs. If you are aware of any works or proposed works which may affect or impact on Telstra's assets in any way, you are required to contact: Telstra's Network Integrity Team on Phone Number 1800810443.

7 Advisory Note 6

Disturbance or Impact on Telecommunications Infrastructure

1. If the development is likely to disturb or impact upon telecommunications infrastructure, written confirmation from the service provider that they have agreed to the proposed works must be submitted to the Principal Certifying Authority prior to the issue of a Construction Certificate or any works commencing.
2. The arrangements and costs associated with any adjustment to telecommunications infrastructure shall be borne in full by the

applicant/developer.

PART C – DURING BUILDING WORK

1 Compliance with the Building Code of Australia

All building work must be carried out in accordance with the provisions of the *Building Code of Australia*.

2 Advisory Note 8

- (a) Except as specified in (b) below, the critical stage inspections may be carried out by the Principal Certifying Authority (PCA) or, if the PCA agrees, by another Certifying Authority.
- (b) The last critical stage inspection required to be carried out must be carried out by the Principal Certifying Authority.

The applicant is advised that the critical stage inspections as listed are mandatory. Council, if chosen as the Principal Certifying Authority (PCA) will require the listed inspections.

A Compliance Certificate or other form of documentary evidence shall be issued/provided for the following applicable stages of the building construction in order that the work may immediately progress:

Mandatory Inspections

Stage	Work
a. Pens, Sediment Pond and Effluent Storage Pond	Prior to lining or filling
b. Completion	Before occupation or use.
<i>Note: Any Compliance certificate issued for the above stages of construction shall certify that all relevant ancillary or dependent work has been undertaken in accordance with the Building Code of Australia and any other condition of this consent.</i>	

PART D – PRIOR TO ISSUE OF OCCUPATION CERTIFICATE

1 Feedlot Management Plan

A Feedlot Management Plan will be development and presented to Council prior to the issue of the Occupation Certificate.

2 Compliance with Conditions:

The use or occupation of the approved development shall not commence until such time as all conditions of this development consent have been complied with. The use or occupation of the development prior to compliance with all conditions of development consent may make the applicant/developer liable to legal proceedings.

3 Road Damage

The cost of repairing any damage caused to Council's assets in the vicinity of the subject site as a result of construction works associated with the approved development is to be met in full by the applicant/developer prior to the issue of an Occupation Certificate.

4 Removal of Temporary Facilities:

- (a) All temporary builder's signs or other site information signs are to be removed upon the completion of site works.
- (b) Any temporary toilet facilities provided during construction works are to be appropriately dismantled, disconnected and removed from the site.

PART D – POST OCCUPATION

1 Reporting conditions

The applicant must provide an annual return to Council in relation to the development. In the return the applicant must report on the annual monitoring undertaken (where the activity results in pollutant discharges), provide a summary of complaints relating to the development, report on compliance with consent conditions.

2 Deadline for Annual Return

The Annual Return for the reporting period must be supplied to Council not later than 60 days after the end of each reporting period.

3 Rehabilitation and maintenance

At cessation of the feedlot operation the owner/operator shall rehabilitate/restore the site (in particular the sediment and effluent holding ponds) to its pre feedlot use and perform maintenance for a period of two years after practical completion, in order to prevent unmonitored and unmitigated runoff contamination of Antimony Gully and Spring Creek or any other impacts to the surrounding lands.

PART E – OTHER APPROVALS

There were no other approvals issued with this consent.

Definitions

Listed below are the definitions used in the Development Consent Conditions

Applicant	SMK Consultants
Council	Council of the Shire of Gwydir
DA	Development Application
Day	Day is defined as the period from 7am to 6pm on Monday to Saturday
DPI	Department of Primary Industries (includes the former Department of Mineral Resources)
EP&A Act	<i>Environmental Planning & Assessment Act 1979</i>
EP&A Regulation	<i>Environmental Planning & Assessment Regulation 2000</i>
EPA	Environment Protection Authority
GLEP	Gwydir Local Environmental Plan 2013
Land	Land means the whole of a lot in a current plan registered at the Land Titles Office at the time of this consent
Night	Night is defined as the period from 6pm to 7am on Monday to Saturday, and 10pm to 8am on Sundays and Public Holidays
Owner	Owner of the land – Dancoul Pty Ltd
PCA	Principal Certifying Authority appointed under Section 109E of the EP&A Act
SoEE / SEE	Statement of Environmental Effects

Site	Land to which the DA applies
Work	The development and operation of the proposed cattle feedlot, including associated infrastructure and access, which is the subject of this Development Consent

REASONS FOR CONDITIONS:

The above conditions have been imposed:-

- (a) to ensure compliance with the terms of the Environmental Planning Instrument and/or Development Control Plan;
- (b) having regard to Council's duties of consideration under *Section 79C(1) of the Environmental Planning and Assessment Act, 1979 (as amended)* as well as Section 80A of the Act which authorises the imposing of consent conditions.
- (c) to protect the existing and likely future amenity of the locality;
- (d) prevent, minimise, and/or offset adverse environmental impacts;
- (e) set standards and performance measures for acceptable environmental performance;
- (f) require regular monitoring and reporting;
- (g) provide for the on-going environmental management of the development;
- (h) having regard to the circumstances of the case and the public interest; and
- (i) to ensure compliance with the *Building Code of Australia* and referenced standards.



Planning,
Industry &
Environment

Our ref: DOC20/780655
Senders ref: DA29/2020:20/22381:pmc

Patsy Cox
Planning Officer
Gwydir Shire Council
pcox@gwydir.nsw.gov.au

Dear Patsy

Kiaora Feedlot – 819 Eden Forest Road, Gravesend

Thank you for your request dated 18 September 2020 to the Biodiversity, Conservation and Science (BCS) Directorate (formally known as the Biodiversity and Conservation Division) seeking advice in relation to the proposed Kiaora feedlot.

BCS has reviewed the Statement of Environmental Effects (SoEE) for the development. The SoEE provides insufficient evidence to determine whether the development meets the entry requirements of the Biodiversity Offset Scheme (BOS). While it is stated that *"the BOS threshold would still not be exceeded; the threshold is equal to clearing 1 Ha of native vegetation"* the SoEE fails to quantify the area of grassland that is to be cleared or provide the minimum lot size associated with the property.

It is further stated that the development is to be located on land that has *"predominantly been cleared"*, the grassland is *"a mixed species composition (native, non-native and invasive)"* and is *"classified as non-native on the NSW Sharing and Enabling Environmental Data (SEED) portal"*. The SoEE fails to provide the data and evidence necessary to demonstrate the condition of the grassland to be impacted.

BCS recommends that the proponent either provide evidence to demonstrate that the entry requirements of the BOS have not been met or that the grassland is in a condition that does not require offsetting. The latter could include providing evidence that the impact area meets the definition of Category 1 – exempt land as defined within the meaning of Part 5A of the *Local Land Services Act 2013*, and is therefore excluded from the Biodiversity Assessment Method in accordance with Section 6.8 (3) of the *Biodiversity Conservation Act 2016*.

Should you require further clarification on the items above please contact David Geering, Senior Conservation Planning Officer, via david.geering@environment.nsw.gov.au or 6883 5335.

Yours sincerely

A handwritten signature in black ink that reads 'Samantha Wynn'.

Samantha Wynn
Senior Team Leader Planning, North West
Biodiversity, Conservation and Science Directorate

22 September 2020

SMK CONSULTANTS

surveying – irrigation – environmental – planning

ABN 63 061 919 003

Planning Department
Gwydir Shire Council
Locked Bag 5
Bingara NSW 2404
Contact: Patsy Cox

39 Frome Street
PO Box 774
Moree NSW 2400
Ph 02 6752 1021
Fax 02 6752 5070
admin@smk.com.au

Other offices: Goondiwindi,
Gatton, Brisbane

www.smk.com.au

14th October 2020

Our Reference: 20-16

Gwydir Shire Reference: DA29/2020

Addendum: Statement of Environmental Effects - Feedlot Construction "Kiaora", 819 Eden Forest Road, Gravesend

This addendum has been prepared to provide additional information to the Gwydir Shire Council to clarify matters outlined in the request for additional information received on the 22nd September 2020 from the NSW Department of Planning, Industry & Environment (DPI&E). This document should be assessed in conjunction with the Statement of Environmental Effects prepared by SMK Consultants (September 2020) in support of the proposed construction and operation of a 999-head cattle feedlot on the property of Kia-Ora.

Location of Sediment and Effluent Ponds

The total footprint of the sediment pond is 0.16 Ha and the footprint of the effluent pond is approximately 0.66 Ha. Following correspondence from DPI&E, it was decided to relocate the effluent pond from the area of grassland (south of Pen 4) to a paddock which was historically cleared and cultivated, to the east of the grassland area and south of Pens 5 and 6. This area currently consists of bare ground as it is currently used as a temporary containment pen for livestock and therefore no natural ground cover vegetation remains. The area is generally farmed for crop production but due to drought conditions, has not been planted recently. Cattle are also occasionally fed at this location. There is a single mature tree in this paddock, however this will not be cleared as part of the proposed works.

It is proposed that the sedimentation pond would remain in its original location (as stated in the Statement of Environmental Effects) as this is the most suitable location in terms of local drainage and topography. As previously mentioned, the total footprint of the sedimentation pond is 0.16 Ha.

Figure 1 presents an updated site plan of the proposed feedlot complex, showing the new effluent pond location. Figure 2 shows the feedlot development layout on aerial imagery.

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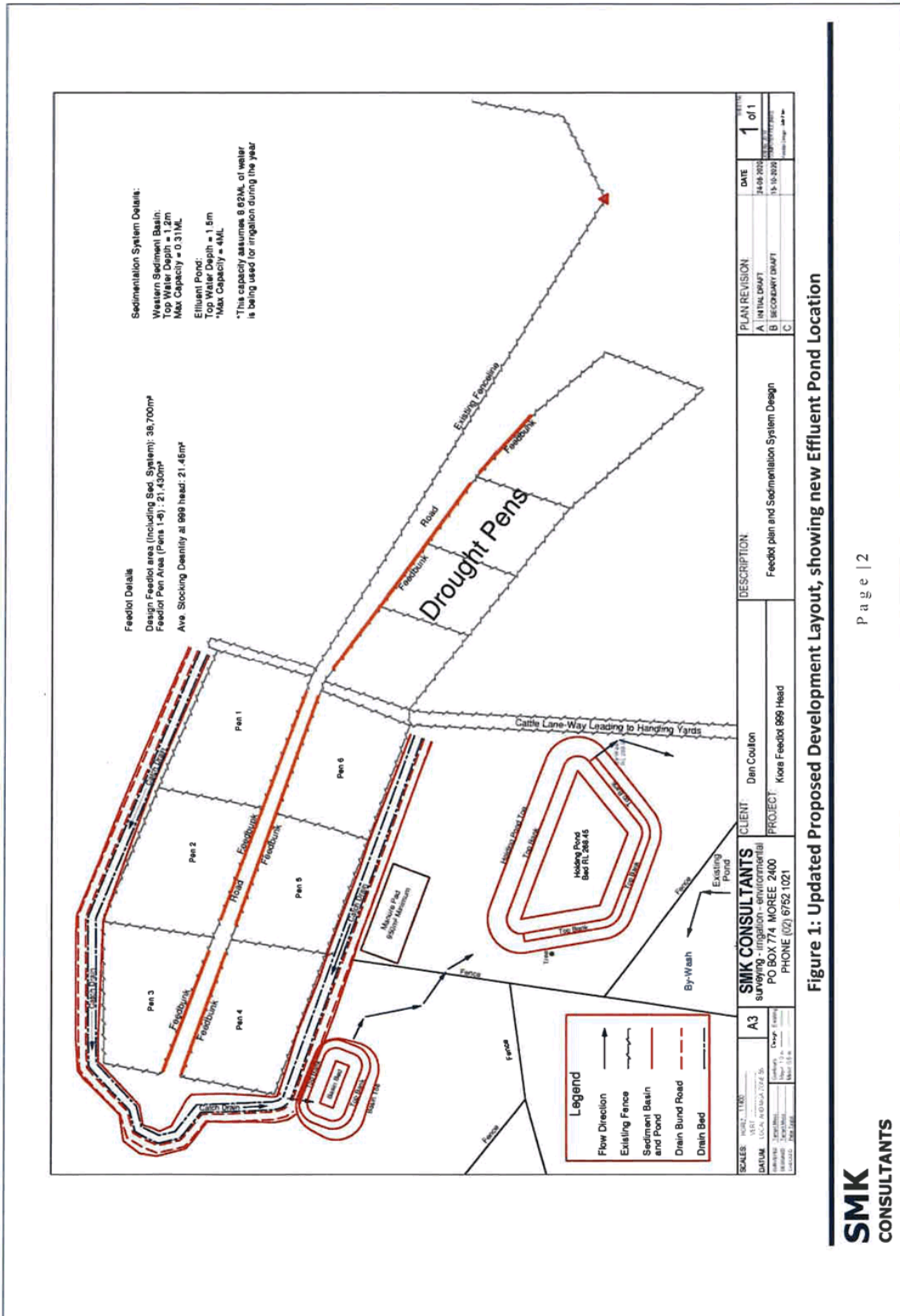


Figure 1: Updated Proposed Development Layout, showing new Effluent Pond Location

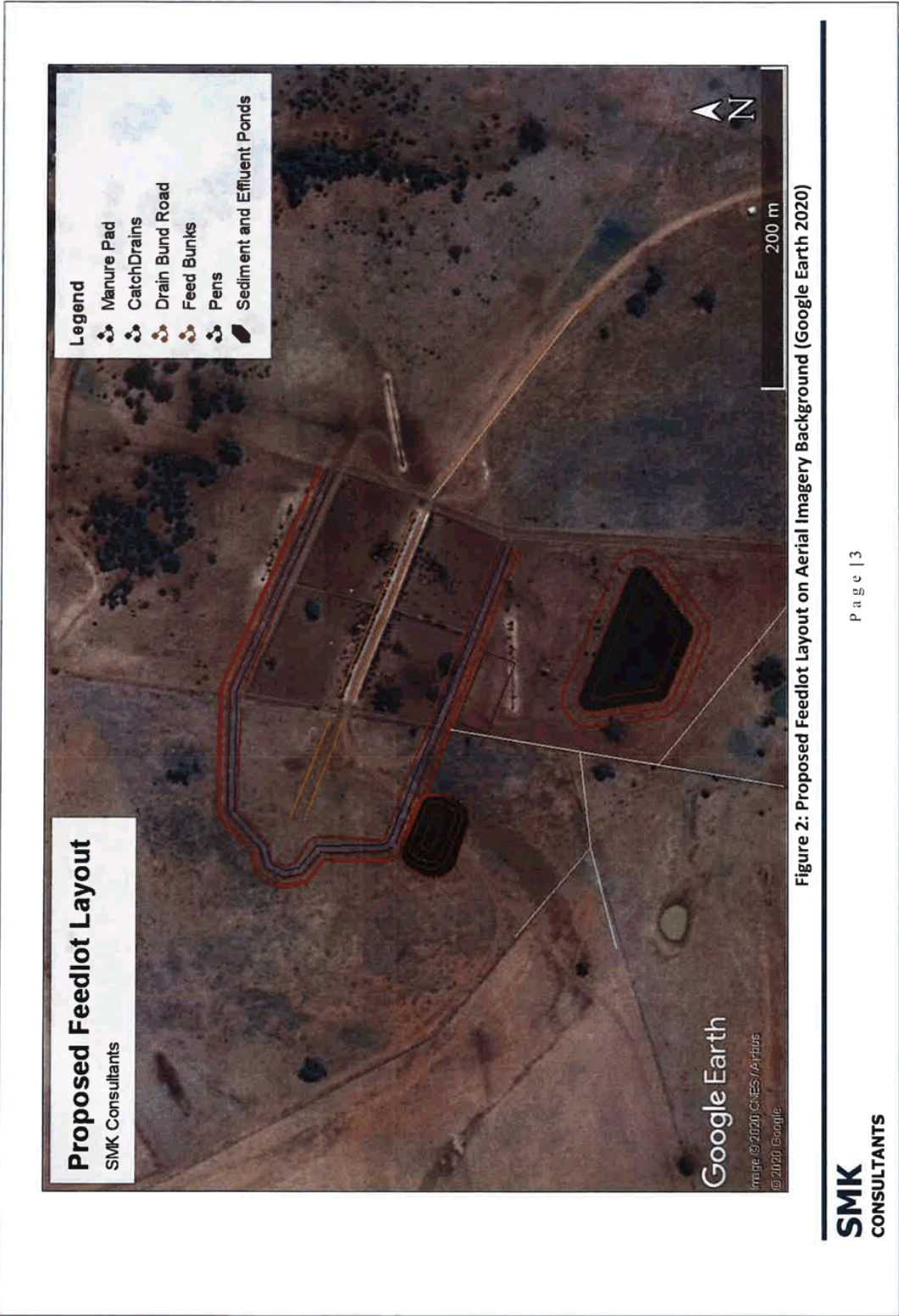


Figure 2: Proposed Feedlot Layout on Aerial Imagery Background (Google Earth 2020)

Biodiversity Offset Scheme

The subject lot was assessed using the online Biodiversity Offsets Scheme Entry Tool, which determines whether any proposed clearing would be above or below the area thresholds or lies within an area mapped as having high biodiversity value. The results of the assessment tool have been included within the attached Appendix 1 and are summarised in Table 1.

Table 1: Summary of Biodiversity Values Map and Threshold Report

		BDAR Required?
Minimum Lot Size Method	LEP	
Minimum Lot Size	200 Ha	
Area Clearing Threshold	1 Ha	
Area of Native Vegetation Cleared	0.16 Ha	No

The proposal feedlot construction requires the clearing of grassland habitat with low conservation values over an area of 0.16 Ha to facilitate the construction of the sediment pond. The remainder of the proposal is sited on previously cleared areas of land which are currently used as drought feeding and temporary containment pens. The area to be cleared (0.16 Ha) is therefore is well below the clearing threshold (1 Ha), therefore no further assessment in the form of a BDAR is required.

