



G W Y D I R
SHIRE COUNCIL

MINUTES ORDINARY MEETING

GWYDIR SHIRE COUNCIL

THURSDAY 24 SEPTEMBER 2020

COMMENCING AT 9.00AM

ROXY MEETING ROOM, BINGARA

Present:

Councillors: Cr. John Coulton (Mayor), Cr. Catherine Egan (Deputy Mayor – arrived 9.37 am), Cr. Jim Moore, Cr. Geoff Smith, Cr. David Coulton, Cr Stuart Dick and Cr Frances Young

Staff: Max Eastcott (General Manager), Leeah Daley (Deputy General Manager), Helen Thomas (Manager, Finance), Tim Greensill (Manager, Information Services) and Amy Buetel (Engineering Projects Co-ordinator)

Public: Ms Adina Jackson, Mrs Rachel Sherman and Mrs Kim Miller (*Gwydir News*)

Visitor: Nil

This is page number 1 of the minutes of the Ordinary Meeting held on Thursday 24 September 2020

Chairman

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OFFICIAL OPENING AND WELCOME – MAYOR

APOLOGIES Alex Eddy (Manager, Engineering Services) , Cr Tiffany Galvin and Cr. Marilyn Dixon OAM

COUNCIL RESOLUTION:

MINUTE 214/20

THAT the apologies of Cr Marilyn Dixon OAM, Cr Tiffany Galvin and Alex Eddy (Manager, Engineering Services) are accepted.

(Moved Cr D Coulton, seconded Cr Dick)

CONFIRMATION OF THE MINUTES

COUNCIL RESOLUTION:

MINUTE 215/20

THAT the Minutes of the previous Council Meeting held on Thursday 27 August 2020 as circulated be taken as read and CONFIRMED.

(Moved Cr Smith, seconded Cr Moore)

PRESENTATION Nil

CALL FOR THE DECLARATIONS OF INTERESTS AND CONFLICTS OF INTEREST Nil

ADDITIONAL/LATE ITEMS

COUNCIL RESOLUTION:

MINUTE 216/20

THAT the following items, namely:

- 7. Commercial Hotel Site Warialda**
- 8. Certification of the 2019-2020 Financial Statements**

are accepted as late items onto this Agenda for discussion.

(Moved Cr Young, seconded Cr D Coulton)

COMMITTEE OF THE WHOLE – CONFIDENTIAL ITEMS

THAT the Council resolve into Confidential Session, Committee of the Whole and that in the public interest and in accordance with Section 10A(2)(a) of the Local Government Act, 1993, the public and press be excluded from the meeting to consider Items raised by Crs Moore, Egan and Young.

(Moved Cr Egan, seconded Cr D Coulton)

THERE WERE NO RECOMMENDATIONS FROM THE CONFIDENTIAL SESSION

FURTHER that the ballot paper are destroyed immediately following the declaration of the poll.

ATTACHMENTS

- AT- Election process
- AT- Nomination Form

ELECTION RESULT (Ref: 217/20)

The Returning Officer announced that the following Councillor had been nominated for the position of Mayor:

Cr. Coulton (Nominated by Crs. Egan and Young).

Cr Coulton indicated his acceptance of the nomination.

The Returning Officer called for any further nominations.

There being no further nominations and following the nominee's acceptance of the nomination, Cr John Coulton was declared elected.

Following the declaration of the election Cr J Coulton thanked his fellow Councillors for their continuing confidence in his ability to perform the role and expressed his deep belief that holding the position of Mayor is a genuine privilege that he doesn't take for granted. He also noted that he felt he worked with a fine group of Councillors who collectively made up a great team especially the way they publicly supported resolutions, which they may not have originally supported.

Fact Sheet

ELECTION OF MAYOR AND DEPUTY
MAYOR BY COUNCILLORS



Summary

Councillors must elect a mayor from among their number every two years unless they have a popularly elected mayor.

Councillors may also elect a deputy mayor. The deputy mayor may be elected for the mayoral term or a shorter term.

The election of the mayor and the deputy mayor must be conducted in accordance with clause 394 and Schedule 7 of the *Local Government (General) Regulation 2005* (the Regulation).

The purpose of this document is to assist councils to conduct mayoral and deputy mayoral elections in accordance with these requirements. It includes scripts for key activities to help returning officers exercise their functions. These scripts are provided in the text boxes inserted in the relevant parts of this document.

How can councils use this document?

Electing a mayor is an important activity. It is vital that the process is smooth, open and easy to follow and not rushed or confusing. Where necessary, it may be appropriate to stop and provide clarification for the benefit of councillors, staff or the gallery.

Returning officers can circulate this document prior to the meeting to help councillors understand the election process.

Election of a mayor after an ordinary election of councillors

An election for mayor must be held within three weeks of the declaration of the ordinary election at a meeting of the council.

The returning officer is to be the general manager or a person appointed by the general manager.

As no mayor or deputy mayor will be present at the start of the meeting, the first business of the meeting should be the election of a chairperson to preside at the meeting. Alternatively, the returning officer may assume the chair for the purpose of conducting the election.

Mid-term election of a mayor

A mayor elected by councillors holds office for two years. A mid-term mayoral election must be held in the September two years after the ordinary election of councillors or the first election of a new council following its establishment.

Procedures

Prior to the meeting

Before the council meeting at which the election is to be conducted, the returning officer will give notice of the election to the councillors.

The notice is to set out how a person may be nominated as a candidate for election as chairperson.

As returning officer, I now invite nominations for the position of mayor/deputy mayor for [name of council] for a two year period.

In accordance with the Local Government (General) Regulation 2005, two or more councillors may nominate a councillor (one of whom may be the nominee) for the position of mayor/deputy mayor. Nominations must be in writing and the nominee must consent to their nomination in writing.

A councillor may be nominated without notice for election as mayor or deputy mayor. The nomination is to be made in writing by two or more councillors (one of whom may be the nominee). The nomination is not valid unless the nominee has indicated consent to the nomination in writing.

The returning officer checks the nomination forms and writes the nominees' names on a candidates' sheet.

At the meeting

At the start of the first meeting after an ordinary election, in the absence of a chairperson, the returning officer assumes the chair and announces that the first item of business is to be the election of a mayor.

If a chairperson is present, they announce that the first item of business is the election of the mayor then vacates the chair for the returning officer who will then conduct the election.

The returning officer reads out the names of the nominees and seeks confirmation that the nominee has accepted the nomination.

If only one councillor has been nominated for the position of mayor/deputy mayor, the nominee is elected.

As there is only one nominee for the role of mayor/deputy mayor, I declare that [name of successful candidate] is elected as mayor/deputy mayor for the ensuing two years.

If more than one candidate has been nominated, the council must determine by resolution, the method of voting for the position of mayor/deputy mayor, by way of one of the following methods:

- Open voting – i.e. by show of hands
- Ordinary ballot – i.e. a secret ballot (place an "X" against the candidate of their choice)
- Preferential ballot – i.e. place 1, 2, 3 etc. against each candidate.

The returning officer must ask for a motion to be put to the meeting by one of the councillors on the preferred method of voting for the election of a chairperson. This must then be seconded and voted on by the councillors.

Note: In the event of a tie, if there is a chairperson, they may use their casting vote. If there is a tie and no chairperson, an election for the role of chairperson should be conducted. Then the election for mayor resumes.

Open voting (show of hands)

Open voting is the most transparent method of voting. It is also the least bureaucratic method and reflects normal council voting methods.

The returning officer will advise the meeting of the method of voting and explains the process.

It has been resolved that the method of voting for the position of mayor/deputy mayor will be by show of hands.

Each councillor is entitled to vote for only one candidate in each round of voting.

I will now write each candidate's name on a slip of paper and deposit it in a barrel. The first name out of the barrel will be written first on the tally sheet, with second name out being written second on the tally sheet, etc.

When all candidates' names have been written on the tally sheet, the returning officer announces the names of the candidates and, commencing with the first candidate, states the following:

Would those councillors voting for [name of candidate] please raise your hand.