Grassland Condition

Figure 3 shows the grassland area to be cleared to facilitate the construction of the sediment pond, south of the proposed feedlot pen No. 6. The following description of the grassland is provided in Section 5.7 of the Statement of Environmental Effects:

“The sediment pond will be constructed in an area of disturbed, modified grassland. The footprint of the effluent pond also extends over this area of grassland, as well as on an adjacent area of cultivation. The grassland community comprises a mixture of common native, non-native and invasive species and it has been subject to extensive disturbance, evidenced by areas of bare ground and vehicular tracks associated with tracks of approximately 20% bare ground. Species present include Pignut (*Conopodium majus*), Windmill Grass (*Chloris truncata*), Prickly Pear (*Opuntia stricta*), White Clover (*Trifolium repens*), Buffel Grass (*Cenchrus ciliaris*), Plains Grass (*Austrostipa aristiglumis*), Galvanised Burr (*Sclerolaena birchii*) and Mallee Pear (*Cucumis myriocarpus*). The area of grassland is small, disjunct and has a low habitat value.”



Figure 1: Area of grassland which will be cleared in association with the sediment pond construction

It is therefore considered that this grassland area has a low conservation value, and that the clearance of a small area of this habitat will not have a significant impact on threatened flora or fauna species or population in the locality.

The above information has been provided to clarify matters raised in correspondence submitted to Council. Please do not hesitate to contact our office should you require any further information.

Regards,

Marie Duffy

Environment and Resource Consultant

SMK CONSULTANTS

39 Frome Street | PO BOX 774

MOREE NSW 2400

T: (02) 6752 1021 | F: (02) 6752 5070

E: admin@smk.com.au | Web: www.smk.com.au

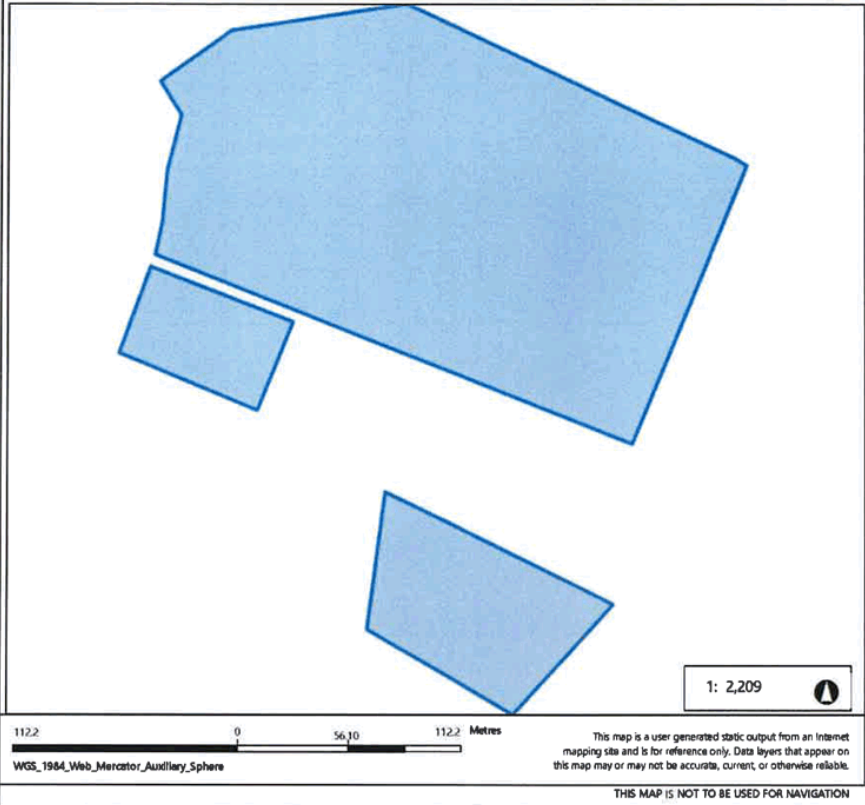
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Appendix 1: BOSET Report



Biodiversity Offset Scheme (BOS) Entry Threshold Map



Legend

- Biodiversity Values that have been mapped for more than 90 days
- Biodiversity Values added within last 90 days

Notes
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Biodiversity Values Map and Threshold Report

Results Summary

Date of Calculation	14/10/2020 11:22 AM	BDAR Required*
Total Digitised Area	3.89 ha	
Minimum Lot Size Method	LEP	
Minimum Lot Size	200 ha	
Area Clearing Threshold	1 ha	
Area clearing trigger Area of native vegetation cleared	Unknown #	Unknown #
Biodiversity values map trigger Impact on biodiversity values map(not including values added within the last 90 days)?	no	no
Date of the 90 day Expiry	N/A	

*If BDAR required has:

- at least one 'Yes': you have exceeded the BOS threshold. You are now required to submit a Biodiversity Development Assessment Report with your development application. Go to <https://customer.lmbc.nsw.gov.au/assessment/AccreditedAssessor> to access a list of assessors who are accredited to apply the Biodiversity Assessment Method and write a Biodiversity Development Assessment Report
- 'No': you have not exceeded the BOS threshold. You may still require a permit from local council. Review the development control plan and consult with council. You may still be required to assess whether the development is "likely to significantly affect threatened species" as determined under the test in s. 7.3 of the Biodiversity Conservation Act 2016. You may still be required to review the area where no vegetation mapping is available.

Where the area of impact occurs on land with no vegetation mapping available, the tool cannot determine the area of native vegetation cleared and if this exceeds the Area Threshold. You will need to work out the area of native vegetation cleared - refer to the BOSET user guide for how to do this.

On and after the 90 day expiry date a BDAR will be required.

Disclaimer

This results summary and map can be used as guidance material only. This results summary and map is not guaranteed to be free from error or omission. The State of NSW and Office of Environment and Heritage and its employees disclaim liability for any act done on the information in the results summary or map and any consequences of such acts or omissions. It remains the responsibility of the proponent to ensure that their development application complies with all aspects of the *Biodiversity Conservation Act 2016*.

The mapping provided in this tool has been done with the best available mapping and knowledge of species habitat requirements. This map is valid for a period of 30 days from the date of calculation (above).

Acknowledgement

I as the applicant for this development, submit that I have correctly depicted the area that will be impacted or likely to be impacted as a result of the proposed development.

Signature _____ Date: 14/10/2020 11:22 AM

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RECEIVED
21 OCT 2020

Gwydir Shire Council

Geoffrey Abbott and Janelle Grace Mack
'Nundah'
709 Eden Forest Road
Gravesend NSW 2401
(PO Box 83 Bingara NSW 2404)
Ph. 0428 241 436- Geoff
0418 593 168- Janelle

The General Manager
Mr M Eastcott
Gwydir Shire Council
Locked Bag 5
BINGARA NSW 2404

Re: **Submission regarding
Development Application 29/2020 - Applicant Dan Coulton
'Establish and operate a 999 head feedlot' on Kiaora, Gravesend**

Following perusal of the Development Application 29/2020 and the Statement of Environmental Effects and associated documents in the above matter we raise the following concerns:-

1. We are the closest neighbours to the rural property Kiaora, Gravesend. Our home is situated 800 metres from the eastern boundary of Kiaora. On the aerial image identifying the closest Sensitive Receptors in Appendix 6- Odour Assessment on page 13 our home is named 'unknown' and Table 5 on the following page states the Sensitive Receptors are not applicable to our home. Why not?
2. The feedlot on Kiaora was created approximately three years ago for drought feeding and temporary containment of cattle (opportunity feedlot) which has now evolved into a regular feedlot.
3. We cannot recall any Development Application being advertised by the Gwydir Shire Council for the operation of the drought feeding and containment of cattle on Kiaora.
4. The odour, dust and a severe fly problem have increased considerably since the opportunity feedlot commenced. There has also been an increase of normal and heavy traffic on Eden Forest Road.
5. We purchased the rural property Nundah in 2014. The surrounding area was comprised of farming and grazing land. There was no existing uses for intensive farming such as a feedlots or any proposal for a feedlot. We built our home and commenced living on Nundah in 2015 looking forward to retirement in picturesque, pristine, quiet, odourless and ambient surroundings. As well as the feedlot interfering with our personal comfort it may have an impact on any future plans to sell Nundah as many people will not purchase land adjacent to a feedlot.
6. The authors of the Statement of Environmental Effects did not consult us for first hand knowledge of the impacts of the existing operation affecting neighbours. There

is a great deal of technical and scientific data of which most people do not have knowledge. For example ' Table 1 Odour Criteria' on Page 4 of Appendix 6 states a rural residence has an odour assessment criteria (OU- European Units) of 7.0.OU. What does this mean? The actual odour varies at our home from nil, to mild to very offensive. The odour depends a lot on the prevailing winds which are mostly from the west and northwest.

7. Nundah and Kiaora have their southern boundaries on the Gwydir River. There is always the risk of pollution from run off from the effluent in the feedlot pens and effluent and sediment ponds particularly after heavy rain.

In summary we are not objecting to the feedlot as it is of commercial benefit to the area and has created employment opportunities previously unavailable. However we do have concerns regarding the possible ill effects to the environment and to us personally as previously mentioned.

Yours sincerely

G. Mack 20-10-2020
Janelle Mack 20/10/2020

Geoff and Janelle Mack

SMK
CONSULTANTS

surveying – irrigation – environmental - planning

ABN 63 061 919 003

39 Frome Street
PO Box 774
Moree NSW 2400
Ph 02 6752 1021
Fax 02 6752 5070
marie@smk.com.au

Group offices:
Goondiwindi, Gatton,
Brisbane

29th October 2020

Planning Department
Gwydir Shire Council
Locked Bag 5
Bingara NSW 2404

Our Ref: 20-16
Your Ref: DA29/2020

Attention: Patsy Cox

By email: pcox@gwydir.nsw.gov.au

Re: Kia-Ora Feedlot – Construction of a 999-head Cattle Feedlot

SMK Consultants have reviewed the submission received by the Gwydir Shire Council from the public in relation to the proposed construction of a 999-head beef cattle feedlot at “Kia-Ora” 819 Eden Forest Road, Gravesend. The following provides additional information that aims to address the concerns outlined in the submission.

1. Consideration of the property “Nundah” as a sensitive receptor

Appendix 6 of the Statement of Environmental Effects consists of a Level 1 Air Quality Impact Assessment prepared in relation to the proposed construction of the Kia-Ora Feedlot. Figure 4 identifies the potential sensitive receptors located within a 3-kilometre radius of the proposed development, while Table 5 provides a summary of the information of each receptor relative to the proposal.

Sensitive receptors were identified using available online mapping, namely SIX Maps and Google Earth areal imagery. Identification of ‘Points of Interest’ is available on the “NSW Map – Background” basemaps layer of SIX Maps. This includes a mapped location of certain property homesteads and the name of the property on which the homestead is located. Nundah is not shown on this layer, likely because the available aerial imagery pre-dates the construction of the homestead. For this reason, Nundah is shown as a sensitive receptor in the Level 1 Assessment, but its property name is labelled ‘Unknown’. Similarly, the receptor name is identified as ‘Not Applicable’ in the ‘Receptor Name’ column of Table 5. This may have better been termed ‘Unknown’, rather than ‘Not applicable’ (N/A).

SMK
CONSULTANTS

Page | 1

However, the potential odour and dust impacts of the proposed feedlot on the property 'Nundah' was assessed as part of the Level 1 Odour Assessment. Section 5 of the Odour Assessment, which analyses the results of the assessment, includes the property 'Nundah', identified as Sensitive Receptor No. 4, in Table 9 and Table 10.

In summary, the property 'Nundah' has been considered throughout the Level 1 Odour Assessment included as Appendix 6 of the Statement of Environmental Effects (SEE) for the feedlot.

2. Status of pens on the property 'Kia-Ora'.

The existing drought feeding pens at Kia-Ora were originally built a few years ago as a response to on-going, severe drought conditions in the locality. At present, the applicant is still feeding cattle on an as-required basis within the existing pen infrastructure. It is now proposed to upgrade existing infrastructure to the required standards in order to operate a 999-head feedlot at this location. This would entail the upgrade of existing pen infrastructure and the construction of a sediment and effluent pond system to capture and store runoff from the feedlot pens. The feedlot will be designed, constructed and managed in accordance with the standards described in The National Guidelines for Beef Cattle Feedlots in Australia 3rd Edition.

3. Development Application for Drought Feeding Pens

Under the Primary Production and Rural Development (2019) State Environmental Planning Policy, temporary livestock agistment or housing after emergency events (drought, fire and floods) and temporary use of stock containment areas, are exempt development. No development application was therefore required to date for the drought feeding and temporary containment of livestock at Kia-Ora. The Development Application DA29/2020 is for the construction and operation of a 999-head cattle feedlot, which the Applicant proposed to construct and operate if the Development Application is approved.

4, 6. Odour, Dust, Flies and Traffic

Odour and Dust

As part of the Environmental Assessment prepared by SMK Consultants in September 2020, a Level 1 Air Quality Impact Assessment was prepared to determine whether potential offensive odours that may be generated by the feedlot do not cause unreasonable interference to the community. The assessment concluded the proposed development could be given a "pass" under the framework of the relevant Guidelines and recommendations. The Guidelines have been prepared by appropriate Government authorities and are based on odour research undertaken by various government and non-government agencies over the past 25-years. The process of a Level 1 Odour assessment is based on published data agreed to by the relevant authorities including NSW EPA. The result of the odour assessment is considered as an independent assessment of potential odours being generated from the proposal.

Based on this assessment the proposed feedlot is considered to be within the required odour criteria and meets acceptable impact standards with minimal interference to community amenity. Furthermore, the assessment demonstrated that the feedlot site is adequately separated from the

closest rural resident receptors to minimise adverse odour, dust and noise impacts from the operation of the feedlot, if management standards are consistent with the recommendations.

It is also noted that the homestead on Nundah is located approximately 2.18 kilometres from the proposed feedlot location. The elevation profile between the feedlot and the homestead is included in Figure 1. It noted that there are two hills and a valley separating the proposed feedlot from the homestead 'Nundah'; the valley would form significant sidewalls which would confine odour and dust movements.

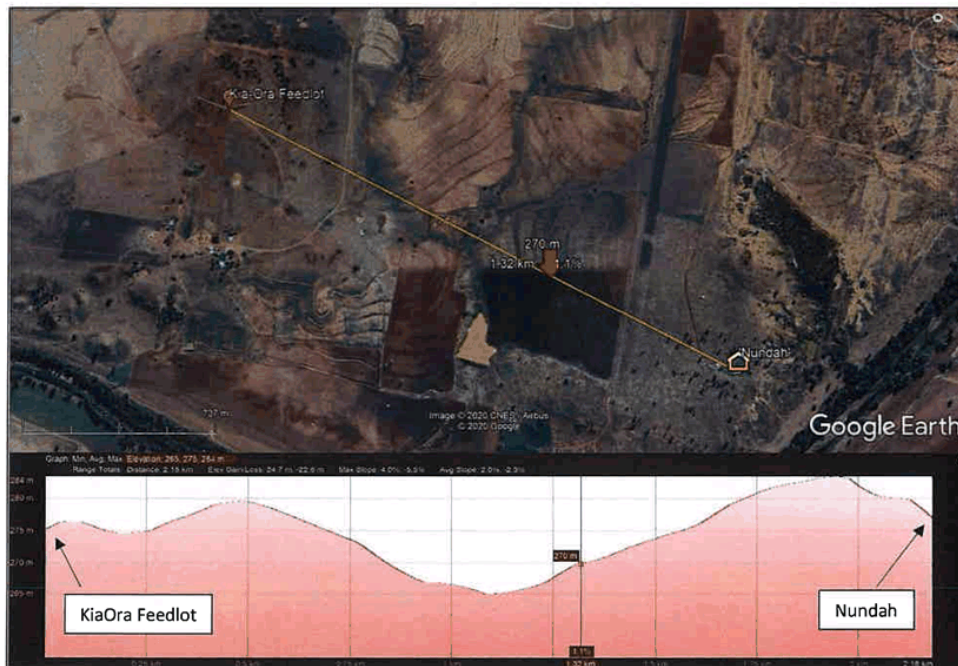


Figure 1: Elevation Profile between the Kia-Ora Feedlot and the Property 'Nundah'

The submission also requests an explanation of the term O.U. 'Odour Units', mentioned on Page 4 of Appendix 6. A broad explanation of this term is given in the same paragraph on Page 4 of Appendix 6: "The detectability of an odour is a sensory property that refers to the theoretical minimum concentration that produces an olfactory response or sensation. This point is called the 'odour threshold'. The number of OU is the concentration of a sample divided by the odour threshold or the number of dilutions required for the sample to reach the threshold."

Another definition of an odour unit, which is provided in 'Odour Methodology Guideline (Department of Environmental Protection, WA, 2002), is the "Quantity of a gaseous substance or mixture of substances which, when evaporated into 1 m³, is distinguished from odourless air by half the panel members."

While it is acknowledged that the report uses technical and scientific methods and terminology, it is considered that these methods/terminology are appropriately explained and contextualised throughout the report. Furthermore, it is noted that the assessment was prepared in accordance with NSW EPA required guidelines and relevant legislation, which is listed in Section 1.2 of Appendix 6. It is a requirement to carry out assessments in the manner described in guidelines and legislation, and a simpler style of analysis would not be considered acceptable by the consent authority.

Flies

Section 6.10 outlines the Feedlot's 'Vermin and Disease Control Measures', *"Fly, mice and rat populations will be managed primarily through the Feedlot management schedule. (i.e. minimise feed wastage and spillage to reduce the likelihood of attracting vermin); and by implementing a baiting program if the vermin population reaches a nuisance level"*. It is therefore considered that the implementation of a baiting program as part of the proposed feedlot would reduce the incidence of flies relative to current levels.