The returning officer records the number of votes for each successive candidate on the tally sheet and announces the number of votes received for each candidate.

The minute taker records the vote of each councillor.

The returning officer should check with the minute taker that each councillor has voted. If a councillor has not voted it should be confirmed that they are abstaining (an informal vote).

Two candidates

If there are only two candidates for the position of mayor/deputy mayor and the voting is higher for one candidate than another (number of formal votes recorded on the tally sheet), the returning officer then announces the result.

[Name of candidate] has the higher number of formal votes and as a result I declare that [name of candidate] is elected as mayor/deputy mayor for the ensuing two years.

In the event of a **tied vote**, the returning officer will advise the meeting of the following process.

In accordance with clause 12 of Schedule 7 of the Local Government (General) Regulation 2005, I will now write the

names of the candidates on similar slips of paper, fold them and place them in the barrel. Please note that the candidate whose name is drawn out will be declared as mayor/deputy mayor.

It is appropriate to show the meeting the names and the barrel. Councillors may inspect but not touch the items.

The returning officer places the names of the candidates into the barrel and requests a staff member to shake the barrel.

The returning officer then draws a name out of the barrel and shows the meeting.

I declare that [name of candidate] is elected as mayor/deputy mayor for the ensuing two years.

The returning officer then draws out the remaining name and reads it for completeness. The second name should be shown to the meeting.

Three or more candidates

If there are three or more candidates, the candidate with the lowest number of votes for the position of mayor/deputy mayor is excluded.

[Name of candidate], having the lowest number of votes, is excluded.

The voting continues as above until there are only two candidates remaining (see voting for **two candidates** above).

In the event that the **lowest number of votes are tied**, the returning officer advises the meeting of the following process:

In accordance with clause 12 of Schedule 7 of the Local Government (General) Regulation 2005, I will now write the names of the candidates on similar slips of paper, fold them and place them in the barrel. Please note that the candidate whose name is drawn out will be excluded.

It is appropriate to show the meeting the names and the barrel. Councillors may inspect but not touch the items.

The returning officer places the names of the candidates into the barrel and requests a staff member to shake the barrel.

The returning officer then draws a name out of the barrel and shows it to the meeting.

I declare that [name of candidate] is excluded.

The returning officer then draws out the remaining name and reads it for completeness. The second name should be shown to the meeting.

Ordinary ballot – (secret ballot)

The returning officer advises the meeting of the method of voting and explains the process.

It has been resolved that the method for voting for the position of mayor/deputy mayor will be by ordinary ballot, in other words by placing an "X" against the candidate of the councillor's choice.

The returning officer announces the names of the candidates for mayor/deputy mayor and writes each name on a slip of paper and deposits it in a barrel.

The returning officer requests that a staff member shakes the barrel and advises that the order in which the names will appear on the ballot paper will be determined by a draw out of the barrel, i.e. first name out of the barrel is written first on the ballot papers and so on.

It will be necessary to have a number of blank papers as this process may require more than one round of voting.

The returning officer writes the names on one set of the ballot papers and initials the front of each ballot paper.

A staff member distributes the ballot papers and collects them into the ballot box when completed and gives it to the returning officer who counts the votes and records them on the tally sheet.

The returning officer announces the results.

[Name of candidate], having the lowest number of votes, is excluded.

In the event that the **lowest number of votes are tied**, the returning officer advises the meeting of the following process:

In accordance with clause 12 of Schedule 7 of the Local Government (General) Regulation 2005, I will now write the names of the candidates on similar slips of paper, fold them and place them in the barrel. Please note that the candidate whose name is drawn out will be excluded.

It is appropriate to show the meeting the names and the barrel. Councillors may inspect but not touch the items.

The returning officer places the names of the candidates into the barrel and requests a staff member to shake the barrel.

The returning officer then draws a name out of the barrel and shows it to the meeting.

I declare that [name of candidate] is excluded.

The returning officer then draws out the remaining name and reads it for completeness. The second name should be shown to the meeting.

The returning officer writes the names of the remaining candidates on a further set of the ballot papers and initials the front of each ballot paper.

The staff member distributes ballot papers listing the remaining candidates and collects them into the ballot box when completed and gives it to the returning officer who again counts the votes and records them on the tally sheet and announces the results.

The process continues until two candidates remain, where a final vote takes place.

[Name of candidate] has the higher number of votes and I declare that [name of candidate] is elected as mayor/deputy mayor for the ensuing two years.

In the event of a **tied vote** between the two remaining candidates, the returning officer makes the following statement and announces the process.

The votes are tied between [name of candidate 1] and [name of candidate 2] having received [number] votes each, and, in accordance with clause 12 of Schedule 7 of the Local Government (General) Regulation 2005, I will now write the names of the candidates on similar slips of paper, fold them and place them in the barrel.

Please note that the candidate whose name is drawn out will be declared as mayor/deputy mayor.

It is appropriate to show the meeting the names and the barrel. Councillors may inspect but not touch the items.

The returning officer places the names of the candidates into the barrel and requests that a staff member shakes the barrel.

The returning officer then draws a name out of the barrel and shows the meeting.

I declare that [name of candidate] is elected as mayor/deputy mayor for the ensuing two years.

The returning officer then draws out the remaining name and reads it for completeness. The second name should be shown to the meeting.

Preferential ballot

The returning officer explains the process.

It has been resolved that the method for voting for the position of mayor/deputy mayor will be by preferential ballot, i.e. placing 1, 2 and so on against the candidate of the councillor's choice in order of preference for all candidates.

The returning officer announces the names of the candidates for mayor/deputy mayor and writes each candidate's name on a slip of paper and deposits it in a barrel.

The returning officer requests that a staff member shakes the barrel and advises that the order in which the names will appear on the ballot paper will be determined by a draw out of the barrel, i.e. first name out of the barrel is written first on the ballot papers and so on.

The returning officer writes the names on the ballot papers and initials the front of each ballot paper. This method of voting requires only one set of ballot papers.

A staff member distributes the ballot papers and collects them when completed and gives them to the returning officer who counts the first preference votes and records them on the tally sheet.

If a candidate has an absolute majority of first preference votes (more than half), the returning officer declares the outcome.

[Name of candidate], having an absolute majority of first preference votes, is elected as mayor/deputy mayor for the ensuing two years.

If no candidate has the absolute majority of first preference votes, the returning officer excludes the candidate with the lowest number of first preference votes.

[Name of candidate], having the lowest number of first preference votes, is excluded.

The preferences from the excluded candidate are distributed. This process continues until one candidate has received an absolute majority of votes, at which time the returning officer announces the result.

[Name of candidate], having an absolute majority of votes, is elected as mayor/deputy mayor for the ensuing two years.

In the event of a **tied vote** where there are only two candidates remaining in the election, the returning officer explains the process.

The votes are tied between [name of candidate 1] and [name of candidate 2] having received [number] votes each, and, in accordance with clause 12 of Schedule 7 of the Local Government (General) Regulation 2005, I will now write the names of the candidates on similar slips of paper, fold them and place them in the barrel. Please note that the candidate whose name is drawn out will be declared as mayor/deputy mayor.

It is appropriate to show the meeting the names and the barrel. Councillors may inspect but not touch the items.

The returning officer places the names of the candidates into the barrel and requests a staff member to shake the barrel. The returning officer then draws a name out of the barrel and shows the meeting.

I declare that [name of candidate] is elected as mayor/deputy mayor for the ensuing two years.

The returning officer then draws out the remaining name and reads it for completeness. The second name should be shown to the meeting.

In the event that the **lowest number of votes are tied** and where there are three or more candidates remaining in the election, the returning officer advises the meeting of the process.

In accordance with clause 12 of Schedule 7 of the Local Government (General) Regulation 2005, I will now write the names of the candidates on similar slips of paper, fold them and place them in the barrel. Please note that the candidate whose name is drawn out will be excluded and their preferences distributed.

It is appropriate to show the meeting the names and the barrel. Councillors may inspect but not touch the items.

The returning officer places the names of the candidates into the barrel and requests that a staff member shakes the barrel.

The returning officer then draws a name out of the barrel and shows the meeting.

I declare that [name of candidate] is excluded and any votes cast for them will be distributed by preference.

The returning officer then draws out the remaining name and reads it for completeness. The second name should be shown to the meeting.

Schedule 7 - Election of Mayor by Councillors

Part 1 Preliminary

1 Returning officer

The general manager (or a person appointed by the general manager) is the returning officer.

2 Nomination

- (1) A councillor may be nominated without notice for election as mayor or deputy mayor
- (2) The nomination is to be made in writing by 2 or more councillors (one of whom may be the nominee). The nomination is not valid unless the nominee has indicated consent to the nomination in writing.
- (3) The nomination is to be delivered or sent to the returning officer.
- (4) The returning officer is to announce the names of the nominees at the council meeting at which the election is to be held.

3 Election

- (1) If only one councillor is nominated, that councillor is elected.
- (2) If more than one councillor is nominated, the council is to resolve whether the election is to proceed by preferential ballot, by ordinary ballot or by open voting.
- (3) The election is to be held at the council meeting at which the council resolves on the method of voting.
- (4) In this clause:
ballot has its normal meaning of secret ballot.
open voting means voting by a show of hands or similar means.

Part 2 Ordinary ballot or open voting

4 Application of Part

This Part applies if the election proceeds by ordinary ballot or by open voting.

5 Marking of ballot-papers

- (1) If the election proceeds by ordinary ballot, the returning officer is to decide the manner in which votes are to be marked on the ballot-papers.
- (2) The formality of a ballot-paper under this Part must be determined in accordance with clause 345 (1) (b) and (c) and (6) of this Regulation as if it were a ballot-paper referred to in that clause.
- (3) An informal ballot-paper must be rejected at the count.

6 Count—2 candidates

- (1) If there are only 2 candidates, the candidate with the higher number of votes is elected.
- (2) If there are only 2 candidates and they are tied, the one elected is to be chosen by lot.

7 Count—3 or more candidates

- (1) If there are 3 or more candidates, the one with the lowest number of votes is to be excluded.
- (2) If 3 or more candidates then remain, a further vote is to be taken of those candidates and the one with the lowest number of votes from that further vote is to be excluded.
- (3) If, after that, 3 or more candidates still remain, the procedure set out in subclause (2) is to be repeated until only 2 candidates remain.
- (4) A further vote is to be taken of the 2 remaining candidates.
- (5) Clause 6 of this Schedule then applies to the determination of the election as if the 2 remaining candidates had been the only candidates.
- (6) If at any stage during a count under subclause (1) or (2), 2 or more candidates are tied on the lowest number of votes, the one excluded is to be chosen by lot.

Part 3 Preferential ballot

8 Application of Part

This Part applies if the election proceeds by preferential ballot.

9 Ballot-papers and voting

- (1) The ballot-papers are to contain the names of all the candidates. The Councillors are to mark their votes by placing the numbers "1", "2" and so on against the various names so as to indicate the order of their preference for all the candidates.
- (2) The formality of a ballot-paper under this Part is to be determined in accordance with clause 345 (1) (b) and (c) and (5) of this Regulation as if it were a ballot-paper referred to in that clause.
- (3) An informal ballot-paper must be rejected at the count.

10 Count

- (1) If a candidate has an absolute majority of first preference votes, that candidate is elected.
- (2) If not, the candidate with the lowest number of first preference votes is excluded and the votes on the unexhausted ballot-papers counted to him or her are transferred to the candidates with second preferences on those ballot-papers.
- (3) A candidate who then has an absolute majority of votes is elected, but, if no candidate then has an absolute majority of votes, the process of excluding the candidate who has the lowest number of votes and counting each of his or her unexhausted ballot-papers to the candidates remaining in the election next in order of the voter's preference is repeated until one candidate has received an absolute majority of votes. That candidate is elected.
- (4) In this clause, "**absolute majority**", in relation to votes, means a number that is more than one-half of the number of unexhausted formal ballot-papers.

11 Tied candidates

- (1) If, on any count of votes, there are 2 candidates in, or remaining in, the election and the numbers of votes cast for the 2 candidates are equal—the candidate whose name is first chosen by lot is taken to have received an absolute majority of votes and is therefore taken to be elected.
- (2) If, on any count of votes, there are 3 or more candidates in, or remaining in, the election and the numbers of votes cast for 2 or more candidates are equal and those candidates are the ones with the lowest number of votes on the count of the votes—the candidate whose name is first chosen by lot is taken to have the lowest number of votes and is therefore excluded.

Part 4 General

12 Choosing by lot

To choose a candidate by lot, the names of the candidates who have equal numbers of votes are written on similar slips of paper by the returning officer, the slips are folded by the returning officer so as to prevent the names being seen, the slips are mixed and one is drawn at random by the returning officer and the candidate whose name is on the drawn slip is chosen.

13 Result

The result of the election (including the name of the candidate elected as mayor or deputy mayor) is:

- a) to be declared to councillors at the council meeting at which the election is held by the returning officer, and
- b) to be delivered or sent to the Departmental Chief Executive and to the Chief Executive of Local Government New South Wales.

**GWYDIR SHIRE COUNCIL
NOMINATION FOR MAYOR**

We hereby nominate:

Cr. John Coulton for
the position of Mayor

Cr. Catherine EGAN

Cr. FRANCES YOUNG.

I consent to the above nomination

Cr. John Lawton

Item 2 Election of Deputy Mayor

FILE REFERENCE 20/22247

DELIVERY PROGRAM

GOAL: 5. Organisational Management

OUTCOME: 5.1 CORPORATE MANAGEMENT

STRATEGY: 5.1.3 Administrative functions - GM - internal

AUTHOR General Manager

IN BRIEF/ SUMMARY RECOMMENDATION

1. Section 231 of the *Local Government Act, 1993* provides that Council may elect a Deputy Mayor. If Council wishes to do so it should resolve accordingly
2. The same provisions apply for the election as for the Mayor except that the Term of Office may be determined by Council to be either the Mayoral Term or a shorter period. This has always been nominated as the Mayoral term of one year, which has now been increased to a two year term. It is recommended that the term of the Deputy Mayor remains as the same as the Mayoral term.

A nomination form is enclosed with this Agenda. Nominations may be received up until the election on the day of the Council's Meeting.

RETURNING OFFICER RECOMMENDATION

THAT the Council elects a Deputy Mayor for the 2020/2021 Mayoral term.

(If an election is required) either:

(Only 2 candidates nominating)

FURTHER that the election for the Deputy Mayor be held with an ordinary ballot.

OR

(3 or more candidates nominating)

FURTHER that the election for the Deputy Mayor be held with a preferential ballot.

AND

FURTHER that the ballot papers are destroyed immediately following the declaration of the poll.

ATTACHMENTS

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Chairman

AT- Nomination Form

**COUNCIL RESOLUTION:
MINUTE 218/20**

THAT the Council elects a Deputy Mayor for the 2020/2021 Mayoral term.

(Moved Cr Coulton, seconded Cr Smith)

ELECTION RESULT (Ref: 219/20)

The Returning Officer announced that the following Councillor had been nominated for the position of Deputy Mayor:

Cr. Egan (Nominated by Crs. J Coulton and D Coulton).

Cr Egan indicated her acceptance of the nomination.

The Returning Officer called for any further nominations.

There being no further nominations and following the nominee's acceptance of the nomination, Cr Catherine Egan was declared elected.

Cr Egan was absent during the election and the Returning Officer thanked the Councillors on her behalf.