Traffic

In terms of traffic, Section 3.2.4.7 and Section 6.11 of the Statement of Environmental Effects include an assessment of the anticipated levels of light and heavy traffic which would be generated by the feedlot. It is natural that a development of this nature would result in an increase in traffic levels, however due to the small-scale of the project, this increase in traffic (approximately 2.5 trucks per week) is considered minor and does not present a significant concern in relation to road safety or road maintenance. In most cases, the traffic servicing the feedlot would involve a redirection of existing truck movements in the area as the feedlot will rely upon produce from the local area when attainable.

The development is considered a traffic generating development and the Section 94 Development Contribution Plan No.1 - 'Traffic Generating Development' 2011 for the Gwydir Shire is relevant to this proposal. It is expected that contribution payments may be required as a result of this proposal; these payments would go towards any maintenance works required on the Eden Forest Road.

5 Land Use Conflict

The proposed development is considered compatible with the objectives of the site's RU1 – Primary Production zoning, and permissible, with development consent, under the provisions of the Gwydir Local Environmental Plan 2013 (LEP).

As mentioned in Point 4 above, the homestead at 'Nundah' is over 2 kilometres east of the proposed feedlot, and is separated from the development by two hills and a valley. As such, the homestead does not have a direct line of sight to the proposed feedlot at Kia-Ora, such that the proposal does not constitute an adverse visual impact for the property 'Nundah'.

7 Run-off from Effluent in the Pens and Sediment and Effluent Ponds

The sediment ponds have been designed to contain runoff from a 1-in-20-year, 24-hour duration major storm event.

The effluent pond has been designed based on a water balance produced to estimate the largest cumulative run-off that would occur within a month-long period during a 90-percentile wet year. It is noted that the effluent pond design calculations included the 1-in-20 year, 24-hour duration major storm event. However, in accordance with the guidelines, the maximum storage requirements from the two methods is used to determine the required pond size; in this case, the 90-percentile wet year method produced the larger of the two storage requirements. These calculations are included within Appendix 1 of the Statement of Environmental Effects. These are the standard calculations required for feedlot pond designs.

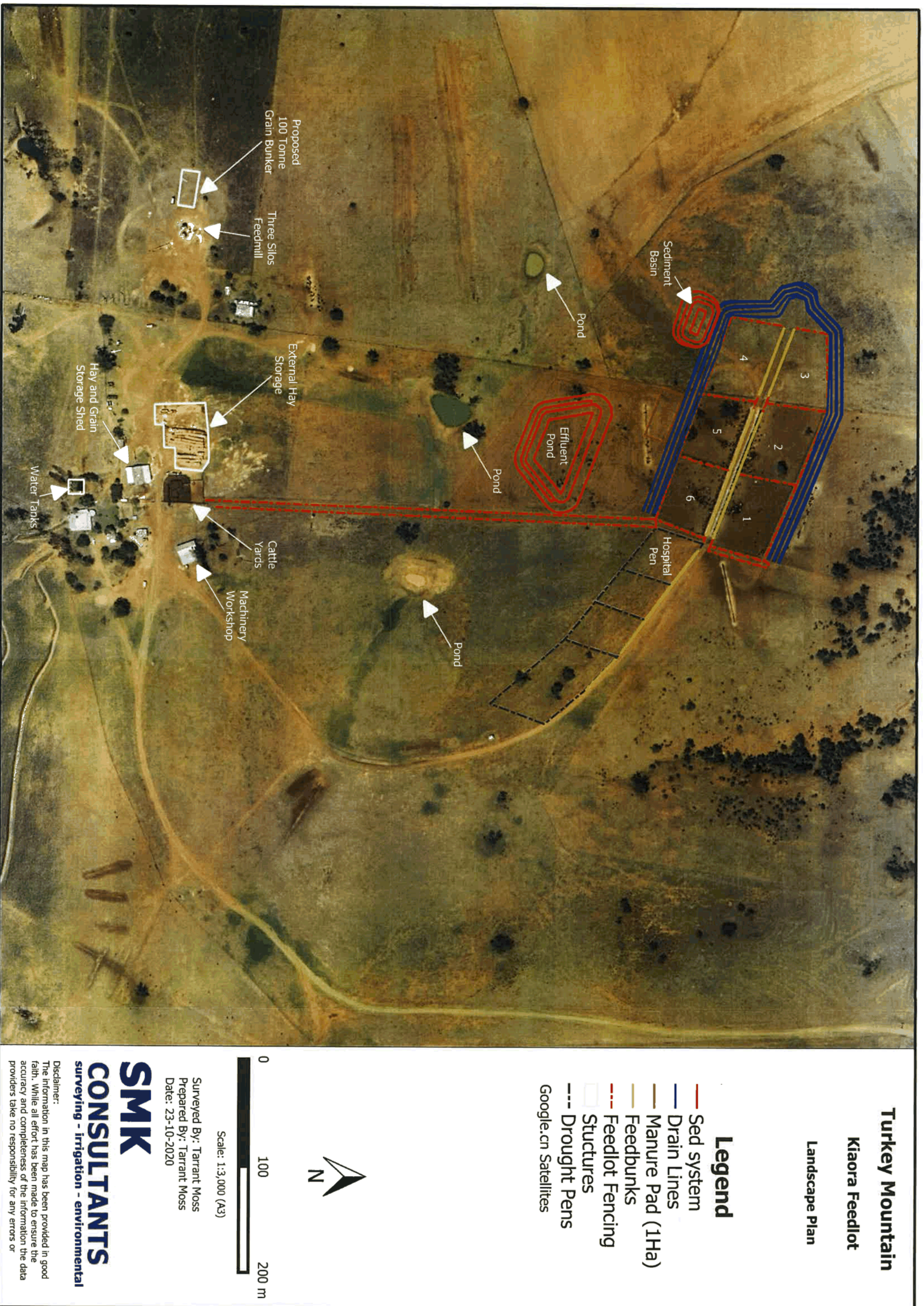
The required pond sizes are based on NSW EPA and other agency expectations of limiting the frequency of effluent overflow events to an acceptable level that would not create a significant impact on local watercourse water quality. This assumption is also based on appropriate mass filtration of an effluent pond overflow, through the use of grassed buffers and other sediment settling mechanisms. The proposed feedlot drains to the south, and the Gwydir River is located approximately 1.7 kilometres to the south of the proposal, being separated by vegetated grazing country. In the unlikely result of an overflow event, the runoff would be significantly diluted and filtered by ground cover such that wastewater overflow would not directly enter local watercourses.

We kindly ask that the Gwydir Shire Council consider the above response sufficient to satisfy the concerns identified within the public submission. Please do not hesitate to contact our office should you require any further information or have any questions.

Kind regards,



Marie Duffy
Environment and Resource Consultant
SMK CONSULTANTS
39 Frome Street | PO BOX 774
MOREE NSW 2400
T: (02) 6752 1021 | F: (02) 6752 5070
E: marie@smk.com.au | Web: www.smk.com.au



Turkey Mountain

Kiaora Feedlot

Landscape Plan

Legend

- Sed system
- Drain Lines
- Manure Pad (1Ha)
- Feedbunks
- Feedlot Fencing
- Structures
- Drought Pens
- Google.cn Satellites

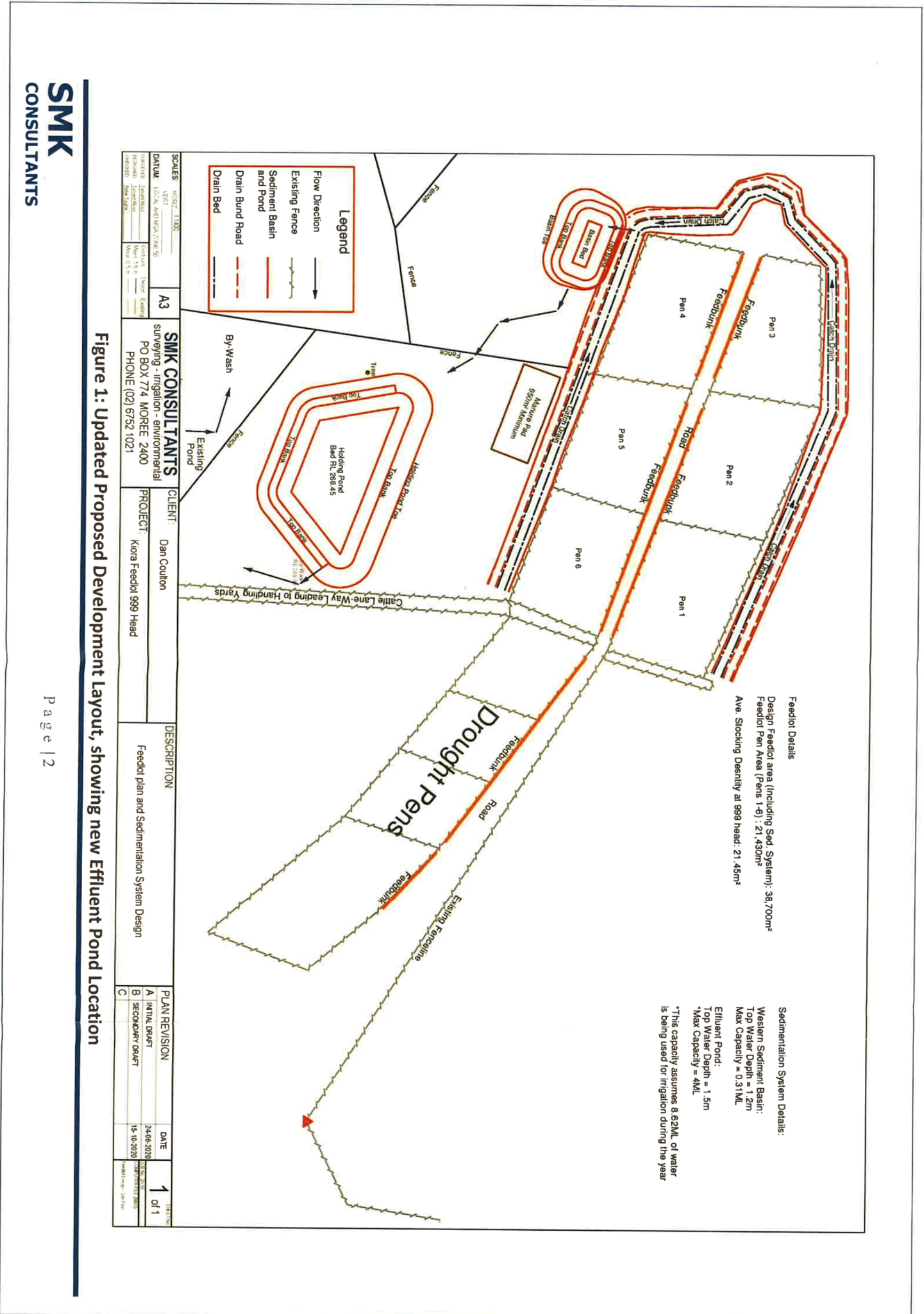


Scale: 1:3,000 (A3)

Surveyed By: Tarrant Moss
 Prepared By: Tarrant Moss
 Date: 23-10-2020

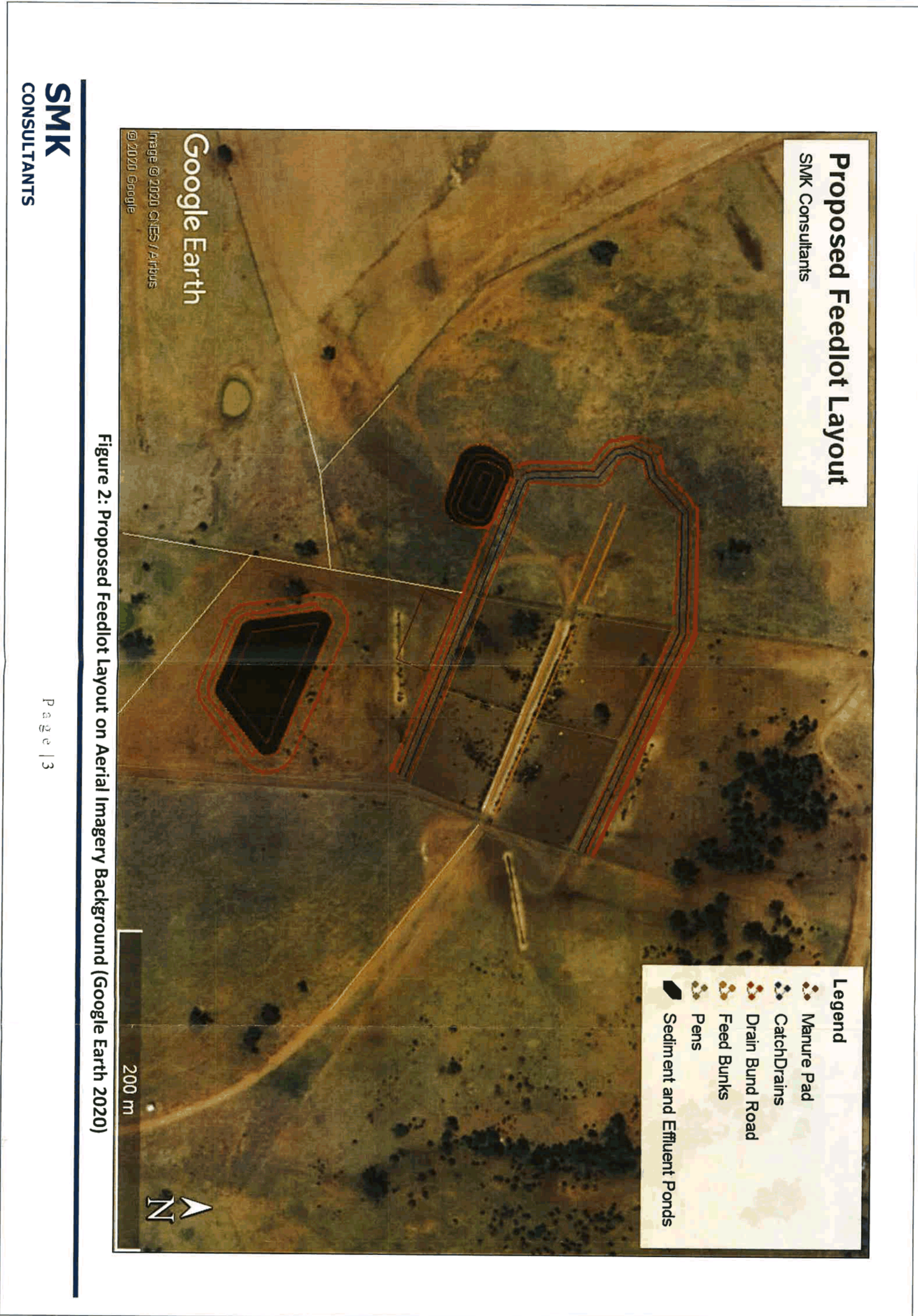
SMK
CONSULTANTS
 surveying - irrigation - environmental

Disclaimer:
 The information in this map has been provided in good faith. While all effort has been made to ensure the accuracy and completeness of the information the data providers take no responsibility for any errors or



SMK
 CONSULTANTS

SCALES	PROJECT	A3	CLIENT	Dan Coulton	DESCRIPTION	Feedlot plan and Sedimentation System Design	PLAN REVISION	DATE	1 of 1
DATUM	VERT	LOCK AND MOUNTING	PROJECT	SMK CONSULTANTS surveying - irrigation - environmental PO BOX 774 MOREE 2400 PHONE (02) 6752 1021	PROJECT	Kiora Feedlot 999 Head	A INITIAL DRAFT	24-06-2020	
							B SECONDARY DRAFT	15-10-2020	
							C		



Item 9 Joint Organisation Membership**FILE REFERENCE** 20/28060**DELIVERY PROGRAM****GOAL:** 4. Proactive Regional and Local Leadership**OUTCOME:** 4.1 WE ARE AN ENGAGED & CONNECTED COMMUNITY**STRATEGY:** 4.1.2 Enable broad, rich and meaningful engagement to occur - GM - external**AUTHOR** General Manager**STAFF DISCLOSURE OF INTEREST** Nil**IN BRIEF/ SUMMARY RECOMMENDATION**

This report recommends that the Council transfers its membership from Namoi Unlimited to the New England Joint Organisation (NEJO).

TABLED ITEMS Nil**BACKGROUND**

The Council has now had the opportunity to attend a Board Meeting and several General Managers' Advisory Group Meetings following the Council's decision to seek Associate Membership to New England Joint Organisation.

The original report to Council outlining why Gwydir should seek Associate Membership of NEJO included the following map of the NEJO Membership:



This map really says it all and highlights the relative importance of Gwydir to the NEJO but, at the moment, the Mayor attends the Board Meetings but does not have any voting rights.

Certainly Gwydir's transport interests are much more closely aligned to those of the other Councils in the NEJO with both interstate (NSW-Queensland) and east-west transport links being the main focus.

At the recent Councillor Workshop the membership of Gwydir in either Namoi Unlimited or NEJO was discussed. The Workshop was advised that the strategic interests of Gwydir rest more with the NEJO than with Namoi Unlimited. The Councillors present at the Workshop indicated their support to explore transferring the Council's membership from Namoi Unlimited to NEJO.

This process has commenced with a request having been forwarded to the Executive Officer of Namoi Unlimited to have the matter of Gwydir's resignation from Namoi Unlimited on the agenda for discussion at the next Namoi Board Meeting to be held on 8th December 2020 at Walcha. Gwydir is seeking the support from Namoi Unlimited to Gwydir's switch to NEJO. The Mayor advised the Namoi Chair prior to the formal request being forwarded.

Similarly a request seeking full membership of NEJO will be forwarded to the NEJO Executive Officer if the Council endorses the recommendation contained in this report. The NEJO Board Meeting is being held next Monday at Moree Plains Shire Council.

COMMENT

If all the above procedural pieces are put into place the final decision will resent with the Minister for Local Government as the change will need to be gazetted in order to be put into effect.

Gwydir Shire Council continues to hold the view that Namoi Unlimited and New England Joint Organisations should be one body.

CONCLUSION

The senior staff and Mayor believe that the better choice between the two existing Joint Organisations for Gwydir is be a full voting member of the New England Joint Organisation.

OFFICER RECOMMENDATION

THAT the report be received.

FURTHER that both Namoi Unlimited and the New England Joint Organisations be formally advised of the Council's decision to transfer this Council's membership from Namoi Unlimited to the New England Joint Organisation.

FURTHER once the concurrence of the Boards of both Joint Organisations has been received to the transfer of this Council's membership from Namoi Unlimited to the New England Joint Organisation that the Minister for Local Government and the Council's State Member be advised seeking their support for the transfer.

ATTACHMENTS

There are no attachments for this report.

STATUTORY ENVIRONMENT

Local Government Act 1993 and associated regulations. A quarterly budget review is due within 2 months of the end of each quarter under the requirements of Clause 203 of the Local Government (General) Regulation 2005:

203 Budget review statements and revision of estimates

- (1) Not later than 2 months after the end of each quarter, the responsible accounting officer of a council must prepare and submit to the council a budget review statement that shows, by reference to the estimate of income and expenditure set out in the management plan that the council has adopted for the relevant year, a revised estimate of the income and expenditure for that year.
- (2) A budget review statement must include or be accompanied by:
 - (a) a report as to whether or not the responsible accounting officer believes that the statement indicates that the financial position of the council is satisfactory, having regard to the original estimate of income and expenditure, and
 - (b) if that position is unsatisfactory, recommendations for remedial action.
- (3) A budget review statement must also include any information required by the Code to be included in such a statement.

FINANCIAL, ECONOMIC AND RESOURCE IMPLICATIONS

Council must work towards tight controls to achieve the budgeted end of year result.

STRATEGIC IMPLICATIONS - N/A

SUSTAINABILITY IMPLICATIONS (Social & Environmental)

Sustainability has largely been addressed as a result of the Special Rate Variation being approved. Further work is required to ensure bottom line budget and cash results are achieved.

OFFICER RECOMMENDATION

**THAT the September Quarter Budget Review Statement be noted
FURTHER that the September Quarter budget adjustments be approved.**

ATTACHMENTS

AT- Quarterly Budget Review Statement September 2021

Gwydir Shire Council

Quarterly Budget Review Statement
for the period 01/07/20 to 30/09/20

Table of Contents	page
1. Responsible Accounting Officer's Statement	1
2. Income & Expenses Budget Review Statement's Statement	2
Recommended Changes	3
3. Capital Budget Review Statement Statement	4
4. Cash & Investments Budget Review Statement Statement	5
5. Contracts & Other Expenses Budget Review Statement	6
6. Consultancy & Legal Expenses Budget Review Statement	7

Gwydir Shire Council

Quarterly Budget Review Statement
for the period 01/07/20 to 30/09/20

Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

30 September 2020

It is my opinion that the Quarterly Budget Review Statement for Gwydir Shire Council for the quarter ended 30/09/20 indicates that Council's projected financial position at 30/6/21 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed:



date: 22/11/2020

Helen Thomas
Responsible Accounting Officer

Gwynqir Shire Council
Quarterly Budget Review Statement
 for the period 01/07/20 to 30/09/20

Income & Expenses Budget Review Statement

Budget review for the quarter ended 30 September 2020

Income & Expenses - Council Consolidated

(\$'000's)	Original Budget 2020/21	Approved Changes				Carry Forwards	Other than QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Revised Budget 2020/21	Variations for this Sep Qtr	Notes	Projected Year End Result	Actual YTD figures
		QBRs	QBRs	QBRs	QBRs										
Income															
Rates and Annual Charges	10,840									10,840			10,840	10,947	
User Charges and Fees	2,860									2,860	(88)		2,772	504	
Interest and Investment Revenues	92									92	15		107	24	
Other Revenues	855	66								921	(27)		894	278	
Grants & Contributions - Operating	13,289	91								13,380	23		13,403	4,305	
Grants & Contributions - Capital	5,626	-								5,626	334		5,960	1,100	
Total Income from Continuing Operations	33,562	157								33,719	257		33,976	17,158	
Expenses															
Employee Costs	13,971									13,971	110		14,081	2,993	
Borrowing Costs	427									427			427	80	
Materials & Contracts	16,655									16,655	(46)		16,609	1,850	
Depreciation	7,762									7,762			7,762	1,941	
Legal Costs	40									40			40	2	
Consultants	331									331			331	62	
Other Expenses	2,976									2,976	2		2,978	1,459	
Total Expenses from Continuing Operations	42,162									42,162	66		42,228	8,387	
Net Operating Result from Continuing Operatic	(8,600)	157								(8,443)	191		(8,252)	8,772	
Discontinued Operations - Surplus/(Deficit)															
Net Operating Result from All Operations	(8,600)	157								(8,443)	191		(8,252)	8,772	
Net Operating Result before Capital Items	(14,226)	157								(14,069)	(143)		(14,212)	7,672	

Income & Expenses Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes	Details
User Fees and Charges	Reduction in Naroo and Roxy income
Other Revenues	In line with forecast
Grants and Contributions - Operating	In line with funding forecast
Grants and Contributions - Capital	In line with funding forecast
Employee Costs	Adjustment to projected result
Materials and Contracts	In line with project adjustments

		Quarterly Budget Review Statement for the period 01/07/20 to 30/09/20								
		Original Budget 2020/21	Carry Forwards by QBRS	Approved Changes Sep QBRS	Dec QBRS	Mar QBRS	Revised Budget 2020/21	Variations for this Sep Qtr	Notes	Projected Year End Result
Gwydir Shire Council										
Capital Budget Review Statement										
Budget review for the quarter ended 30 September 2020										
Capital Budget - Council Consolidated										
(\$000's)										
Capital Expenditure										
New Assets										
- Plant & Equipment		-	-	-	-	-	-	-	-	-
- Land & Buildings		-	-	-	-	-	-	-	-	-
- Other		-	-	-	-	-	-	-	-	-
Renewal Assets (Replacement)										
- Plant & Equipment		1,200	-	-	-	-	1,200	-	-	1,200
- Land & Buildings		5,626	-	-	-	-	5,626	-	-	5,626
- Roads, Bridges, Footpaths		3,184	-	-	-	-	3,184	-	-	3,184
Materials		-	-	-	-	-	-	-	-	-
Loan Repayments (Principal)		2,160	-	-	-	-	2,160	-	-	2,160
Waste		110	-	-	-	-	110	-	-	110
Water supply		386	-	-	-	-	386	-	-	386
Sewerage services		549	-	-	-	-	549	-	-	549
Total Capital Expenditure		13,215	-	-	-	-	13,215	-	-	13,215
Capital Funding										
Rates & Other Untied Funding		570	-	-	-	-	570	-	-	570
Capital Grants & Contributions		5,626	-	-	-	-	5,626	-	-	5,626
Reserves:										
- External Restrictions/Reserves		5,614	-	-	-	-	5,614	-	-	5,614
- Internal Restrictions/Reserves		-	-	-	-	-	-	-	-	-
New Loans		-	-	-	-	-	-	-	-	-
Receipts from Sale of Assets		-	-	-	-	-	-	-	-	-
- Plant & Equipment		360	-	-	-	-	360	-	-	360
Waste		110	-	-	-	-	110	-	-	110
Water supply		386	-	-	-	-	386	-	-	386
Sewerage services		549	-	-	-	-	549	-	-	549
Total Capital Funding		13,215	-	-	-	-	13,215	-	-	13,215
Net Capital Funding - Surplus/(Deficit)		-	-	-	-	-	-	-	-	-

Quarterly Budget Review Statement
 for the period 01/07/20 to 30/09/20

Gwydir Shire Council

Contracts Budget Review Statement

Budget review for the quarter ended 30 September 2020

Part A - Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)	Notes
Pattison Technology	Aged Care Call Bell System Naroo	\$180 000	October	2 months	Y	

Notes:

1. Minimum reporting level is 1% of estimated income from continuing operations of Council or \$50,000 - whatever is the lesser.
2. Contracts listed are those entered into during the quarter being reported and exclude contractors on Council's Preferred Supplier list.
3. Contracts for employment are not required to be included.

Gwydir Shire Council

Cash & Investments Budget Review Statement

Budget review for the quarter ended 30 September 2020

Cash & Investments - Council Consolidated

Quarterly Budget Review Statement
 for the period 01/07/20 to 30/09/20

(\$000's)	Original Budget 2020/21	Approved Changes				Revised Budget 2020/21	Variations for this Sep Qtr	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs				
Externally Restricted ⁽¹⁾									
Aged Care Bonds	700				700		700	700	
Developer Contributions	288				288		288	288	
Specific Purpose unexpended Grants	2,004				2,004		2,004	850	
Water	770				770		770	583	
Sewer	3,135				3,135		3,135	1,786	
Domestic Waste Management	-				-		-	-	
Total Externally Restricted	6,897				6,897		6,897	4,207	
⁽¹⁾ Funds that must be spent for a specific purpose									
Internally Restricted ⁽²⁾									
Employee Leave Entitlement	900				900		900	900	
Trust Accounts	49				49		49	49	
Other Waste	3,174				3,174		3,174	1,898	
Total Internally Restricted	4,123				4,123		4,123	2,847	
⁽²⁾ Funds that Council has earmarked for a specific purpose									
Unrestricted (ie. available after the above Restrict	480				480		480	1,360	
Total Cash & Investments	11,500				11,500		11,500	1,360	

Item 11 Auditor Presentation - Council's Financial Statements to 30 June 2020

FILE REFERENCE 20/28423

DELIVERY PROGRAM

GOAL: 5. Organisational Management

OUTCOME: 5.1 CORPORATE MANAGEMENT

STRATEGY: 5.1.1 Financial management and accountability systems - CFO - internal

AUTHOR Manager, Finance

STAFF DISCLOSURE OF INTEREST Nil

COMMENT

Representatives from the NSW Audit Office will be attending the meeting to present the Council's Financial Statements for the year ending 30 June 2020 via an online meeting.

BACKGROUND

The Council's financial statements are currently on exhibition for public comment and any submissions will be tabled at the meeting.

OFFICER RECOMMENDATION

THAT the Auditor be thanked for his presentation

ATTACHMENTS

AT- Annual Financial Statements - General Purpose - 30 June 2020

AT- Annual Financial Statements - Special Purpose - 30 June 2020

Gwydir Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

*To be the recognised leader in Local Government through
continuous learning and sustainability.*



Gwydir Shire Council

Financial Statements 2020

General Purpose Financial Statements
for the year ended 30 June 2020

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Overview

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

33 Miatland Street
Bingara NSW 2404

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.gwydirshire.com.

Gwydir Shire Council

Financial Statements 2020

General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2020.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Gwydir Shire Council

Financial Statements 2020

General Purpose Financial Statements
for the year ended 30 June 2020

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 24 September 2020.

Cr John Coulton
Mayor
24 September 2020

Cr Catherine Egan
Councillor
24 September 2020

Max Eastcott
General Manager
24 September 2020

Helen Thomas
Responsible Accounting Officer
24 September 2020

Gwydir Shire Council

Financial Statements 2020

Income Statement

for the year ended 30 June 2020

<i>Original unaudited budget 2020</i>	\$ '000	Notes	<i>Actual 2020</i>	<i>Actual 2019</i>
Income from continuing operations				
10,725		3a	10,548	10,314
3,328		3b	3,467	3,495
3,674		3c	4,430	4,166
11,755		3d,3e	10,332	9,709
2,678		3d,3e	2,869	5,114
179		4	153	263
460		6	-	-
320		12c	329	-
-		5d	1,986	-
<u>33,119</u>			<u>34,114</u>	<u>33,061</u>
Expenses from continuing operations				
12,292		5a	12,366	11,607
520		5b	632	615
8,546		5c	6,595	6,503
7,991		5d	8,259	8,265
3,019		5e	2,599	2,120
-		6	2,576	120
<u>32,368</u>			<u>33,027</u>	<u>29,230</u>
<u>751</u>			<u>1,087</u>	<u>3,831</u>
<u>751</u>			<u>1,087</u>	<u>3,831</u>
751			1,087	3,831
<u>(1,927)</u>			<u>(1,782)</u>	<u>(1,283)</u>

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Gwydir Shire Council

Financial Statements 2020

Statement of Comprehensive Income
for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Net operating result for the year (as per Income Statement)		1,087	3,831
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10	1,937	342
Total items which will not be reclassified subsequently to the operating result		1,937	342
Total other comprehensive income for the year		1,937	342
Total comprehensive income for the year		3,024	4,173
Total comprehensive income attributable to Council		3,024	4,173

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Gwydir Shire Council

Financial Statements 2020

Statement of Financial Position
 as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	3,936	3,787
Investments	7(b)	7,631	8,606
Receivables	8	2,549	1,894
Inventories	9	798	804
Contract assets	11a	921	-
Other		39	-
Total current assets		15,874	15,091
Non-current assets			
Infrastructure, property, plant and equipment	10	412,087	410,006
Right of use assets		-	-
Total non-current assets		412,087	410,006
Total assets		427,961	425,097
LIABILITIES			
Current liabilities			
Payables	13	3,645	3,578
Contract liabilities	11b	1,571	-
Borrowings	13	1,180	1,274
Provisions	14	2,853	2,725
Total current liabilities		9,249	7,577
Non-current liabilities			
Borrowings	13	7,085	8,266
Provisions	14	3,904	3,842
Total non-current liabilities		10,989	12,108
Total liabilities		20,238	19,685
Net assets		407,723	405,412
EQUITY			
Accumulated surplus	15	278,105	277,731
Revaluation reserves	15	129,618	127,681
Council equity interest		407,723	405,412
Total equity		407,723	405,412

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Gwydir Shire Council

Financial Statements 2020

Statement of Changes in Equity
for the year ended 30 June 2020

\$ '000	as at 30/06/20				as at 30/06/19			
	Accumulated surplus	IPP&E revaluation reserve	Total equity	Notes	Accumulated surplus	IPP&E revaluation reserve	Total equity	Notes
Opening balance	277,731	127,681	405,412		273,900	127,339	401,239	
Changes due to AASB 1058 and AASB 15 adoption	(713)	-	(713)	15	-	-	-	
Changes due to AASB 16 adoption	-	-	-		-	-	-	
Net operating result for the year	1,087	-	1,087		3,831	-	3,831	
Restated net operating result for the period	1,087	-	1,087		3,831	-	3,831	
Other comprehensive Income								
- Gain (loss) on revaluation of IPP&E	-	1,937	1,937	10	-	342	342	
Other comprehensive Income	-	1,937	1,937		-	342	342	
Total comprehensive Income	1,087	1,937	3,024		3,831	342	4,173	
Equity – balance at end of the reporting period	278,105	129,618	407,723		277,731	127,681	405,412	

The Council has not restated comparatives when initially applying AASB 1058 Income of Not-for-Profit Entities, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. The comparative information has been prepared under AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions, AASB 117 Leases and related Accounting Interpretations.

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

Gwydir Shire Council

Financial Statements 2020

Statement of Cash Flows

for the year ended 30 June 2020

<i>Original unaudited budget 2020</i>	\$ '000	Notes	<i>Actual 2020</i>	<i>Actual 2019</i>
Cash flows from operating activities				
<i>Receipts:</i>				
10,725	Rates and annual charges		10,590	10,315
4,178	User charges and fees		3,462	3,803
179	Investment and interest revenue received		146	280
16,428	Grants and contributions		13,475	15,678
-	Bonds, deposits and retention amounts received		5	-
1,149	Other		5,311	5,161
<i>Payments:</i>				
(12,292)	Employee benefits and on-costs		(12,267)	(11,967)
(9,308)	Materials and contracts		(8,134)	(6,592)
(480)	Borrowing costs		(581)	(486)
-	Bonds, deposits and retention amounts refunded		-	(55)
(1,149)	Other		(2,565)	(2,751)
9,430	Net cash provided (or used in) operating activities	16b	9,442	13,386
Cash flows from investing activities				
<i>Receipts:</i>				
-	Sale of investment securities		12,975	12,000
560	Sale of infrastructure, property, plant and equipment		495	263
<i>Payments:</i>				
-	Purchase of investment securities		(12,000)	(14,764)
(10,053)	Purchase of infrastructure, property, plant and equipment		(9,488)	(11,219)
-	Purchase of real estate assets		-	(179)
(9,493)	Net cash provided (or used in) investing activities		(8,018)	(13,899)
Cash flows from financing activities				
<i>Receipts:</i>				
-	Proceeds from borrowings and advances		-	2,023
<i>Payments:</i>				
(1,317)	Repayment of borrowings and advances		(1,275)	(1,208)
(1,317)	Net cash flow provided (used in) financing activities		(1,275)	815
(1,380)	Net increase/(decrease) in cash and cash equivalents		149	302
2,850	Plus: cash and cash equivalents – beginning of year	16a	3,787	3,485
1,470	Cash and cash equivalents – end of the year	16a	3,936	3,787
8,650	plus: Investments on hand – end of year	7(b)	7,631	8,606
10,120	Total cash, cash equivalents and investments		11,567	12,393

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

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

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

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

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

Council is a not for-profit entity.

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

(a) 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.

(b) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 10
- (ii) estimated tip remediation provisions – refer Note 14
- (iii) employee benefit provisions – refer Note 14.

Covid 19 Impacts

Covid 19 has caused a disruption to council's business practices with a number of staff working remotely from home or at other council facilities away from the main administration building. Whilst this has caused some inconvenience it has not resulted in significant additional cost. Some costs have been incurred for additional equipment and staff salaries for employee required to isolate.

Council has provided some rent relief to the lessee of the Roxy Theatre Cafe to compensate for lost income due to the compulsory lockdown and some additional costs have been incurred in cleaning of council facilities.