**GWYDIR SHIRE COUNCIL
NOMINATION FOR DEPUTY MAYOR**

We hereby nominate:

Cr. CATHERINE EGAN for
the position of Deputy Mayor

Cr. John Coulter

Cr. David Coulter

I consent to the above nomination

Cr. B S Egan

Item 3 Councillor's Activity Report for August

FILE REFERENCE 20/22241

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

The Councillors' activity schedule for August 2020 is outlined below

August, 2020		
Councillor	Event	Date
Cr J Coulton (Mayor)	Namoi Unlimited Meeting /Board Discussion via Zoom	11 th Aug.
	BROC Meeting via Zoom	14 th Aug.
	QLD- NSW Border Closure update – Teams Meeting – Caroline MacSmith	17 th Aug.
	Namoi Economic Supply Chain – via Zoom	17 th Aug.
	Warialda Fire Break Committee Meeting – Warialda Training Room	19 th Aug.
	QLD -NSW Closure update – Teams Meeting – Caroline MacSmith	20 th Aug.
	QLD – NSW Border Closure update – Teams Meeting – Caroline MacSmith	25 th Aug.
	Commercial Hotel Inspection - Warialda	26 th Aug.
	QLD – NSW Border Closure update – Teams Meeting – Caroline MacSmith	27 th Aug.
	Ordinary Council Meeting – The Roxy Conference Room	27 th Aug.
	Gwydir Oval Amenities Inspection - Bingara	27 th Aug.
	Commercial Hotel Inspection - Warialda	27 th Aug.
	Namoi Unlimited – Board Meeting and farewell lunch for Cr Hope	31 st Aug.
Cr Catherine Egan (Deputy Mayor)	Bingara Toy Library – Commemorative Birth Certificates	5 th Aug.
	Special events Meeting – Bingara Council Chambers	5 th Aug.

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Chairman

	Bingara Toy Library – Commemorative Birth Certificates	6 th Aug.
	Vision 20/20 Meeting - Bingara	6 th Aug.
	Ordinary Council Meeting – The Roxy Conference Room	27 th Aug.
	Gwydir Oval Amenities Inspection - Bingara	27 th Aug.
	Commercial Hotel Inspection - Warialda	27 th Aug.
Cr David Coulton	Gwydir LEMC Meeting – via Teams	17 th Aug.
	Warialda Fire Break Meeting – Warialda Training Room	19 th Aug.
	Ordinary Council Meeting – The Roxy Conference Room	27 th Aug.
	Gwydir Oval Amenities Inspection – Bingara	27 th Aug.
	Commercial Hotel Inspection - Warialda	27 th Aug.
Cr Stuart Dick	Tingha RFS Meeting	2 nd Aug.
	Gwydir LEMC Meeting – via Teams	17 th Aug.
	Warialda Fire Break Committee Meeting – Warialda Training Room	19 th Aug.
	Warialda Historical Society AGM	20 th Aug.
	Ordinary Council Meeting – The Roxy Conference Room	27 th Aug.
	Gwydir Oval Amenities Inspection – Bingara	27 th Aug.
	Commercial Hotel Inspection – Warialda	27 th Aug.
Cr Dixon OAM	Special events Meeting – Bingara Council Chambers	5 th Aug.
	Ordinary Council Meeting – The Roxy Conference Room	27 th Aug.
	Gwydir Oval Amenities Inspection	27 th Aug.
	Commercial Hotel Inspection - Warialda	27 th Aug.
Cr T Galvin	Special Events Meeting – Bingara Council Chambers	5 th Aug.
	Ordinary Council Meeting – The Roxy Conference Room	27 th Aug.
	Gwydir Oval Amenities Inspection - Bingara	27 th Aug.
	Commercial Hotel Inspection - Warialda	27 th Aug.
Cr J Moore	Warialda Fire Break Committee Meeting – Warialda Training Room	19 th Aug.
	Warialda Historical Society AGM	20 th Aug.
	Ordinary Council Meeting – The Roxy Conference Room	27 th Aug.
	Gwydir Oval Amenities Inspection -Bingara	27 th Aug.

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Chairman

	Commercial Hotel Inspection - Warialda	27 th Aug..
Cr G Smith	Warialda Fire Break Committee Meeting – Warialda Training Room	19 th Aug.
	Ordinary Council Meeting – The Roxy Conference Room	27 th Aug.
	Gwydir Oval Amenities Inspection - Bingara	27 th Aug.
	Commercial Hotel Inspection - Warialda	27 th Aug.
Cr F Young	CCC Steering Committee Meeting – Bingara Landcare Office	4 th Aug.
	BROC Meeting via Zoom	14 th Aug.
	Gwydir LEMC Meeting via Teams	17 th Aug.
	Ordinary Council Meeting – The Roxy Conference Room	27 th Aug.
	Gwydir Oval Amenities Inspection - Bingara	27 th Aug.
	Commercial Hotel Inspection - Warialda	27 th Aug.

OFFICER RECOMMENDATION

THAT the report be received

ATTACHMENTS

There are no attachments for this report.

**COUNCIL RESOLUTION:
MINUTE 220/20**

THAT the Councillor's Activity Report for August be received.

(Moved Cr Young, seconded Cr Smith)

Item 4 Monthly Investment and Rates Collection Report for August 2020

FILE REFERENCE 20/22244

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

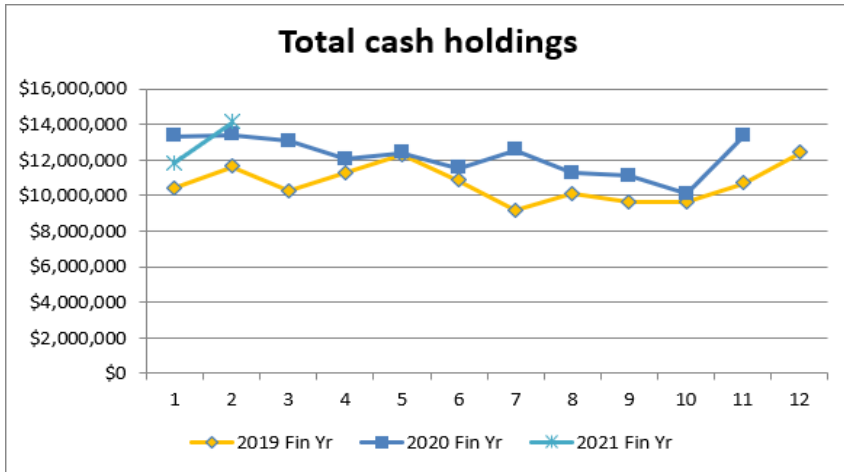
At each monthly Ordinary Meeting, the Council is presented with the schedule relating to Investments, as at the end of the previous month.

BACKGROUND:

In accordance with Clause 19(3) of the *Local Government (Financial Management) Regulation 1993*, the following information provides details of Council's funds invested as at 31 August 2020.

Direct Investments								
Broker	ID	Investment Name	Rating	Type	Next Rollover	Yield	Current Value	
NAB	2020.16	NAB	AA	TD	27/10/2020	0.75%	\$1,000,000.00	
NAB	2020.17	NAB	AA	TD	27/10/2020	0.75%	\$1,000,000.00	
NAB	2020.18	NAB	AA	TD	27/10/2020	0.75%	\$1,000,000.00	
Grand Total							\$3,000,000.00	
Managed Funds								
Fund	Investment Horizon	Type	3 Mth Avg Yield			Current Value		
Regional Australia Bank	At Call	Cash	See report			\$401,989.76		
Tcorp Cash Fund	At Call	Cash	See report			\$3,541,889.43		
Tcorp Medium Term Fund	At Call	Cash	See report			\$1,061,942.93		
Grand Total							\$5,005,822.12	
Total Investments								
Direct Investments							\$3,000,000.00	
Managed Funds							\$5,005,822.12	
Grand Total							\$8,005,822.12	