Rate collections are marginally less the previous year's however it is not known if this is a consequence of Covid or attributable to the prolonged drought. Other receivables have not been impacted.

Overall, the financial impact has not been significant and is not anticipated to increase in future years.

Council is of the view that physical non-current assets will not experience substantial declines in value due to Covid. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to Covid.

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

For assets where fair value is determined by market value Council has no evidence of material changes to these values. With Covid emerging late in the financial reporting cycle it is not practical to obtain external valuations of these assets at 30 June 2020.

Significant judgements in applying the council's accounting policies

(i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note 8.

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service
- Waste management
- Naroo Aged Care

(b) The Trust Fund

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

Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council makes use of volunteers for the community transport program, events and information centres. The estimated value of these services has been included in the financial statements based on an average salary council would be required to pay if the services were not donated.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2020 reporting period.

continued on next page ...

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

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

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

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2019:

- AASB 15 Revenue from contracts with customers and associated amending standards.
- AASB 1058 Income of Not-for-profit entities
- AASB 16 Leases

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at Note 15.

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
 for the year ended 30 June 2020

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

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

Functions or activities	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Social	4,251	4,218	2,745	4,580	1,506	(362)	3,690	1,942	21,452	13,945
Economic	9,639	9,790	11,018	10,223	(1,379)	(433)	2,636	3,048	330,808	340,664
Environment	3,294	2,946	3,381	2,648	(87)	298	124	185	22,842	20,212
Civic Leadership	777	667	1,974	1,536	(1,197)	(869)	-	-	7,436	3,941
Governance	16,153	15,440	13,909	10,243	2,244	5,197	4,762	6,807	45,423	46,335
Total functions and activities	34,114	33,061	33,027	29,230	1,087	3,831	11,212	11,982	427,961	425,097

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

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:

Social

Includes aged and disability services, social services, library, emergency services, parks and urban spaces, public health.

Economic

Includes Gwydir Learning Region, shire roads, asset management, sewerage services, marketing & promotion.

Environment

Includes development and land use management, water supply, environmental protection, waste operations and circular economy.

Civic Leadership

Includes organisational development & recreational facilities.

Governance

Includes technical services, governance, financial operations, information services, compliance, town utilities and plant operations.

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (1)	1,256	1,227
Farmland	1058 (1)	6,400	6,256
Business	1058 (1)	264	215
Less: pensioner rebates (mandatory)	1058 (1)	(92)	(89)
Rates levied to ratepayers		7,828	7,609
Pensioner rate subsidies received	1058 (1)	49	48
Total ordinary rates		7,877	7,657
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Domestic waste management services	1058 (1)	569	652
Stormwater management services	1058 (1)	36	36
Water supply services	1058 (1)	685	686
Sewerage services	1058 (1)	626	626
Waste management services (non-domestic)	1058 (1)	823	727
Less: pensioner rebates (mandatory)	1058 (1)	(148)	(151)
Annual charges levied		2,591	2,576
Pensioner subsidies received:			
– Water	1058 (1)	24	24
– Sewerage	1058 (1)	20	20
– Domestic waste management	1058 (1)	36	37
Total annual charges		2,671	2,657
TOTAL RATES AND ANNUAL CHARGES		10,548	10,314

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

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

Accounting policy for rates and charges

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

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

continued on next page ...

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(b) User charges and fees			
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	15 (1)	578	666
Sewerage services	15 (1)	62	69
Total specific user charges		640	735
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services	15 (1)	5	13
Planning and building regulation	15 (1)	69	61
Private works – section 67	15 (1)	277	161
Registration fees	15 (1)	7	8
Section 603 certificates	15 (1)	9	9
Total fees and charges – statutory/regulatory		367	252
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Caravan park	15 (1)	184	376
Cemeteries	15 (1)	42	35
Child care	15 (1)	3	3
Park rents	15 (1)	6	–
RMS (formerly RTA) charges (state roads not controlled by Council)	15 (1)	1,832	1,698
Tourism	15 (1)	6	5
Gwydir learning region	15 (1)	55	34
Home and community care / community transport	15 (1)	85	119
Pre-school services	15 (1)	149	107
Roxy theatre	15 (1)	20	46
Community fitness	15 (1)	30	34
Other	15 (1)	48	51
Total fees and charges – other		2,460	2,508
TOTAL USER CHARGES AND FEES		3,467	3,495

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

Accounting policy for user charges and fees

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

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

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

2019 accounting policy

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

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(c) Other revenues			
Rental income – other council properties (2019 only)		–	243
Fines – other	1058 (1)	10	8
Legal fees recovery – rates and charges (extra charges)	15 (1)	10	7
Commissions and agency fees	15 (1)	119	115
Diesel rebate	1058 (1)	98	94
Insurance claims recoveries	1058 (1)	24	16
Sales – general	15 (1)	57	54
Emergency services reimbursements	1058 (1)	123	118
Employee related	1058 (1)	82	89
Festivals	15 (1)	12	13
Medical centres	1058 (1)	6	6
Naroo	15 (1)	2,690	2,438
Sewer operations	15 (1)	1	1
Waste management revenues	15 (1)	69	16
Tourism	15 (1)	31	53
Insurance Incentives	1058 (1)	60	55
Water supplies	15 (1)	8	33
Companion Animals Reimbursement	1058 (1)	12	6
Advertising Income	15 (1)	92	3
Container Deposit reimbursement	15 (1)	53	45
Namoi Joint Organisation reimbursement	15 (1)	40	239
Crown Land Assets Reconciliation		–	373
Road Asset Reconciliation		506	–
Volunteer Services	15 (1)	283	–
Other	15 (1)	44	141
TOTAL OTHER REVENUE		4,430	4,166

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

2019 accounting policy:

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.

Fines are recognised as revenue when the fine has been paid.

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

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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.

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(d) Grants					
General purpose (untied)					
Current year allocation					
Financial assistance	1058 (1)	2,301	2,335	-	-
Payment in advance - future year allocation					
Financial assistance	1058 (1)	2,439	2,421	-	-
Total general purpose		4,740	4,756	-	-
Specific purpose					
Aged care	1058 (2)	-	-	88	361
Child care	1058 (1)	28	30	-	-
Community care	1058 (1)	345	288	-	-
Community centres	1058 (1)	49	46	-	-
Economic development	15 (2)	8	-	-	-
Employment and training programs	1058 (1)	22	32	-	-
Environmental programs	1058 (1)	-	-	-	-
Library	1058 (1)	75	45	-	-
Noxious weeds	1058 (1)	70	69	-	-
NSW rural fire services	1058 (1)	239	175	-	-
Recreation and culture	1058 (1)	15	-	185	40
Street lighting	1058 (1)	21	20	-	-
Transport (other roads and bridges funding)	1058 (1)	-	-	833	2,881
Family first – DOCS	1058 (1)	104	102	-	-
Preschool	1058 (1)	293	261	-	-
Tharawonga operational	1058 (1)	404	328	-	-
Transport (3x3, flood works, roads to recovery)	1058 (1)	1,773	890	-	-
Drought Communities	1058 (1)	200	335	49	433
Stronger Country Communities - Council Projects	1058 (2)	-	-	1,183	526
Stronger Country Communities - Community Projects	15 (2)	180	285	-	-
Big River Dreaming	1058 (1)	50	-	254	-
Crown Lands	1058 (1)	-	76	-	-
Caravan Park	1058 (2)	-	-	-	-
Other	1058 (1)	4	3	-	-
Total specific purpose		3,880	2,985	2,592	4,241
Total grants		8,620	7,741	2,592	4,241
Grant revenue is attributable to:					
- Commonwealth funding		7,330	6,506	684	2,256
- State funding		1,290	1,235	1,908	1,985
		8,620	7,741	2,592	4,241

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(e) Contributions						
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services						
	1058 (1)		–	–	195	238
Total developer contributions – cash			–	–	195	238
Total developer contributions			–	–	195	238
	23					
Other contributions:						
Cash contributions						
Community services						
	1058 (1)		3	–	–	–
Recreation and culture						
			–	6	–	10
Roads and bridges						
			–	–	–	15
RMS contributions (regional roads, block grant)						
	1058 (1)		1,671	1,924	–	592
Sewerage (excl. section 64 contributions)						
	1058 (1)		–	–	–	2
Tourism						
	1058 (1)		–	–	–	–
Other						
	1058 (1)		38	38	–	16
Self help roadwork contributions						
	1058 (1)		–	–	82	–
Total other contributions – cash			1,712	1,968	82	635
Total other contributions			1,712	1,968	82	635
Total contributions			1,712	1,968	277	873
TOTAL GRANTS AND CONTRIBUTIONS			10,332	9,709	2,869	5,114

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

Accounting policy for grants and contributions

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in note 3(f).

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

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

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

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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.

\$ '000	2020	2019
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(f) Unspent grants and contributions – external restrictions

Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.

Operating grants

Unexpended at the close of the previous reporting period	390	229
Add: operating grants recognised as income in the current period but not yet spent	198	252
Less: operating grants recognised in a previous reporting period now spent	(180)	(91)
Unexpended and held as externally restricted assets (operating grants)	<u>408</u>	<u>390</u>

Capital grants

Unexpended at the close of the previous reporting period	856	237
Add: capital grants recognised as income in the current period but not yet spent	25	656
Less: capital grants recognised in a previous reporting period now spent	(856)	(37)
Unexpended and held as externally restricted assets (capital grants)	<u>25</u>	<u>856</u>

Contributions

Unexpended at the close of the previous reporting period	262	256
Add: contributions recognised as income in the current period but not yet spent	291	6
Less: contributions recognised in a previous reporting period now spent	(262)	-
Unexpended and held as externally restricted assets (contributions)	<u>291</u>	<u>262</u>

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 4. Interest and investment income

\$ '000	2020	2019
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	21	23
– Cash and investments	57	76
Distribution income relating to investments held at fair value through profit and loss	75	164
Total Interest and investment income	153	263
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	11	14
General Council cash and investments	49	75
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	3	6
Water fund operations	11	17
Sewerage fund operations	36	80
Domestic waste management operations	43	71
Total interest and investment revenue	153	263

Accounting policy for interest and investment revenue

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

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
 for the year ended 30 June 2020

Note 5. Expenses from continuing operations

\$ '000	2020	2019
(a) Employee benefits and on-costs		
Salaries and wages	9,637	9,459
Employee leave entitlements (ELE)	2,083	1,960
Superannuation	1,220	1,184
Workers' compensation insurance	574	529
Fringe benefit tax (FBT)	29	29
Other	18	30
Total employee costs	13,561	13,191
Less: capitalised costs	(1,195)	(1,584)
TOTAL EMPLOYEE COSTS EXPENSED	12,366	11,607

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 15 for more information.

\$ '000	Notes	2020	2019
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		530	485
Total interest bearing liability costs		530	485
Total interest bearing liability costs expensed		530	485
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	14	59	81
Amortisation of discounts and premiums: – unwinding discount on reduced interest loan		43	49
Total other borrowing costs		102	130
TOTAL BORROWING COSTS EXPENSED		632	615

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 as incurred.

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
 for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(c) Materials and contracts		
Raw materials and consumables	9,516	11,646
Contractor and consultancy costs		
– Consultants	436	345
– Domestic waste management contract	99	99
– Health services	14	12
– Pools	169	122
– Road infrastructure contractors	661	997
– Other	2,723	2,818
Auditors remuneration ²	68	73
Legal expenses:		
– Legal expenses: debt recovery	13	18
– Legal expenses: other	53	10
Expenses from leases of low value assets (2020 only)	22	–
Variable lease expense relating to usage (2020 only)	42	–
Total materials and contracts	13,816	16,140
Less: capitalised costs	(7,221)	(9,637)
TOTAL MATERIALS AND CONTRACTS	6,595	6,503

Accounting policy for materials and contracts

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

Operating leases (2019 only)

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.

2. Auditor remuneration

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

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements	63	69
Remuneration for audit and other assurance services	63	69

Total Auditor-General remuneration

63	69
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Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Audit and review of financial statements	5	4
Remuneration for audit and other assurance services	5	4

Total remuneration of non NSW Auditor-General audit firms

5	4
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Total Auditor remuneration

68	73
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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		1,013	935
Office equipment		64	69
Furniture and fittings		47	50
Land improvements (depreciable)		1	-
Infrastructure:	10		
- Buildings – non-specialised		613	888
- Buildings – specialised		462	754
- Other structures		239	296
- Roads		4,549	4,380
- Bridges		13	11
- Footpaths		20	20
- Stormwater drainage		37	35
- Water supply network		365	385
- Sewerage network		182	187
- Swimming pools		109	113
Other assets:			
- Other		10	9
Reinstatement, rehabilitation and restoration assets:			
- Tip assets	10,14	513	103
- Quarry assets	10,14	22	30
Total gross depreciation and amortisation costs		<u>8,259</u>	<u>8,265</u>
Total depreciation and amortisation costs		<u>8,259</u>	<u>8,265</u>
Impairment / revaluation decrement of IPP&E			
Infrastructure:			
- Buildings – non-specialised	10	(1,986)	-
Total gross IPP&E impairment / revaluation decrement costs / (reversals)		<u>(1,986)</u>	<u>-</u>
Total IPP&E impairment / revaluation decrement costs / (reversals) charged to Income Statement		<u>(1,986)</u>	<u>-</u>
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS		<u>6,273</u>	<u>8,265</u>

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

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.

\$ '000	2020	2019
(e) Other expenses		
Advertising	29	31
Bad and doubtful debts	18	117
Bank charges	37	39
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	421	345
Councillor expenses – mayoral fee	29	27
Councillor expenses – councillors' fees	119	113
Councillors' expenses (incl. mayor) – other (excluding fees above)	68	108
Donations, contributions and assistance to other organisations (Section 356)	94	83
Electricity and heating	544	576
Insurance	591	542
Street lighting	60	78
Subscriptions and publications	80	157
Telephone and communications	199	204
Valuation fees	27	32
Reinstatement of Provision	–	(332)
Volunteer Services	283	–
Total other expenses	2,599	2,120
TOTAL OTHER EXPENSES	2,599	2,120

Accounting policy for other expenses

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

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
 for the year ended 30 June 2020

Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
Property (excl. investment property)			
Proceeds from disposal – property		322	81
Less: carrying amount of property assets sold/written off		(447)	(42)
Net gain/(loss) on disposal		(125)	39
Plant and equipment			
	10		
Proceeds from disposal – plant and equipment		173	159
Less: carrying amount of plant and equipment assets sold/written off		(283)	(255)
Net gain/(loss) on disposal		(110)	(96)
Infrastructure			
	10		
Proceeds from disposal – infrastructure		–	23
Less: carrying amount of infrastructure assets sold/written off		(2,341)	(86)
Net gain/(loss) on disposal		(2,341)	(63)
Investments			
	7(b)		
Proceeds from disposal/redemptions/maturities – investments		12,000	12,000
Less: carrying amount of investments sold/redeemed/matured		(12,000)	(12,000)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(2,576)	(120)

Accounting policy for disposal of assets

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

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

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
Cash and cash equivalents		
Cash on hand and at bank	535	523
Cash-equivalent assets		
– Deposits at call	401	264
– Short-term deposits	3,000	3,000
Total cash and cash equivalents	3,936	3,787

Accounting policy for cash and cash equivalents

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

Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Investments				
a. 'Financial assets at fair value through profit and loss'				
– 'Held for trading'	7,631	–	8,606	–
Total Investments	7,631	–	8,606	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	11,567	–	12,393	–
Financial assets at fair value through the profit and loss				
Managed funds	7,631	–	8,606	–
Total	7,631	–	8,606	–

Accounting policy for investments

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

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

Financial assets

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

Classification

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

- fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition.

Financial assets through profit or loss

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

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

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
 for the year ended 30 June 2020

Note 7(b). Investments (continued)

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

Note 7(c). Restricted cash, cash equivalents and investments

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	11,567	–	12,393	–
attributable to:				
External restrictions	6,900	–	7,438	–
Internal restrictions	4,623	–	4,906	–
Unrestricted	44	–	49	–
	11,567	–	12,393	–

\$ '000	2020	2019
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)	1,571	–
Specific purpose unexpended loans – general	–	274
Aged care bonds	700	290
External restrictions – included in liabilities	2,271	564

External restrictions – other

Developer contributions – general	288	262
Specific purpose unexpended grants (recognised as revenue) – general fund	433	1,246
Water supplies	770	560
Sewerage services	3,135	3,292
Domestic waste management	–	1,514
Other	3	–
External restrictions – other	4,629	6,874

Total external restrictions

6,900 7,438

Internal restrictions

Infrastructure replacement	–	250
Employees leave entitlement	–	900
Deposits, retentions and bonds	49	44
Advance Payment Financial Assistance Grant	1,400	2,421
Other waste	3,174	1,291
Total internal restrictions	4,623	4,906

TOTAL RESTRICTIONS

11,523 12,344

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Purpose				
Rates and annual charges	380	-	344	-
Interest and extra charges	59	-	50	-
User charges and fees	412	-	266	-
Accrued revenues				
- Interest on investments	-	-	2	-
- Other income accruals	1,189	-	134	-
Government grants and subsidies	208	-	434	-
Developer Contributions	48	-	244	-
Net GST receivable	159	-	203	-
Sundry trade debtors	153	-	246	-
Other debtors	65	-	95	-
Total	2,673	-	2,018	-
Less: provision for impairment				
User charges and fees	(5)	-	(5)	-
Sundry debtors	(119)	-	(119)	-
Total provision for impairment – receivables	(124)	-	(124)	-
TOTAL NET RECEIVABLES	2,549	-	1,894	-
Externally restricted receivables				
Water supply				
- Rates and availability charges	46	-	42	-
- Other	161	-	237	-
Sewerage services				
- Rates and availability charges	30	-	31	-
- Other	30	-	37	-
Developer Contributions	147	-	238	-
Total external restrictions	414	-	585	-
Internally restricted receivables				
Financial Assistance Grant advance payment	1,039	-	-	-
Internally restricted receivables	1,039	-	-	-
Unrestricted receivables	1,096	-	1,309	-
TOTAL NET RECEIVABLES	2,549	-	1,894	-

\$ '000	2020	2019
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	124	7
+ new provisions recognised during the year	-	117
Balance at the end of the year	124	124

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

Accounting policy for receivables

Recognition and measurement

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

Impairment

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

Covid 19

Council's rate and user charges collections have not been significantly impacted by the Covid 19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision. Cashflows and interest income may be impacted in 2020/21 due to the State Government legislating that rate instalments can be deferred until September 30 and no interest can be charged for the first 6 months. The impact this may have is not able to be measured at this stage however it is not expected to be significant.