Cash and Investments	
Total Investments	
Direct Investments	\$3,000,000.00
Managed Funds	\$8,005,822.12
Grand Total Investments	\$11,005,822.12
Total Cash and Investments	
Investments	\$11,005,822.12
Cash at bank	\$ 3,097,452.40
Grand Total Cash and Investments	\$14,103,274.52
General Fund Cash	
Total cash and investments	\$14,103,274.52
LESS:	
Water fund*	-\$986,596.38
Sewer fund*	-\$3,269,555.88
Waste fund*	-\$3,509,198.48
Other restrictions:	
Employee leave entitlements*	-\$900,000.00
Carry over works in progress*	-\$850,000.00
Asset replacement*	-\$1,200,000.00
Bonds and deposits	-\$1,696,126.10
Unexpended grants*	-\$871,000.00
Developer contributions	-\$291,000.00
*These figures may change with end of year processing	
Discretionary General Fund Cash	\$529,797.68



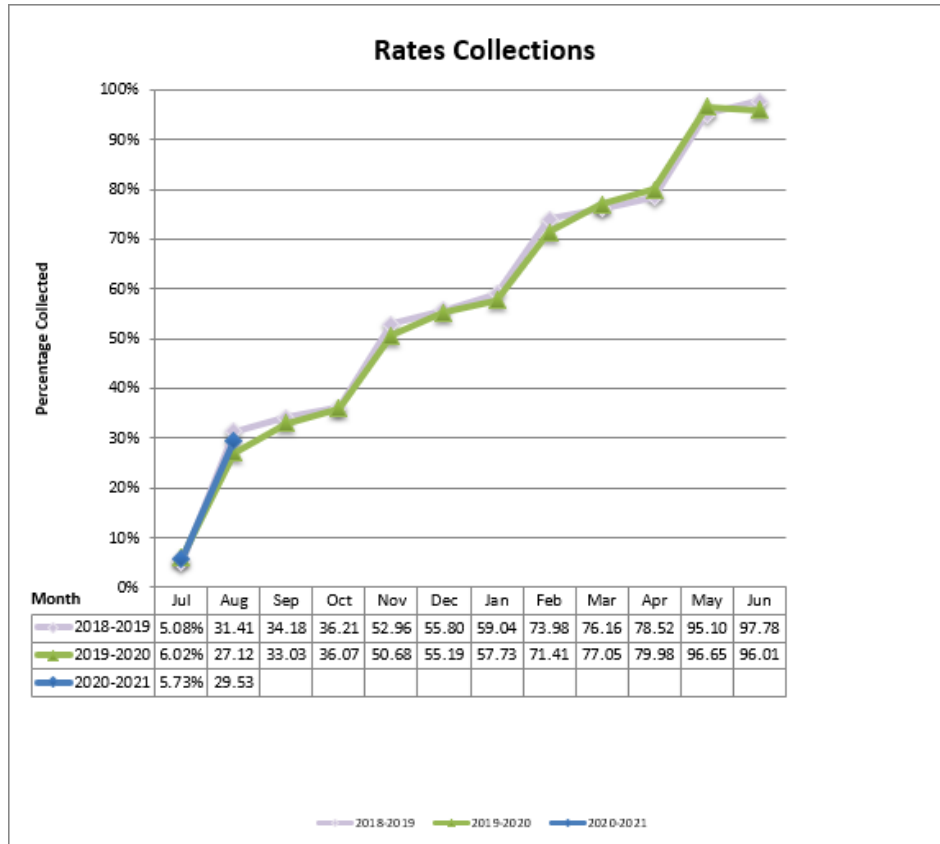
I, Helen Thomas, Finance Manager and Responsible Accounting Officer for Gwydir Shire Council, certify that the Council's investments have been made in accordance with the Local Government Act 1993, Local Government (General) Regulation 2005 and Council's Investment Policy (F.01.03), as amended.

RATES COLLECTIONS

This is page number 21 of the minutes of the Ordinary Meeting held on Thursday 24 September 2020

Chairman

The graph below represents a comparative of the percentage collections for the current year against the two previous rating years. The current year's collections are up to 31 August 2020.



OFFICER RECOMMENDATION

THAT the monthly Investment and Rates Collection report for August be received

ATTACHMENTS

There are no attachments for this report.

**COUNCIL RESOLUTION:
MINUTE 221/20**

THAT the monthly Investment and Rates Collection report for August be received.

(Moved Cr Young, seconded Cr Moore)

Committee Memberships Adopted	Cr Smith	Cr Moore	Cr Egan	Cr Young	Cr Dick	Cr Dixon	Cr D Coullton	Cr J Coullton	Cr Galvin
Organisational Strategy and Policy	1	1	1	1	1	1	1	1	1
Community Services and Planning	1	1	1	1	1	1	1	1	1
Public Infrastructure	1	1	1	1	1	1	1	1	1
Heavy Plant	1	1			1		1	1	
Central Northern Regional Library Committee			1						1 (Alt)
Local RTA Traffic Committee	1 (Alt)				1		1	1	
Warialda and District Chamber		1						1	
Bingara and District Vision 20/20			1						
Bush Fire Liaison (Service Level Agreement) Committee	1	1			1		1		
Local Emergency Management Committee				1	1		1 Chair		
Border Regional Organisation of Councils				1 (Alt)				1	
Arts North West				1					
Namoi JOC			1 (Alt)					1	
New England JO			1 (Alt)					1	
Northwest Regional Community Care Project Advisory Committee			1						1 (Alt)
Bingara District Historical Society						1			
Warialda Historical Society		1			1				
CHSP and Disability Services Advisory Committee			1						1
Gwydir Learning Region Committee			1	1			1	1	1
Bingara Showground Advisory Committee			1 Chair			1			
Disabled Access Committee				1		1			1
Naroo Hostel Advisory Committee	1 (Alt)							1	
Northern Slopes Landcare Association		1 (Alt)		1					
Bingara Special Events Committee			1			1			1
Internal Audit Committee			1 (Alt)					1	
Transport, Water and Sewerage Assets	1			1	1		1	1	
Information Technology & Office Equipment and Buildings Assets		1	1			1		1	1
The Living Classroom Committee	1			1					1
Bingara Men's Shed						1			
Whole of Community Integrated Service Delivery Northern Group of Councils (NENW)				1					1 (Alt)
Murray Darling Association Inc.				1			1 (Alt)		
Warialda Cultural Community Centre Craft Shop (Carinda House)					1				
Circular Economy Committee	1	1	1					1	
Gwydir Community Health Alliance			1 Chair	1					1
Northern Planning Panel			1					1	

This is page number 24 of the minutes of the Ordinary Meeting held on Thursday 24 September 2020

Chairman

Annual Picnic Day

THAT the report be received

Council and Committee Meetings Cycle

THAT the report be received

FURTHER that the recommended meeting dates for the remainder of 2020 are accepted

THAT the following Councillor reports be noted:

- | | | |
|----------------|---|---|
| Cr M Dixon OAM | - | Footpath improvement in Bingara |
| Cr J Moore | - | Pavers near Royal Hotel, Warialda
Koorilgur Walk, Warialda
Thank you to Finance Manager
Thank you to staff for removing tree below skate park, Warialda
Update on the business survey |
| Cr T Galvin | - | Number of visitors to Bingara
Barking dogs
Possible grant funding for wellness classes
Signage for dog owners
Roxy Café matter |
| Cr F Young - | - | Footpath between Junction and Keera Streets, Bingara
U3A
Conference and AGM of MDA |
| Cr D Coulton | - | Properties requiring clean up notice |
| Cr J Coulton | - | Warialda Fire Break
47 Hope Street, Warialda |

THAT the recommendations from the Closed Community Services and Planning Committee are adopted:

Monthly Confidential Organisation and Community Development Report for August 2020

THAT the monthly Confidential Organisation and Community Development Report for August be received.

THAT the following Councillor report be noted:

Cr F Young – proposed art gallery Bingara matter

ATTACHMENTS

There are no attachments for this report.

**COUNCIL RESOLUTION:
MINUTE 223/20**

THAT the recommendation from the Public Infrastructure Committee meeting held 10 September is adopted:

Monthly Technical Services Report for August 2020 (Ref: 224/20)

THAT the monthly Technical Services Report for August be received

THAT the recommendations from the Community Services and Planning Committee meeting held 10 September 2020 are adopted:

Monthly Organisation and Community Development Report for August 2020 (Ref: 225/20)

THAT the monthly Organisation and Community Development Report for August be received

FURTHER that Inverell Shire Council be requested to contribute towards the cost of providing the following services to the residents of Inverell Shire (Ref: 226/20):

Tharawonga Early Child Service to Yetman

The Commonwealth Home Support Program to Delungra

Monthly Executive Report for August 2020 (Ref: 227/20)

THAT the monthly Executive Report for August be received

Annual Picnic Day (Ref: 228/20)

THAT the report be received

Council and Committee Meetings Cycle (Ref: 229/20)

THAT the report be received

FURTHER that the recommended meeting dates for the remainder of 2020 are accepted

THAT the following Councillor reports be noted (Ref: 230/20):

Cr M Dixon OAM - Footpath improvement in Bingara

Cr J Moore - Pavers near Royal Hotel, Warialda

- Koorilgur Walk, Warialda**
Thank you to Finance Manager
Thank you to staff for removing tree below skate park, Warialda
Update on the business survey
- Cr T Galvin -** **Number of visitors to Bingara**
Barking dogs
Possible grant funding for wellness classes
Signage for dog owners
- Cr F Young -** **Roxy Café matter**
Footpath between Junction and Keera Streets, Bingara
U3A
Conference and AGM of MDA
- Cr D Coulton -** **Properties requiring clean up notice**
- Cr J Coulton -** **Warialda Fire Break**
47 Hope Street, Warialda

THAT the recommendations from the Closed Community Services and Planning Committee are adopted:

Monthly Confidential Organisation and Community Development Report for August 2020 (Ref: 231/20)

THAT the monthly Confidential Organisation and Community Development Report for August be received.

THAT the following Councillor report be noted (Ref: 232/20):

Cr F Young – proposed art gallery Bingara matter

(Moved Cr D Coulton, seconded Cr Smith)

Item 7 Commercial Hotel Site Warialda

FILE REFERENCE 20/22109

DELIVERY PROGRAM

GOAL: 1. A healthy and cohesive community

OUTCOME: 1.1 WE HAVE HEALTHY AND INVITING SPACES AND PLACES

STRATEGY: 1.1.3 Provide the right places, spaces and activities - OCD - external

AUTHOR General Manager

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/ SUMMARY RECOMMENDATION

This report is for information only.

TABLED ITEMS Nil

BACKGROUND

The Council has initiated the process of purchasing the subject site and has indicated its preference is to demolish the existing building, subject to the approval of a development application, and create a significant urban park within the Warialda business centre.

The process required to prepare the required Development Application to demolish the existing building has commenced. The assessment of whether any asbestos is present in the existing building has also been arranged.

The assessment of the Development Application, once lodged, will be undertaken by an external impartial party and probably a neighbouring Council.

This proposal has created some interest and comment from some members of the public, both for and against.

Apart from the correspondence received directly to the Council there has also been the usual social media outrage by keyboard warriors accompanied by threats of ICAC referrals, etc.

COMMENT

The attached correspondence from Mr Stubbins, representing the Warialda and District Chamber, and Mrs Stubbins, representing Carinda House, have included suggestions about the future of the Commercial Hotel building.

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Chairman

You may remember that Mr Stubbins has refused in the past to provide a list of his organisation’s membership to the Council as well as refusing to accept the Council’s membership application. The Chamber’s return to Fair Trading each year simply states that the group has more than 5 members.

I suspect that Mr Stubbins uses his position as President of the Chamber to push forward his own views rather than the collective views from the limited membership of his group.

The Carinda House suggestion is for the building to be used for some heritage project and that the Warialda Historical Society be moved into the building from its existing home in the former Masonic Lodge in Plunkett Street.

The Council purchased the former Warialda Masonic Lodge for the specific purpose of using it as a home for the Warialda Historical Society. The Council has invested \$255,021.08 in this former Masonic Lodge site to date. The internal structure of this building would make any alternate use difficult.

Retaining the original core of the Commercial Hotel building as a home for the Warialda Historical Society would be costly and even more so if the upstairs area was proposed for any sort of public access due to there being no internal access to the first floor, which would also require suitable access for people with a disability.

As part of the overall comment about the Commercial Hotel discussion there has been a suggestion in a Facebook post that the Council is ignoring the needs of the smaller urban villages of the Shire, especially regarding the allocation of grant funding. This comment is incorrect and highlights that truth really is the first casualty in a war.

The following grant budget allocations for works have either been undertaken or are about to be undertaken in the following localities:

Coolatai	\$163,366
Croppa Creek	\$ 85,521
Gravesend	\$392,453
North Star	\$ 99,988
Upper Horton	\$131,536
Warialda Rail	\$105,465

CONCLUSION

In summary, the decision of the Council is being carried out, the required development consent is being pursued and the Council is seeking an impartial third party to undertake the required assessment once the development application has been completed and lodged.

OFFICER RECOMMENDATION

THAT the report regarding the Warialda Commercial Hotel project be received

ATTACHMENTS

AT- Correspondence from Mr and Mrs Stubbins

**COUNCIL RESOLUTION:
MINUTE 233/20**

**THAT the report regarding the Warialda Commercial Hotel project
be received.**

(Moved Cr Young, seconded Cr D Coulton)

AN OPEN LETTER TO GWYDIR SHIRE COUNCIL

Please think again. Warialda's history is an important part of its future.

The planned destruction of the surviving 1928 section of the Commercial Hotel is a spectacular own goal in the making.

1928 sits high on the elegant facade supported by bricks fired at the Warialda kiln.

The section survived a mysterious fire in later years and remains a poignant reminder of the period of its construction.

Now, with the benefit of hindsight, we can see that 1928 was a portentous year.

The terrible toll of the Great War of 1914-1918, the war to end wars, was still fresh in collective memory. The Honour Roles at the Memorial Hall show the local impact.

The Roaring Twenties, which emerged in reaction to the war, were in full swing.

The opening of the new Commercial Hotel showed confidence in the town and district and hoped- for good economic times on the land and in the nation.

Roger Moore, who went on to contribute so much to Warialda, had opened his business in 1926.

However, decades of hard times and trouble followed 1928. The Roaring Twenties would soon decline into the Great Depression. Economic ruin and social and political division developed throughout the world.

The seeds of the 1939-1945 war were already germinating and would bear bitter fruit.

Droughts in the 1930s and 1940s produced dust storms which have not recurred on such scale until 2019 and early 2020.

The people who experienced these times were a tough generation and after the second war they determined that things would be better. And they have been, but reminders of what has gone on before are salutary. Especially now, when we seem to be entering difficult times once again.

It is not necessary to destroy the pertinent remnant of the Commercial Hotel, in order to establish a green space in the shopping precinct [itself a commendable project].

When the redevelopment of the rest of the site occurs, the old section will present to great advantage. Its character and position provide an opportunity to establish either a home or a business or both, in keeping with its surroundings.

I think it would make a marvellous studio and gallery for an artist who is moved by its history and who responds to the great qualities that Warialda has to offer.

As the old building requires substantial repair, Council could offer it for sale at a very attractive price, subject to work of acceptable standard being completed by the purchaser.

Sale proceeds could be directed to developing a feature in the rest of the site. Subsequent rate income could be used to defray the cost of maintaining the green space.

Alternatively, instead of using volunteer labour to demolish the 1928 section as planned, why not explore ways of community involvement in restoration? The showground, the Golf and Bowling Club, the Anglican Church, the foreshores of the Warialda Creek were all advanced by working bees. This is a marvellous tradition which should be fostered. Council could then have a building which returns a modest rental.

No doubt other people will have suggestions as to how the 1928 building could be returned to good condition and used to public advantage. I do accept that Council is looking to restrain ongoing expenditure when the availability of grants is curtailed. I have made suggestions which take this issue into account.