Gwydir Shire Council

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Notes to the Financial Statements
 for the year ended 30 June 2020

Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Inventories				
(i) Inventories at cost				
Real estate for resale	576	-	576	-
Stores and materials	222	-	228	-
Total inventories at cost	798	-	804	-
TOTAL INVENTORIES	798	-	804	-

(i) Other disclosures

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Details for real estate development				
Residential	576	-	576	-
Total real estate for resale	576	-	576	-
<small>(Valued at the lower of cost and net realisable value)</small>				
Represented by:				
Acquisition costs	397	-	397	-
Development costs	179	-	179	-
Total costs	576	-	576	-
Total real estate for resale	576	-	576	-
Movements:				
Real estate assets at beginning of the year	576	-	-	-
- Purchases and other costs	-	-	179	-
- Transfers in from (out to) Note 9	-	-	397	-
Total real estate for resale	576	-	576	-

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

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

\$ '000	2020	2019
Real estate for resale	510	451
	510	451

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets (continued)

Accounting policy for inventories and other assets

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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.

Gwydir Shire Council

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Notes to the Financial Statements
for the year ended 30 June 2020

Note 10. Infrastructure, property, plant and equipment

	Asset movements during the reporting period										as at 30/06/20					
	as at 30/06/19	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewable	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	W/P transfers	Adjustments and transfers	Revaluation decrements to equity (A/R)	Revaluation increments to equity (A/R)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	7,655	-	7,655	5,701	-	-	-	-	-	(1,219)	-	-	-	12,137	-	12,137
Plant and equipment	17,737	(8,796)	8,941	-	1,306	(287)	(1,013)	-	126	-	-	-	18,581	(9,508)	9,073	
Office equipment	864	(583)	281	-	90	-	(64)	-	-	-	-	-	954	(647)	307	
Furniture and fittings	1,260	(561)	699	-	61	-	(47)	-	-	-	-	-	1,300	(587)	713	
Land:																
- Operational land	4,777	-	4,777	-	-	(80)	-	-	-	-	-	-	5,917	-	5,917	
- Community land	2,930	-	2,930	-	-	-	-	-	64	-	-	-	2,930	(1)	2,930	
Land improvements - depreciable	-	-	-	-	-	-	(1)	-	-	-	-	-	64	-	63	
Infrastructure:																
- Buildings - non-specialised	41,664	(24,861)	16,803	575	-	(446)	(613)	1,986	6	-	-	9,384	39,073	(11,378)	27,695	
- Buildings - specialised	34,497	(18,500)	15,997	30	-	(277)	(462)	-	76	-	-	14,181	36,990	(7,845)	29,145	
- Other structures	5,941	(1,537)	4,404	110	-	(7)	(239)	-	372	-	-	-	6,473	(1,833)	4,640	
- Roads	326,965	(47,879)	279,086	780	506	(864)	(4,549)	-	369	(82,781)	(19,129)	-	195,830	(22,412)	173,418	
- Bridges	38,547	(404)	38,143	219	-	-	(13)	-	28	-	(2,650)	-	43,860	(8,133)	35,727	
- Footpaths	3,190	(524)	2,666	-	-	-	(20)	-	-	-	(1,273)	-	2,732	(1,359)	1,373	
- Bulk earthworks (non-depreciable)	-	-	-	-	-	-	-	-	-	82,781	-	-	82,781	-	82,781	
- Stormwater drainage	3,922	(2,095)	1,827	1	-	-	(37)	-	133	-	-	18	4,095	(2,153)	1,942	
- Water supply network	23,001	(7,851)	15,150	39	-	(8)	(365)	-	18	-	-	141	23,264	(8,289)	14,975	
- Sewerage network	12,617	(7,720)	4,897	38	-	(182)	(182)	-	27	-	-	45	12,802	(7,977)	4,825	
- Swimming pools	2,708	(315)	2,393	-	-	(1,101)	(109)	-	-	-	-	-	1,368	(185)	1,183	
Other assets:																
- Other	184	(46)	138	-	31	-	(10)	-	-	-	-	-	215	(56)	159	
Reinstatement, rehabilitation and restoration assets (refer Note 11):																
- Tip assets	3,305	-	3,305	-	-	-	(513)	-	-	-	-	-	3,306	(514)	2,792	
- Quarry assets	397	(83)	314	-	-	-	(22)	-	-	-	-	-	398	(106)	292	
Total Infrastructure, property, plant and equipment	532,161	(122,155)	410,006	7,493	1,994	(3,070)	(8,259)	1,986	-	-	(23,052)	24,989	495,070	(82,983)	412,087	

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

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Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 10. Infrastructure, property, plant and equipment (continued)

	Asset movements during the reporting period										as at 30/06/19			
	\$ '000	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	W/P transfers	Adjustments and transfers	Transfer to real estate assets (Note 8)	Revaluation increments to equity (AEP)	Gross carrying amount	Accumulated depreciation
Capital work in progress		2,810	-	2,810	5,696	-	-	-	(851)	-	-	7,655	-	7,655
Plant and equipment		16,478	(8,321)	8,157	-	1,649	(255)	(935)	325	-	-	17,737	(8,796)	8,941
Office equipment		801	(513)	288	-	62	-	(99)	-	-	-	864	(583)	281
Furniture and fittings		1,280	(511)	749	-	-	-	(50)	-	-	-	1,260	(561)	699
Land:														
- Operational land		4,952	-	4,952	-	236	(42)	-	28	-	-	4,777	-	4,777
- Community land		2,557	-	2,557	-	373	-	-	-	-	(397)	2,930	-	2,930
Infrastructure:														
- Buildings - non-specialised		41,690	(24,157)	17,533	178	-	(41)	(888)	21	-	-	41,664	(24,861)	16,803
- Buildings - specialised		34,268	(18,151)	16,117	224	-	(22)	(754)	32	-	-	34,497	(18,900)	15,597
- Other structures		5,618	(1,261)	4,357	268	-	(3)	(296)	78	-	-	5,941	(1,537)	4,404
- Roads		324,381	(43,515)	280,866	2,382	-	(4,380)	(11)	218	-	-	326,965	(47,879)	279,086
- Bridges		38,547	(393)	38,154	-	-	-	(11)	-	-	-	38,547	(404)	38,143
- Footpaths		3,190	(504)	2,686	-	-	-	(20)	-	-	-	3,190	(524)	2,666
- Stormwater drainage		3,860	(2,027)	1,833	-	-	-	(35)	-	-	29	3,922	(2,095)	1,827
- Water supply network		22,405	(7,359)	15,046	130	-	(20)	(385)	143	-	236	23,001	(7,851)	15,150
- Sewerage network		12,392	(7,412)	4,980	21	-	-	(187)	6	-	77	12,617	(7,720)	4,897
- Swimming pools		2,707	(201)	2,506	-	-	-	(113)	-	-	-	2,708	(315)	2,393
Other assets:														
- Other		184	(37)	147	-	-	-	(9)	-	-	-	184	(46)	138
Reinstatement, rehabilitation and restoration assets (refer Note 11):														
- Tip assets		1,462	(103)	1,359	-	-	-	(103)	-	2,049	-	3,305	-	3,305
- Quarry assets		397	(53)	344	-	-	-	(30)	-	-	-	397	(83)	314
Total Infrastructure, property, plant and equipment		519,959	(114,518)	405,441	8,899	2,320	(383)	(8,295)	-	2,049	(397)	532,161	(122,155)	410,006

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

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 10. Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

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

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

Increases in the carrying amounts arising on revaluation are credited to the 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	3 to 20	Playground equipment	5 to 15
Office furniture	9 to 30	Benches, seats etc.	10 to 20
Vehicles, plant and equipment	5 to 50	Other Structures	5 to 100
Water and sewer assets		Buildings	
Dams and reservoirs	15 to 100	Buildings	6 to 262
Bores	10 to 30		
Reticulation pipes: PVC	100	Stormwater assets	
Pumps and telemetry	15 to 100	Drains	50 to 100
Treatment plant	10 to 100	Culverts	100
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20 to 36	Bulk earthworks	infinite
Sealed roads: structure	36 to 200	Swimming pools	60
Unsealed roads	12 to 200	Other Assets	10 to 100
Bridge: concrete	150		
Bridge: other	100		
Kerb and gutter	100		
Footpaths	100		

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

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

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Crown reserves

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

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Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 10. Infrastructure, property, plant and equipment (continued)

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

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to recognise some of the rural fire service assets including land, buildings, some of the plant and vehicles. However, some fire fighting trucks (referred to as the Red Fleet) have not been recognised.

Gwydir Shire Council

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Notes to the Financial Statements
 for the year ended 30 June 2020

Note 11. Contract assets and liabilities

\$ '000	2020 Current	2020 Non-current
(a) Contract assets		
Construction of roads	502	-
Construction of recreation assets	389	-
Community assets	30	-
Total Contract assets	921	-
Internally restricted assets		
Employee Leave Entitlements	900	-
Total internally restricted assets	900	-
Total restricted assets	900	-
Total unrestricted assets	21	-
Total contract assets	921	-

\$ '000	Notes	2020 Current	2020 Non-current
(b) Contract liabilities			
Grants and contributions received in advance:			
Unexpended capital grants (to construct Council controlled assets)	(i)	1,515	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	56	-
Total grants received in advance		1,571	-
Total contract liabilities		1,571	-

Notes

(i) Council has received funding to construct assets including sporting and aged care facilities, and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

\$ '000	2020
(ii) Revenue recognised (during the financial year) from opening contract liability balances	
Grants and contributions received in advance:	
Capital grants (to construct Council controlled assets)	327
Operating grants (received prior to performance obligation being satisfied)	57
Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period	384

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Contract assets and liabilities (continued)

Significant changes in contract assets and liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

Accounting policy for contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

(i) Council as a lessee

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

Terms and conditions of leases

Buildings

Council leases a building for the Gwydir News, the lease is for 1 years with a 2 year renewal option.

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

Council also leases the former St Mary's school for community purposes, this lease is for 3 years, expires on 30 June 2021 and has no renewal clause.

Right of Use Assets have not been bought in for these leases as they are short term with low annual rental.

Office and IT equipment

Leases for photocopiers are for low value assets. The leases are for 5 years with no renewal option, the payments are fixed, however the leases include variable payments based on usage.

\$ '000 2020

(a) Income Statement

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

Variable lease payments based on usage not included in the measurement of lease liabilities	42
Expenses relating to low-value leases	22
	<u>64</u>

(b) Statement of Cash Flows

Total cash outflow for leases	64
	<u>64</u>

Leases at significantly below market value – concessionary / peppercorn leases

Council has a lease at significantly below market for a building which is used for:

- a gymnasium

The lease is on-going at council discretion and requires a payment of a maximum amount of \$10 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

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Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases (continued)

Accounting policy

Accounting policies under AASB 16 – applicable from 1 July 2019

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)

Refer to Note 5c.

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 12. Leases (continued)

(ii) Council as a lessor

(c) Operating leases

Council leases out a number of properties for housing, caravan park residents, medical centres, cafe and commercial premises; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E. They have not been classified under AASB 140 Investment Property as they are either occupied by council employees, aged and permanent residents or held for strategic purposes.

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

\$ '000	2020
(i) Operating lease income	
Other lease income	
Housing Rent	33
Commercial Property	34
Medical Centres	29
Roxy Theatre	11
Community Housing	144
Caravan Park	78
Total income relating to operating leases	329

(iv) Maturity analysis of contractual lease income

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

< 1 year	311
1-2 years	311
2-3 years	311
3-4 years	311
4-5 years	311
> 5 years	311
Total undiscounted contractual lease income receivable	1,866

Gwydir Shire Council

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Notes to the Financial Statements
 for the year ended 30 June 2020

Note 13. Payables and borrowings

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	24	–	188	–
Accrued expenses:				
– Borrowings	60	–	68	–
– Salaries and wages	477	–	443	–
– Other expenditure accruals	922	–	162	–
Prepaid rates	241	–	163	–
Security bonds, deposits and retentions	49	–	44	–
Aged care deposits and bonds	1,747	–	2,415	–
Sundry	44	–	21	–
Other	81	–	74	–
Total payables	3,645	–	3,578	–
Borrowings				
Loans – secured ¹	1,180	7,085	1,274	8,266
Total borrowings	1,180	7,085	1,274	8,266
TOTAL PAYABLES AND BORROWINGS	4,825	7,085	4,852	8,266

⁽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 16.

\$ '000	2020	2019
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(a) Current payables and borrowings not anticipated to be settled within the next twelve months

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

Payables – security bonds, deposits and retentions	1,347	1,615
Total payables and borrowings	1,347	1,615

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Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 13. Payables and borrowings (continued)

(b) Changes in liabilities arising from financing activities

	as at 30/06/19		Non-cash changes			as at 30/06/20	
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	9,540	(1,318)	–	43	–	–	8,265
TOTAL	9,540	(1,318)	–	43	–	–	8,265

	as at 30/06/18		Non-cash changes			as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	8,677	814	–	49	–	9,540
TOTAL	8,677	814	–	49	–	9,540

\$ '000	2020	2019
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(c) Financing arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:

Bank overdraft facilities ¹	100	100
Credit cards/purchase cards	100	100
Total financing arrangements	200	200

Drawn facilities as at balance date:

– Credit cards/purchase cards	7	30
Total drawn financing arrangements	7	30

Undrawn facilities as at balance date:

– Bank overdraft facilities	100	100
– Credit cards/purchase cards	93	70
Total undrawn financing arrangements	193	170

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

Accounting policy for payables and borrowings

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

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

Payables

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

Borrowings

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

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings (continued)

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.

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Notes to the Financial Statements
for the year ended 30 June 2020

Note 14. Provisions

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits				
Annual leave	1,202	–	1,129	–
Long service leave	1,651	106	1,596	103
Sub-total – aggregate employee benefits	2,853	106	2,725	103
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	3,798	–	3,739
Sub-total – asset remediation/restoration	–	3,798	–	3,739
TOTAL PROVISIONS	2,853	3,904	2,725	3,842

\$ '000	2020	2019
---------	------	------

(a) 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	1,585	1,525
	1,585	1,525

(b) Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2020		
At beginning of year	3,739	3,739
Unwinding of discount	59	59
Total other provisions at end of year	3,798	3,798
2019		
At beginning of year	1,941	1,941
Remeasurement effects	1,716	1,716
Unwinding of discount	82	82
Total other provisions at end of year	3,739	3,739

Nature and purpose of non-employee benefit provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

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.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

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.

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 14. Provisions (continued)

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The cost estimate for landfill rehabilitation has been based on phytocapping treatment which is yet to be approved by the EPA that recommends clay compaction. Estimated costs will increase if the EPA does not approve the different rehabilitation treatment.

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. 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.

(ii) AASB 15 and AASB 1058

The following approach has been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The entity has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

Licences

Council has reviewed the licences it grants and considers that all licences are either short-term or low value and elects to recognise all revenue from licences up-front rather than spreading them over the life of the licence.

Prepaid rates

Under AASB 1004, rates were recorded as revenue at the earliest of receipt of the funds from the ratepayer and the beginning of the rating period. Under AASB 1058, prepaid rates are recognised as a financial liability until the beginning of the rating period.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

Changes in presentation

In addition to the above changes in accounting policies, the Council has also amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058:

- Additional line items of contract assets, contract cost assets and contract liabilities have been created.

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Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies,
changes in accounting estimates and errors (continued)

<i>\$ '000</i>	<i>Balance at 1 July 2019</i>
Opening contract balances at 1 July 2019	
Contract liabilities	
– Under AASB 15	56
– Under AASB 1058	657
Total Contract liabilities	<u>713</u>

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies,
 changes in accounting estimates and errors (continued)

Comparison of financial statement line items under AASB 15 compared to previous standards for the
 current year

The following tables show the impact of adopting AASB 15 and AASB 1058 on the Council's financial statements for the
 year ended 30 June 2020.

Statement of Financial Position

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
Current assets					
Cash and cash equivalents	3,936	-	-	3,936	
Investments	7,631	-	-	7,631	
Receivables	2,549	921	-	3,470	
Inventories	798	-	-	798	
Contract assets	921	(921)	-	-	
Other	39	-	-	39	
Total current assets	15,874	-	-	15,874	
Current liabilities					
Payables	3,645	-	-	3,645	
Contract liabilities	1,571	-	(1,571)	-	
Borrowings	1,180	-	-	1,180	
Provisions	2,853	-	-	2,853	
Total current liabilities	9,249	-	(1,571)	7,678	
Non-current assets					
Infrastructure, property, plant and equipment	412,087	-	-	412,087	
Total non-current assets	412,087	-	-	412,087	
Non-current liabilities					
Borrowings	7,085	-	-	7,085	
Provisions	3,904	-	-	3,904	
Total Non-current liabilities	10,989	-	-	10,989	
Net assets	407,723	-	1,571	409,294	
Equity					
Accumulated surplus	278,105	-	1,571	279,676	
Revaluation reserves	129,618	-	-	129,618	
Total Equity	407,723	-	1,571	409,294	

Funds under AASB 15 and AASB 1058 which have been received prior to the satisfaction of the performance obligation.

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Financial Statements 2020

Notes to the Financial Statements
 for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies,
 changes in accounting estimates and errors (continued)

Income Statement

\$ '000	<i>Income Statement and comprehensive income under AASB 15 and AASB 1058</i>	<i>Reclassific- ation</i>	<i>Remeasur- ement</i>	<i>Income Statement and comprehen- sive income under previous revenue standards</i>	<i>Notes</i>
<u>Income from continuing operations</u>					
Rates and annual charges	10,548	-	-	10,548	
User charges and fees	3,467	-	-	3,467	
Other revenues	4,430	-	-	4,430	
Grants and contributions provided for operating purposes	10,332	-	30	10,362	
Grants and contributions provided for capital purposes	2,869	-	891	3,760	
Interest and investment income	153	-	-	153	
Reversal of revaluation decrements / impairment of IPP&E previously expensed	1,986	-	-	1,986	
Rental income	329	-	-	329	
Total Income from continuing operations	34,114	-	921	35,035	
<u>Expenses from continuing operations</u>					
Employee benefits and on-costs	12,366	-	-	12,366	
Borrowing costs	632	-	-	632	
Materials and contracts	6,595	-	-	6,595	
Depreciation and amortisation	8,259	-	-	8,259	
Other expenses	2,599	-	-	2,599	
Net losses from the disposal of assets	2,576	-	-	2,576	
Total Expenses from continuing operations	33,027	-	-	33,027	
Total Operating result from continuing operations	1,087	-	921	2,008	
Net operating result for the year	1,087	-	921	2,008	
Total comprehensive income	3,024	-	921	3,945	

Difference in revenue between recognition on receipt under the old standards and as/when performance obligations are met under the new standards.

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Financial Statements 2020

Notes to the Financial Statements
 for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies,
 changes in accounting estimates and errors (continued)

Adjustments to the current year figures for the year ended 30 June 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract assets	-	-	-
Total assets	425,097	-	425,097
Contract liabilities	-	713	713
Total liabilities	19,685	713	20,398
Accumulated surplus	277,731	(713)	277,018
Total equity	405,412	(713)	404,699

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 16. Statement of cash flow information

\$ '000	Notes	2020	2019
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	3,936	3,787
Balance as per the Statement of Cash Flows		3,936	3,787
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		1,087	3,831
Adjust for non-cash items:			
Depreciation and amortisation		8,259	8,265
Net losses/(gains) on disposal of assets		2,576	120
Adoption of AASB 15/1058		(713)	-
Reversal of prior year IPP&E revaluation decrements / impairment previously costed direct to the P&L		(1,986)	-
Unwinding of discount rates on reinstatement provisions		59	130
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(655)	363
Increase/(decrease) in provision for impairment of receivables		-	117
Decrease/(increase) in inventories		6	(8)
Decrease/(increase) in other current assets		(39)	3
Decrease/(increase) in contract assets		(921)	-
Increase/(decrease) in payables		(164)	161
Increase/(decrease) in accrued interest payable		(8)	(1)
Increase/(decrease) in other accrued expenses payable		794	270
Increase/(decrease) in other liabilities		(555)	441
Increase/(decrease) in contract liabilities		1,571	-
Increase/(decrease) in provision for employee benefits		131	27
Increase/(decrease) in other provisions		-	(333)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		9,442	13,386

Gwydir Shire Council

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Notes to the Financial Statements
for the year ended 30 June 2020

Note 17. Commitments

\$ '000	2020	2019
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		
Purchase of Wheel Loader	–	148
Bingara Pool renewal	1,712	–
Total commitments	1,712	148
These expenditures are payable as follows:		
Within the next year	1,712	148
Total payable	1,712	148
Sources for funding of capital commitments:		
Unrestricted general funds	–	148
Future grants and contributions	1,712	–
Total sources of funding	1,712	148

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 18. Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

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

Division B	1.9 times employee contributions for non-180 Point Members; nil for 180 Point Members
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities..

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2020 was \$ 258,490. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2019.

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Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 18. Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$117,400. Council's expected contribution to the plan for the next annual reporting period is \$236,121.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

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

Based on a Past Services Liabilities methodology, the share of surplus that can be attributed to Council is 0.29%.

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

(v) The Community Mutual Group

Council provides bank guarantees to the value of \$263,460 to provide additional assistance to borrowers for home loans relating to properties within the local government area. The guarantees are provided to The Community Mutual Group.

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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 18. Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 19. Financial risk management

Risk management

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

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

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

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

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

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2020				
Possible impact of a 10% movement in market values	763	763	(763)	(763)
Possible impact of a 1% movement in interest rates	39	39	(39)	(39)
2019				
Possible impact of a 10% movement in market values	861	861	(861)	(861)
Possible impact of a 1% movement in interest rates	38	38	(38)	(38)

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Council makes suitable provision for doubtful receivables as required.

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Financial Statements 2020

Notes to the Financial Statements
 for the year ended 30 June 2020

Note 19. Financial risk management (continued)

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2020						
Gross carrying amount	–	284	25	37	34	380
2019						
Gross carrying amount	–	269	22	24	29	344

Receivables - non-rates and annual charges

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

The loss allowance provision as at 30 June 2020 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2020						
Gross carrying amount	2,129	–	11	5	148	2,293
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	84.00%	5.42%
ECL provision	–	–	–	–	124	124
2019						
Gross carrying amount	1,433	78	125	–	38	1,674
Expected loss rate (%)	0.00%	0.00%	95.00%	0.00%	14.00%	7.41%
ECL provision	–	–	119	–	5	124

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Financial risk management (continued)

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2020							
Trade/other payables	0.00%	49	2,008	1,347	–	3,404	3,404
Loans and advances	6.59%	–	2,643	4,348	3,017	10,008	8,265
Total financial liabilities		49	4,651	5,695	3,017	13,412	11,669
2019							
Trade/other payables	0.00%	44	1,871	1,500	–	3,415	3,415
Loans and advances	6.59%	–	1,795	6,361	3,648	11,804	9,540
Total financial liabilities		44	3,666	7,861	3,648	15,219	12,955

Gwydir Shire Council

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Notes to the Financial Statements
 for the year ended 30 June 2020

Note 20. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 27/06/2019 and is unaudited.

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

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

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

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

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
REVENUES				
Rates and annual charges	10,725	10,548	(177)	(2)% U
User charges and fees	3,328	3,467	139	4% F
Other revenues	3,674	4,430	756	21% F
Following the revaluation of roads assets a number of assets were identified that had previously not been included in the assets register, \$506k, under new accounting standards council is also now required to account for volunteer services provided to CHSP and visitor centre, \$283k. A contra cost is also shown in other expenses.				
Operating grants and contributions	11,755	10,332	(1,423)	(12)% U
Council had budgeted for all projects under the Stronger Country Communities and Drought Communities Programs to be completed in the financial year. A number of the projects are still not complete and as funding is only received based on the milestones in the grant agreements not all funding was received in the financial year.				
Capital grants and contributions	2,678	2,869	191	7% F
Interest and investment revenue	179	153	(26)	(15)% U
Interest on investment was less than budget due to the continuing decline in interest rates.				
Net gains from disposal of assets	460	-	(460)	100% U
Council had budgeted for a profit on disposal however this did not materialise.				
Reversal of revaluation decrements / impairment of IPP&E previously expensed	-	1,986	1,986	∞ F
Following the revaluation of building assets the carrying value of assets increased and under the accounting standards any increase must first be allocated to prior decrements that have gone to the income statement.				
Rental income	320	329	9	3% F

Gwydir Shire Council

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Notes to the Financial Statements
 for the year ended 30 June 2020

Note 20. Material budget variations

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	12,292	12,366	(74)	(1)% U
Borrowing costs	520	632	(112)	(22)% U
Council had not budgeted for the discount (non cash) adjustment on the remediation liabilities for landfill and quarries, \$59k, discount (non cash) adjustment on the Naroo Zero Real Interest Loan, \$43k and interest on Naroo bonds refund, \$16k.				
Materials and contracts	8,546	6,595	1,951	23% F
A number of projects have not been completed or not commenced and have been carried over to the 2020/21 financial year.				
Depreciation and amortisation	7,991	8,259	(268)	(3)% U
Other expenses	3,019	2,599	420	14% F
The following expense items came in under budget, electricity charges \$156k, donations \$146k, Emergency Services Levy \$52k, telephone and communications \$60k.				
Net losses from disposal of assets	-	2,576	(2,576)	∞ U

Council incurred losses on disposal of assets including the National Australia Bank building, plant and equipment and roads infrastructure residual value when roads are renewed.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	9,430	9,442	12	0% F
Cash flows from investing activities	(9,493)	(8,018)	1,475	(16)% F
A number of capital projects were delayed or not commenced including grant funded works.				
Cash flows from financing activities	(1,317)	(1,275)	42	(3)% F

Gwydir Shire Council

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Notes to the Financial Statements
 for the year ended 30 June 2020

Note 21. Fair Value Measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

2020	Date of latest valuation	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						
Financial assets						
Investments						
	– 'Held for trading'	30/06/20	–	7,631	–	7,631
Total financial assets			–	7,631	–	7,631
Infrastructure, property, plant and equipment						
	Plant & Equipment	30/06/20	–	–	9,073	9,073
	Office Equipment	30/06/20	–	–	307	307
	Furniture & Fittings	30/06/20	–	–	713	713
	Operational Land	01/07/19	–	–	5,917	5,917
	Community Land	30/06/16	–	–	2,930	2,930
	Land Improvements - depreciable	30/06/20	–	–	63	63
	Buildings Specialised	01/07/19	–	–	29,145	29,145
	Buildings Non-Specialised	01/07/19	–	–	27,695	27,695
	Other Structures	30/06/16	–	–	4,640	4,640
	Roads and bulk earthworks	30/06/20	–	–	256,199	256,199
	Bridges	30/06/20	–	–	35,727	35,727
	Footpaths	30/06/20	–	–	1,373	1,373
	Stormwater Drainage	30/06/18	–	–	1,942	1,942
	Water Supply Network	30/06/18	–	–	14,975	14,975
	Sewerage Network	30/06/18	–	–	4,825	4,825
	Swimming Pools	30/06/16	–	–	1,183	1,183
	Other	30/06/16	–	–	159	159
	Tip Asset	30/06/19	–	–	2,792	2,792
	Quarry Asset	30/06/17	–	–	292	292
	Work in Progress	30/06/20	–	–	12,137	12,137
Total infrastructure, property, plant and equipment			–	–	412,087	412,087

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Note 21. Fair Value Measurement (continued)

	Date of latest valuation	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					
Financial assets					
Investments					
- 'Held for trading'	30/06/19	-	8,606	-	8,606
Total financial assets		-	8,606	-	8,606
Infrastructure, property, plant and equipment					
Plant & Equipment	30/06/19	-	-	8,941	8,941
Office Equipment	30/06/19	-	-	281	281
Furniture & Fittings	30/06/19	-	-	699	699
Operational Land	30/06/18	-	-	4,777	4,777
Community Land	30/06/16	-	-	2,930	2,930
Land Improvements - depreciable	-	-	-	-	-
Buildings Specialised	30/06/18	-	-	15,597	15,597
Buildings Non-Specialised	30/06/18	-	-	16,803	16,803
Other Structures	30/06/16	-	-	4,404	4,404
Roads and bulk earthworks	30/06/15	-	-	279,086	279,086
Bridges	30/06/15	-	-	38,143	38,143
Footpaths	30/06/15	-	-	2,666	2,666
Stormwater Drainage	30/06/18	-	-	1,827	1,827
Water Supply Network	30/06/18	-	-	15,150	15,150
Sewerage Network	30/06/18	-	-	4,897	4,897
Swimming Pools	30/06/16	-	-	2,393	2,393
Other	30/06/16	-	-	138	138
Tip Asset	30/06/17	-	-	3,305	3,305
Quarry Asset	30/06/17	-	-	314	314
Work in Progress	30/06/19	-	-	7,655	7,655
Total infrastructure, property, plant and equipment		-	-	410,006	410,006

(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.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

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

All assets have been valued at level 3 fair values

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

Highest and best use.

There were no assets valued where it was assumed that the highest and best use was other than its current use.

Valuation techniques and inputs.

Asset	Level of valuation input	Valuation technique	Gross (RC or MV) (\$, 000)	Accumulated Depreciation (\$,000)	Fair Value (\$, 000)
Land					
Saleable land	3	Market	5,917		5,917
Non saleable land	3	Cost	2,930		2,930
Total					
Buildings (cost approach)					
Specialised buildings	3	Cost	36,990	7,845	29,145
Total					
Buildings (market/income approach)					
Residential Buildings	3	Market	39,073	11,378	27,695
Total					

Plant & Equipment, Office equipment, Furniture & Fittings and Other Structures

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

- *Plant & Equipment Trucks, tractors, ride-on-mowers, earthmoving equipment and motor vehicles.
- *Office Equipment Electronic whiteboards and computer equipment
- *Furniture & Fittings Chairs, desks and filing cabinets.
- *Other structures Fences, small sheds, water tanks and street bins

The key unobservable inputs to the valuations are the remaining useful life and residual value. Council reviews the value of these

Community land

All valuations of Community land are based upon the land valuations issued by the Valuer-General on a regular basis.

Valuation techniques used to derive fair values - land and buildings

The council engages external, independent and qualified valuers to determine the fair value of the entities land and buildings on a regular basis. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim evaluation using appropriate indices.

A comprehensive revaluation was undertaken by APV valuers for Operational Land and Building Asset Classes as at 1 July 2019.

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

The main level 3 inputs used are derived and evaluated as follows –

1. Relationship between asset consumption rating scale and the level of consumed service potential – Under the cost approach the
2. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then

(i) Recurring fair value measurements

The following methods are used to determine the fair value measurements.

Land

Level 3 valuation inputs were used to value land held in freehold title (investment and noninvestment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Buildings

Level 3 valuation inputs

Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated the replacement cost for each building by 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 residual value, 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.

Infrastructure assets

Highest and best use

There were no assets valued where it was assumed that the highest and best use was other than its current use.

The following methods are used to determine the fair value measurements.

Infrastructure assets

Level 3 valuation inputs

Infrastructure assets were valued using the cost approach using professionally qualified internal staff. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The unit rates were based on inputs such as estimates of residual value, useful life, pattern of consumption and asset condition and 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.

Swimming Pools

The fair value amount for this asset has been derived from assets originally classed in Other Structures. Swimming pools were valued as part of Other Structures on 30 June 2016 by APV Valuers. The valuation was based upon the depreciated replacement cost approach and unobservable inputs such as estimated patterns of consumption, residual value, asset condition and useful life require extensive professional judgement and rely on the experience of the valuer. The unobservable inputs place this class of asset at level 3. This has been no change to the valuation process during the reporting period.

Water System Assets

This class of assets includes water mains & reticulation, reservoirs, pumping stations and treatment works. The valuation is based on Modern Engineering Equivalent Replacement Asset (MEERA) and standard unit costs. The reference rates are obtained from the NSW Reference Rates Tables issued by NSW Office of Water. The last valuation was undertaken on 30 June 2018. The unobservable inputs are useful life, patterns of consumption, condition ratings, remaining life and residuals which rely on the skill and experience of the valuer. There has been no change to the valuation process during the reporting period.

Sewer System Assets

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

This class of assets includes sewer mains & reticulation, pumping stations, treatment works and ancillary. The valuation is based on Modern Engineering Equivalent Replacement Asset (MEERA) and standard unit costs. The reference rates are obtained from the NSW Reference Rates Tables issued by NSW Office of Water. The last valuation was undertaken on 30 June 2018. The unobservable inputs are useful life, patterns of consumption, condition ratings, remaining life and residuals which rely on the skill and experience of the valuer. There has been no change to the valuation process during the reporting period.

Roads, Bridges, Bulk Earthworks and other Infrastructure Assets

This class of asset includes roads, culverts, bridges, footpaths, kerb & gutter, bulk earthworks and causeways. The valuation of the infrastructure assets has been undertaken internally by Council's Engineering Department by experienced Engineers. This valuation relies on key unobservable inputs such as unit rates, gross replacement cost, condition ratings, pattern of consumption, useful life and residual value. The valuation process also relied on the skill and experience of the Engineers. The key unobservable inputs and no active market places this asset category at Level 3. The last valuation was undertaken internally by Council's Engineers on 30 June 2020. There has been no change to the valuation process during the reporting year.

Stormwater Drainage

This class of assets includes culverts, mains, open drains, trash screens, GPT. The valuation is based on Modern Engineering Equivalent Replacement Asset (MEERA) and standard unit costs. The reference rates are obtained from the NSW Reference Rates Tables issued by NSW Office of Water. The last valuation was undertaken on 30 June 2018. The unobservable inputs are useful life, patterns of consumption, condition ratings, remaining life and residuals which rely on the skill and experience of the valuer. There has been no change to the valuation process during the reporting period.

Remediation Assets

This class of asset includes the various landfill sites within the local government areas. Restoration, cell capping, leachate collection and site closures have been recognised as significant costs for the remediation assets. In particular the closing of a landfill site will include preparation, final cell capping, site re-vegetation and leachate management. The key unobservable inputs are discount rate, estimated costs, legislative requirements, and timing of remediation and indexation of labour costs. There has been changes to the valuation process during the reporting period. Also included in this group are the various gravel pits (quarries) operated by Council. The remediation cost include final site management and works to comply with environmental requirements. The key unobservable inputs are discount rate, estimated costs, legislative requirements, and timing of remediation and indexation of labour costs. There has been changes to the valuation process during the reporting period.