What is critical now is for the peremptory decision to demolish the building be put on hold. It should be revisited only as a last resort following genuine consultation with the community.

Ted Stubbins President Warialda District Chamber Inc.

LETTER TO THE EDITOR

IGA, Warialda's largest independent employer, and several smaller businesses are about to come under intense pressure from an out-of-town supermarket chain.

I am sure that this will encourage our businesses to look anew at what they can do to compete. IGA, for instance, intends to introduce on-line shopping and to expand its home delivery service.

But it is also very important that Warialda people rally around and support local shops. We are so fortunate to have strong local businesses such as the supermarket, hardware, pharmacy and newsagency which contribute in so many ways to our community. If we allow their viability to be threatened, we are also putting the future of Warialda at risk.

Warialda has to keep developing its amenity and its appeal to residents and visitors.

Though controversial, Council's plan to develop a welcoming, open air [well ventilated!], green and shady place in the shopping precinct should be judged for its positive attributes. We will know we are on the right track when more people from neighbouring towns visit us for a day out, to enjoy the Moor Street Art, the signage from the Historical Society [more please] and the town's friendly character. We need to encourage travellers to break their journey here, enjoy the ambience, patronise shops and services and consider living here.

However, the demolition of the original section of the Commercial Hotel erected in 1928 should only be considered as a last resort. It should be made safe and secure now and left for a time to allow possibilities to emerge. Perhaps an entrepreneurial tree changer will present plans which complement and enhance the location. Perhaps an artist studio and gallery may result. Perhaps a community organisation may have suggestions. Carinda House Community Centre is a great example of what can be achieved. 40 years ago the organising committee seeking donations was offered a box of matches by a wag. Today Carinda is a land mark with its own face book page and a great attribute to the town.

Small towns throughout Australia are under pressure. If we play to our strengths, Warialda can be one which survives. But we have to decide to work together, support what we have and encourage others to join us.

Ted Stubbins President Warialda District Chamber Inc.

Warialda District Chamber Inc.
PO Box 204
Warialda NSW 2402
Mr Max Eastcott
General Manager
Gwydir Shire Council
Mayor John Coulton and Councillors

SUBJECTS: 1.Demolition of Commercial Hotel
2.Support for Warialda Businesses
3.Encouragement of Tourism within the Shire and from Neighbouring Shires

1.Please find attached copy of Letter to the Editor Gwydir News referring to this subject.

You will see that the letter supports removal of the later additions to the building, the retention of the section built in 1928 and the development of green space at the site.

I advise Council that feeling has been galvanised across Warialda and district and that a compromise should be considered.

I am hearing comments to the following effect:

*That Council has already made the decision to demolish the whole building and that the appearance of consultation is spurious.

*That Council is prepared to allow voluntary labour to demolish the building but has not allowed opportunity for volunteer effort to consider participating in rehabilitation.

*That the demolition would be a philistine act which would not be attempted in other communities in the Shire.

2.I urge Council to give whatever support it can – both morally and materially – to local businesses which are being confronted with additional challenges in this already difficult period.

3.Recently, I heard of a couple who were enjoying a short holiday camping beside the river and decided to visit Warialda. They had a very pleasant experience here, speaking with locals and discovering the Moor Street Art and signage from the Historical Society. They

remarked at Carinda House that they hadn't heard of the Art and History walks before they visited and thought that others at the same camping site hadn't heard either.

There have also been groups from Inverell who occasionally visit Warialda.

As I have indicated in my letter to the Gwydir News I think these occurrences show significant potential for growth.

I ask that this correspondence be considered by Council at the earliest opportunity.

Ted Stubbins President Warialda District Chamber Inc.

"Carinda"	President	Secretary	Treasurer
15 Stephen St	Beth Albert	Marilyn Stubbins	Carmel Stevenson

Warialda NSW 2402

Mr John Coulton

Mayor Gwydir Shire Council and Councillors Gwydir Shire Council,

Dear John and Councillors,

At the recent meeting of "Carinda", Warialda Cultural and Community Centre, the topic

"what to do with the Commercial Hotel building" came up for discussion as you indicated in the Gwydir News that Council would appreciate feedback from the Warialda Community.

The meeting was of the opinion that, if structurally sound, the original part of the building be maintained as there are a number of older buildings nearby – Carinda, Court House Post Office.

Some suggestions from the meeting:

1. The building be used for some heritage project.
2. The Warialda Historical Society be moved into the building to give Warialda Historical Society a greater profile. Many more locals and visitors to Warialda would be encouraged to visit if the Museum was located in Stephen St rather than its current position.
3. There would be room left around the original building to have an open area grassed up with some seating for locals and visitors to enjoy.

We trust these suggestions are helpful in your decision making.

Yours sincerely,

Marilyn Stubbins Secretary Warialda Cultural and Community Centre

Phone 67291672 23/8/2020

Item 8 Certification of the 2019-2020 Financial Statements

FILE REFERENCE 20/22454

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

IN BRIEF/ SUMMARY RECOMMENDATION

The purpose of this report is to comply with statutory requirements in relation to the General Purpose and Special Purpose Financial Reports for the year ended 30 June 2020 for Gwydir Shire Council.

The General Purpose and Special Purpose Financial Reports for Gwydir Shire Council for the year ended 30 June 2020 have been prepared and are in the final stages of Audit. It is not believed there will be any material changes to the Reports attached.

When the audit is completed, the NSW Audit Office will issue a client service report which will be presented along with the audited financial reports to the Audit Risk and Improvement Committee for review.

The audited financial statements and independent auditors report will be presented to Council and the public at the Council meeting to be held 26 November 2020, in accordance with Section 419 (1) of the *Local Government Act 1993*.

Section 413(2)(c) requires a Statement, signed by the General Manager, Responsible Accounting Officer, Mayor and one Councillor, in the form approved by the Council as to its opinion on the General Purpose Financial Reports, Special Purpose Financial Reports and any such General Schedules. It should be noted that the Statement reflects an opinion only and is not legally binding.

Staff Certification

The General Manager, Mr Max Eastcott, and the Responsible Accounting Officer, Mrs. Helen Thomas, certify that to the best of their knowledge, the General Purpose and Special Purpose Financial Reports have been prepared in accordance with all statutory requirements and believe the reports present fairly the financial position of Gwydir Shire Council at 30 June 2020.

This is page number 38 of the minutes of the Ordinary Meeting held on Thursday 24 September 2020

Chairman

OFFICER RECOMMENDATION

THAT the report be received

FURTHER that in relation to the report "Certification of the 2019/2020 Annual Financial Reports" for the period ending 30 June 2020, Council:

- (i) Resolve to present the Audited General Purpose and Special Purpose Financial Reports, together with the Auditors Reports at a Public Meeting to be held as part of Council's Meeting on 23 November 2020, in accordance with Section 419 (1) of the *Local Government Act, 1993*;
- (ii) Record as an opinion of the Council pursuant to Section 413 (2c) of the *Local Government Act 1993* (NSW) (as amended), that the General Purpose Financial Reports for Gwydir Shire Council for the period ending 30 June 2020:
 - (a) have been prepared in accordance with:
 - the *Local Government Act 1993* (as amended) and Regulations made thereafter
 - the Australian Accounting Standards and professional pronouncements; and
 - the Local Government Code of Accounting Practice and Financial Reporting;
 - (b) the General Purpose Financial Report presents fairly the Council's operating result and financial position for the year;
 - (c) the General Purpose Financial Report accords with the Council's accounting and other records; and
 - (d) the signatories are not aware of anything that would make the General Purpose Financial Report false or misleading in any way.
- (iii) Record as an opinion of the Council pursuant to the Local Government Code of Accounting Practice and Financial Reporting, that the Special Purpose Financial Reports for Gwydir Shire Council for the period ending 30 June 2020:
 - (a) 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 & Costing for Council Businesses: A Guide to Competitive Neutrality"
 - the Local Government Code of Accounting Practice and Financial Reporting; and

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Chairman

- (b) the Special Purpose Financial Reports present fairly the operating result and financial position for each of the Council's declared Business Activities for the year
- (c) the Special Purpose Financial Reports accord with the Council's accounting and other records and
- (d) the signatories are not aware of anything that would make the Special Purpose Financial Reports false or misleading in any way.