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Notes to the Financial Statements
for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

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

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

\$ '000	Total IPP&E
2019	
Opening balance	405,441
Transfers from/(to) another asset class	(397)
Purchases (GBV)	11,219
Disposals (WDV)	(383)
Depreciation and impairment	(8,265)
FV gains – other comprehensive income	342
Restate Provision	2,049
Closing balance	<u>410,006</u>
2020	
Opening balance	410,006
Purchases (GBV)	9,487
Disposals (WDV)	(3,070)
Depreciation and impairment	(8,259)
FV gains – other comprehensive income	1,937
Revaluation Increment to P&L	1,986
Restate Provision	–
Closing balance	<u>412,087</u>

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Gwydir Shire Council

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

b. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

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

\$ '000	Fair value (30/6/20)	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant & Equipment	9,073	Cost	Gross Replacement Costs, Useful Life, Residual Value
Office equipment	307	Cost	Gross Replacement Costs, Useful Life, Residual Value
Furniture and fittings	713	Cost	Gross Replacement Costs, Useful Life, Residual Value
Operational land	5,917	Relevant sales in the area	Land Value
Community land	2,930	Land Values issued by Valuer General	Land Value
Land Improvements -depreciable	63	Depreciated Replacement Cost	Replacement Costs, Useful Life, Asset Condition
Buildings specialised	29,145	Depreciated Replacement Cost	Replacement Costs, Useful Life, Asset Condition
Buildings non-specialised	27,695	Depreciated Replacement Cost	Replacement Costs, Useful Life, Asset Condition
Other structures	4,640	Depreciated Replacement Cost	Replacement Costs, Useful Life, Asset Condition
Roads	256,199	Unit Rates and Condition Assessment	Replacement Costs, Useful Life, Asset Condition
Bridges	35,727	Unit Rates and Condition Assessment	Replacement Costs, Useful Life, Asset Condition
Footpaths	1,373	Unit Rates and Condition Assessment	Replacement Costs, Useful Life, Asset Condition
Stormwater drainage	1,942	Modern Engineering Equivalent Replacement Assets (MEERA) and Standard unit costs	Replacement Costs, Useful Life, Asset Condition
Water supply network	14,975	Modern Engineering Equivalent Replacement Assets (MEERA) and Standard unit costs	Replacement Costs, Useful Life, Asset Condition
Sewerage network	4,825	Depreciated Replacement Cost	Replacement Costs, Useful Life, Asset Condition
Swimming pools	1,183	Depreciated Replacement Cost	Gross Replacement Costs, Useful Life
Other	159	Depreciated Replacement Cost	Gross Replacement Costs, Useful Life
Tip asset	2,792	Unit Rates and Condition Assessment	Replacement Costs, Useful Life, Asset Condition
Quarry asset	292	Unit Rates and Condition Assessment	Replacement Costs, Useful Life, Asset Condition

(5) Highest and best use

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

Gwydir Shire Council

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Notes to the Financial Statements
for the year ended 30 June 2020

Note 22. Related party disclosures

(a) Key management personnel

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

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

\$ '000	2020	2019
Compensation:		
Short-term benefits	694	803
Post-employment benefits	63	158
Total	757	961

(b) Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction	Value of transactions during Year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
2020					
Employee Expenses relating to close family members of KMP	213	-	Council staff award	-	-
Contractors	190	-	7 days on invoice	-	-
Purchase of vacant land	-	-		-	-
2019					
Employee Expenses relating to close family members of KMP	129	-	Council staff award	-	-
Contractors	217	-	7 days on invoice	-	-
Purchase of vacant land	85	-		-	-

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 23. Statement of developer contributions

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

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

Summary of contributions and levies

	as at 30/06/19				as at 30/06/20			
\$ '000	Opening Balance	Contributions received during the year Cash	Non-cash	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
S7.11 not under plans	500	195	-	3	(263)	-	435	-
Total contributions	500	195	-	3	(263)	-	435	-
S7.11 Contributions – not under a plan								
CONTRIBUTIONS NOT UNDER A PLAN								
Roads	500	195	-	3	(263)	-	435	-
Total	500	195	-	3	(263)	-	435	-

Gwydir Shire Council

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Notes to the Financial Statements
 for the year ended 30 June 2020

Note 24. Result by fund

\$ '000	Waste 2020	General ¹ 2020	Water 2020	Sewer 2020
Income Statement by fund				
Income from continuing operations				
Rates and annual charges	1,453	7,715	724	656
User charges and fees	–	2,448	957	62
Interest and investment revenue	43	63	11	36
Other revenues	144	4,276	9	1
Grants and contributions provided for operating purposes	–	10,332	–	–
Grants and contributions provided for capital purposes	–	2,869	–	–
Rental income	–	329	–	–
Reversal of revaluation decrements on IPPE previously expensed	–	1,986	–	–
Total income from continuing operations	1,640	30,018	1,701	755
Expenses from continuing operations				
Employee benefits and on-costs	427	11,185	428	326
Borrowing costs	5	499	128	–
Materials and contracts	783	5,126	440	246
Depreciation and amortisation	575	7,093	401	190
Other expenses	13	2,325	219	42
Net losses from the disposal of assets	–	2,568	8	–
Total expenses from continuing operations	1,803	28,796	1,624	804
Operating result from continuing operations	(163)	1,222	77	(49)
Net operating result for the year	(163)	1,222	77	(49)
Net operating result attributable to each council fund	(163)	1,222	77	(49)
Net operating result for the year before grants and contributions provided for capital purposes	(163)	(1,647)	77	(49)

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

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

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Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 24. Result by fund (continued)

\$ '000	Waste 2020	General ¹ 2020	Water 2020	Sewer 2020
Statement of Financial Position by fund				
ASSETS				
Current assets				
Cash and cash equivalents	1,074	1,557	270	1,035
Investments	2,100	2,931	500	2,100
Receivables	97	2,185	207	60
Inventories	-	776	21	1
Contract assets	-	921	-	-
Other	-	39	-	-
Total current assets	3,271	8,409	998	3,196
Non-current assets				
Infrastructure, property, plant and equipment	3,492	385,927	16,870	5,798
Total non-current assets	3,492	385,927	16,870	5,798
TOTAL ASSETS	6,763	394,336	17,868	8,994
LIABILITIES				
Current liabilities				
Payables	-	3,577	68	-
Contract liabilities	-	1,571	-	-
Borrowings	9	977	194	-
Provisions	-	2,853	-	-
Total current liabilities	9	8,978	262	-
Non-current liabilities				
Borrowings	40	5,620	1,425	-
Provisions	3,347	557	-	-
Total non-current liabilities	3,387	6,177	1,425	-
TOTAL LIABILITIES	3,396	15,155	1,687	-
Net assets	3,367	379,181	16,181	8,994
EQUITY				
Accumulated surplus	2,717	254,046	12,825	8,517
Revaluation reserves	650	125,135	3,356	477
Council equity interest	3,367	379,181	16,181	8,994
Total equity	3,367	379,181	16,181	8,994

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

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

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Notes to the Financial Statements
 for the year ended 30 June 2020

Note 25(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(1,192)	(4.07)%	(4.16)%	0.11%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	29,259				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	18,927	58.91%	55.16%	58.69%	>60.00%
Total continuing operating revenue ¹	32,128				
3. Unrestricted current ratio					
Current assets less all external restrictions	8,028	1.79x	1.56x	1.73x	>1.50x
Current liabilities less specific purpose liabilities	4,484				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	7,699	4.04x	4.23x	4.19x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,907				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	439	4.00%	3.66%	3.90%	<10.00%
Rates, annual and extra charges collectible	10,973				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	3,936	1.90	1.97	1.90	>3.00
Monthly payments from cash flow of operating and financing activities	2,068	mths	mths	mths	mths

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

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

Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements
for the year ended 30 June 2020

Note 25(b), Statement of performance measures – by fund

	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2020	2019	2020	2019	2020	2019	
\$ '000							
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses	(4.58)%	(4.87)%	5.00%	1.54%	(6.49)%	5.33%	>0.00%
Total continuing operating revenue excluding capital grants and contributions							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	55.51%	51.29%	100.00%	100.00%	100.00%	99.75%	>60.00%
Total continuing operating revenue							
3. Unrestricted current ratio							
Current assets less all external restrictions	1.79x	1.67x	3.81x	4.11x	∞	∞	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	4.34x	4.73x	1.99x	1.61x	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	3.69%	3.37%	6.99%	5.94%	4.91%	5.07%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	1.38 mths	1.51 mths	2.31 mths	1.28 mths	20.23 mths	20.99 mths	>3.00 mths
Payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 31a above.

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

Gwydir Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

*To be the recognised leader in Local Government through
continuous learning and sustainability.*



Gwydir Shire Council

Special Purpose Financial Statements 2020

Special Purpose Financial Statements
for the year ended 30 June 2020

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Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Gwydir Shire Council

Special Purpose Financial Statements 2020

Special Purpose Financial Statements
for the year ended 30 June 2020

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 24 September 2020.

Cr John Coulton
Mayor
24 September 2020

Cr Catherine Egan
Councillor
24 September 2020

Max Eastcott
General Manager
24 September 2020

Helen Thomas
Responsible Accounting Officer
24 September 2020

Gwydir Shire Council

Special Purpose Financial Statements 2020

Income Statement – Water Supply Business Activity
 for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	724	723
User charges	950	1,046
Fees	7	3
Interest	11	17
Other income	9	35
Total income from continuing operations	1,701	1,824
Expenses from continuing operations		
Employee benefits and on-costs	428	457
Borrowing costs	128	143
Materials and contracts	440	544
Depreciation, amortisation and impairment	401	423
Loss on sale of assets	8	20
Other expenses	219	229
Total expenses from continuing operations	1,624	1,816
Surplus (deficit) from continuing operations before capital amounts	77	8
Surplus (deficit) from continuing operations after capital amounts	77	8
Surplus (deficit) from all operations before tax	77	8
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(21)	(2)
SURPLUS (DEFICIT) AFTER TAX	56	6
Plus accumulated surplus	12,748	12,740
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	21	2
Closing accumulated surplus	12,825	12,748
Return on capital %	1.2%	0.9%
Subsidy from Council	–	67
Calculation of dividend payable:		
Surplus (deficit) after tax	56	6
Surplus for dividend calculation purposes	56	6
Potential dividend calculated from surplus	28	3

Gwydir Shire Council

Special Purpose Financial Statements 2020

Income Statement – Sewerage Business Activity
 for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	656	655
User charges	61	70
Fees	1	–
Interest	36	80
Other income	1	1
Total income from continuing operations	755	806
Expenses from continuing operations		
Employee benefits and on-costs	326	284
Materials and contracts	246	238
Depreciation, amortisation and impairment	190	196
Other expenses	42	45
Total expenses from continuing operations	804	763
Surplus (deficit) from continuing operations before capital amounts	(49)	43
Grants and contributions provided for capital purposes	–	2
Surplus (deficit) from continuing operations after capital amounts	(49)	45
Surplus (deficit) from all operations before tax	(49)	45
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(12)
SURPLUS (DEFICIT) AFTER TAX	(49)	33
Plus accumulated surplus	8,566	8,521
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	12
Closing accumulated surplus	8,517	8,566
Return on capital %	(0.8)%	0.8%
Subsidy from Council	100	29
Calculation of dividend payable:		
Surplus (deficit) after tax	(49)	33
Less: capital grants and contributions (excluding developer contributions)	–	(2)
Surplus for dividend calculation purposes	–	31
Potential dividend calculated from surplus	–	16

Gwydir Shire Council

Special Purpose Financial Statements 2020

Income Statement – Waste business activity
 for the year ended 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
Income from continuing operations		
Access charges	1,453	1,438
Interest	43	71
Other income	144	80
Total income from continuing operations	1,640	1,589
Expenses from continuing operations		
Employee benefits and on-costs	427	393
Borrowing costs	5	5
Materials and contracts	783	784
Depreciation, amortisation and impairment	575	186
Other expenses	13	(318)
Total expenses from continuing operations	1,803	1,050
Surplus (deficit) from continuing operations before capital amounts	(163)	539
Surplus (deficit) from continuing operations after capital amounts	(163)	539
Surplus (deficit) from all operations before tax	(163)	539
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(148)
SURPLUS (DEFICIT) AFTER TAX	(163)	391
Plus accumulated surplus	2,880	2,341
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	148
Closing accumulated surplus	2,717	2,880
Return on capital %	(4.5)%	13.8%
Subsidy from Council	189	–

Gwydir Shire Council

Special Purpose Financial Statements 2020

Income Statement – Naroo aged care
 for the year ended 30 June 2020

\$ '000	2020 Category 1	2019 Category 1
Income from continuing operations		
Rentals	2,690	2,437
Interest	11	8
Other income	-	1
Total income from continuing operations	2,701	2,446
Expenses from continuing operations		
Employee benefits and on-costs	2,071	2,079
Borrowing costs	145	150
Materials and contracts	384	385
Depreciation, amortisation and impairment	116	192
Other expenses	104	113
Total expenses from continuing operations	2,820	2,919
Surplus (deficit) from continuing operations before capital amounts	(119)	(473)
Grants and contributions provided for capital purposes	88	361
Surplus (deficit) from continuing operations after capital amounts	(31)	(112)
Surplus (deficit) from all operations before tax	(31)	(112)
SURPLUS (DEFICIT) AFTER TAX	(31)	(112)
Plus accumulated surplus	(471)	(359)
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	(502)	(471)
Return on capital %	0.4%	(7.5)%
Subsidy from Council	37	380

Gwydir Shire Council

Special Purpose Financial Statements 2020

Statement of Financial Position – Water Supply Business Activity
 as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	270	170
Investments	500	390
Receivables	207	279
Inventories	21	20
Total current assets	998	859
Non-current assets		
Infrastructure, property, plant and equipment	16,870	16,516
Total non-current assets	16,870	16,516
TOTAL ASSETS	17,868	17,375
LIABILITIES		
Current liabilities		
Payables	68	28
Borrowings	194	181
Total current liabilities	262	209
Non-current liabilities		
Borrowings	1,425	1,618
Total non-current liabilities	1,425	1,618
TOTAL LIABILITIES	1,687	1,827
NET ASSETS	16,181	15,548
EQUITY		
Accumulated surplus	12,825	12,748
Revaluation reserves	3,356	2,800
TOTAL EQUITY	16,181	15,548

Gwydir Shire Council

Special Purpose Financial Statements 2020

Statement of Financial Position – Sewerage Business Activity
 as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	1,035	992
Investments	2,100	2,300
Receivables	60	68
Inventories	1	1
Total current assets	3,196	3,361
Non-current assets		
Infrastructure, property, plant and equipment	5,798	5,463
Total non-current assets	5,798	5,463
TOTAL ASSETS	8,994	8,824
NET ASSETS	8,994	8,824
EQUITY		
Accumulated surplus	8,517	8,566
Revaluation reserves	477	258
TOTAL EQUITY	8,994	8,824

Gwydir Shire Council

Special Purpose Financial Statements 2020

Statement of Financial Position – Waste business activity
 as at 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	1,074	855
Investments	2,100	1,950
Receivables	97	86
Total current assets	<u>3,271</u>	<u>2,891</u>
Non-current assets		
Infrastructure, property, plant and equipment	3,492	3,954
Total non-current assets	<u>3,492</u>	<u>3,954</u>
TOTAL ASSETS	<u>6,763</u>	<u>6,845</u>
LIABILITIES		
Current liabilities		
Payables	–	1
Borrowings	9	8
Total current liabilities	<u>9</u>	<u>9</u>
Non-current liabilities		
Borrowings	40	49
Provisions	3,347	3,306
Total non-current liabilities	<u>3,387</u>	<u>3,355</u>
TOTAL LIABILITIES	<u>3,396</u>	<u>3,364</u>
NET ASSETS	<u>3,367</u>	<u>3,481</u>
EQUITY		
Accumulated surplus	2,717	2,880
Revaluation reserves	650	601
TOTAL EQUITY	<u>3,367</u>	<u>3,481</u>

Gwydir Shire Council

Special Purpose Financial Statements 2020

Statement of Financial Position – Naroo aged care
 as at 30 June 2020

\$ '000	2020 Category 1	2019 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	700	290
Receivables	48	75
Total current assets	748	365
Non-current assets		
Infrastructure, property, plant and equipment	7,176	4,318
Total non-current assets	7,176	4,318
TOTAL ASSETS	7,924	4,683
LIABILITIES		
Current liabilities		
Contract liabilities	329	–
Aged care bonds	1,747	2,415
Bank overdraft	1,945	1,051
Borrowings	164	155
Total current liabilities	4,185	3,621
Non-current liabilities		
Borrowings	2,267	2,431
Other Liabilities	117	117
Total non-current liabilities	2,384	2,548
TOTAL LIABILITIES	6,569	6,169
NET ASSETS	1,355	(1,486)
EQUITY		
Accumulated surplus	(502)	(471)
Revaluation reserves	1,857	(1,015)
TOTAL EQUITY	1,355	(1,486)

Gwydir Shire Council

Special Purpose Financial Statements 2020

Notes to the Special Purpose Financial Statements for the year ended 30 June 2020

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 2093 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

Narooma Aged Care Facility

Comprising the whole of the operations and assets of the aged care facility located at Wariwala.

Category 2

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

Gwydir Water Supply -

Comprising the whole of the operations and net assets of the water supply systems servicing the towns of Bingara, Wariwala, Gravesend and North Star.

Gwydir Sewerage Services -

continued on next page ...

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Gwydir Shire Council

Special Purpose Financial Statements 2020

Notes to the Special Purpose Financial Statements for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

Comprising the whole of the operations and assets of the sewerage reticulation and treatment systems servicing the towns of Bingara and Warialda

Gwydir Waste Management Services -

Comprising the whole of the operations and assets of the waste management service carried out by the Waste Management contract servicing all towns and villages within Gwydir Shire

Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars.

(i) Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 27.5%

Land tax – the first \$734,000 of combined land values attracts 0%. For the combined land values in excess of \$734,001 up to \$4,488,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,488,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$900,000.

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

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

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

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

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.

continued on next page ...

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Gwydir Shire Council

Special Purpose Financial Statements 2020

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

The rate applied of 27.5% 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'.

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 0.88% at 30/6/20.

(iv) Dividends

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

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

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

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

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Gwydir Shire Council

Special Purpose Financial Statements 2020

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

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