FURTHER that the reports be authorised for issue

FURTHER that the reports be referred to Council's auditors for audit.

ATTACHMENTS

AT- General Purpose Financial Statements for year ended 30 June 2020

AT- Special Purpose Financial Statements for year ended 30 June 2020

COUNCIL RESOLUTION: MINUTE 234/20

THAT the report be received

FURTHER that in relation to the report "Certification of the 2019/2020 Annual Financial Reports" for the period ending 30 June 2020, Council:

- (i) **Resolve to present the Audited General Purpose and Special Purpose Financial Reports, together with the Auditors Reports at a Public Meeting to be held as part of Council's Meeting on 23 November 2020, in accordance with Section 419 (1) of the *Local Government Act, 1993*;**
- (ii) **Record as an opinion of the Council pursuant to Section 413 (2c) of the *Local Government Act 1993 (NSW)* (as amended), that the General Purpose Financial Reports for Gwydir Shire Council for the period ending 30 June 2020:**
 - (a) **have been prepared in accordance with:**
 - **the *Local Government Act 1993* (as amended) and Regulations made thereafter**
 - **the Australian Accounting Standards and professional pronouncements; and**
 - **the Local Government Code of Accounting Practice and Financial Reporting;**
 - (b) **the General Purpose Financial Report presents fairly the Council's operating result and financial position for the year;**

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Chairman

- (c) the General Purpose Financial Report accords with the Council's accounting and other records; and
 - (d) the signatories are not aware of anything that would make the General Purpose Financial Report false or misleading in any way.
- (iii) Record as an opinion of the Council pursuant to the Local Government Code of Accounting Practice and Financial Reporting, that the Special Purpose Financial Reports for Gwydir Shire Council for the period ending 30 June 2020:
- (a) 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 & Costing for Council Businesses: A Guide to Competitive Neutrality"
 - the Local Government Code of Accounting Practice and Financial Reporting; and
 - (b) the Special Purpose Financial Reports present fairly the operating result and financial position for each of the Council's declared Business Activities for the year
 - (c) the Special Purpose Financial Reports accord with the Council's accounting and other records and
 - (d) the signatories are not aware of anything that would make the Special Purpose Financial Reports false or misleading in any way.

FURTHER that the reports be authorised for issue

FURTHER that the reports be referred to Council's auditors for audit.

(Moved Cr Smith, seconded Cr Moore)

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.*



This is page number 42 of the minutes of the Ordinary Meeting held on Thursday 24 September 2020

Chairman

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

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Chairman

Gwydir Shire Council

Financial Statements 2020

Income Statement

for the year ended 30 June 2020

<i>Original unaudited budget</i>	<i>2020</i>	<i>\$ '000</i>	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	-
				Reversal of revaluation decrements / impairment of IPP&E previously expensed	
33,119				34,114	33,061
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
				Net losses from the disposal of assets	
32,368				33,027	29,230
751				1,087	3,831
751				1,087	3,831
				Net operating result attributable to council	3,831
				1,087	3,831
(1,927)				(1,782)	(1,283)
				Net operating result for the year before grants and contributions provided for capital purposes	(1,283)

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.

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Chairman

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.

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Chairman

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	Accumulated surplus	IPP&E revaluation reserve	Total equity
	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)	-	-	-
	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	-	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)
	Net cash provided (or used in) operating activities	16b	9,442	13,386
9,430				
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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Chairman

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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Chairman

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.

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Chairman

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.

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Chairman

Gwydir Shire Council

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

Financial Statements 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).

\$ '000	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
Functions or activities										
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	46,395
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.

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Chairman

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.

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.

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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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

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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",
- 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".

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Gwydir Shire Council

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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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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
(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	<u>13,816</u>	<u>16,140</u>
Less: capitalised costs	(7,221)	(9,637)
TOTAL MATERIALS AND CONTRACTS	<u>6,595</u>	<u>6,503</u>

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	<u>63</u>	<u>69</u>
Total Auditor-General remuneration	<u>63</u>	<u>69</u>
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	<u>5</u>	<u>4</u>
Total remuneration of non NSW Auditor-General audit firms	<u>5</u>	<u>4</u>
Total Auditor remuneration	<u>68</u>	<u>73</u>

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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:	10		
– Buildings – non-specialised		(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	2020	2019	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
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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
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Gwydir Shire Council

Financial Statements 2020

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

\$ '000	2020		2019	
	Current	Non-current	Current	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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Gwydir Shire Council

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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

Financial Statements 2020

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

Note 9. Inventories and other assets

\$ '000	2020		2019	
	Current	Non-current	Current	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		2019	
	Current	Non-current	Current	Non-current
(a) Details for real estate development				
Residential	576	–	576	–
Total real estate for resale	576	–	576	–
(Valued at the lower of cost and net realisable value)				
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	
	Current	Non-current	Current	Non-current
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.

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Chairman

Gwydir Shire Council

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

Financial Statements 2020

Note 10. Infrastructure, property, plant and equipment

	as at 30/06/19										Asset movements during the reporting period										as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions	Disposals	Carrying value at disposal	Depreciation expense	Impairment reversals recognised in P/L	WIP 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	-	-	-	-	-	-	-	-	12,137	-	12,137								
Plant and equipment	17,737	(8,796)	8,941	-	(287)	(1,013)	-	126	-	-	-	-	18,581	(9,508)	9,073								
Office equipment	864	(563)	281	-	-	(64)	-	-	-	-	-	-	954	(647)	307								
Furniture and fittings	1,260	(561)	699	-	-	(47)	-	-	-	-	-	-	1,300	(587)	713								
Land:																							
- Operational land	4,777	-	4,777	-	-	(80)	-	-	-	-	-	-	5,917	-	5,917								
- Community land	2,930	-	2,930	-	-	-	-	-	-	-	-	-	2,930	-	2,930								
- Land improvements - depreciable	-	-	-	-	-	-	(1)	64	-	-	-	-	64	(1)	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	(18,900)	15,597	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	(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	-	-	-	4,095	(2,153)	1,942									
- Water supply network	23,001	(7,851)	15,150	39	(8)	(365)	-	18	-	-	-	23,264	(8,289)	14,975									
- Sewerage network	12,617	(7,720)	4,897	38	-	(182)	-	27	-	-	-	12,802	(7,977)	4,825									
- Swimming pools	2,708	(315)	2,393	-	-	(109)	-	-	-	-	-	1,388	(185)	1,183									
Other assets:																							
- Other	184	(46)	138	-	-	(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	(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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Gwydir Shire Council

Financial Statements 2020

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

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

	as at 30/06/18										as at 30/06/19													
	Gross carrying amount		Accumulated depreciation		Net carrying amount		Additions new assets		Carrying value of disposals		Depreciation expense		WIP transfers		Adjustments and transfers		Revaluation increments to equity / (def)		Gross carrying amount		Accumulated depreciation		Net carrying amount	
\$ '000																								
Capital work in progress	2,810	-	2,810	5,696	-	-	-	-	-	-	-	(851)	-	-	-	-	-	-	7,655	-	7,655	-	-	7,655
Plant and equipment	16,478	(8,321)	8,157	1,649	(255)	(935)	325	-	-	-	-	-	-	-	-	-	-	-	17,737	(8,796)	8,941	(833)	8,108	
Office equipment	801	(513)	288	62	-	(69)	-	-	-	-	-	-	-	-	-	-	-	-	864	(583)	281	-	281	
Furniture and fittings	1,260	(511)	749	-	-	(50)	-	-	-	-	-	-	-	-	-	-	-	-	1,260	(561)	699	-	699	
Land:																								
- Operational land	4,952	-	4,952	236	(42)	-	28	-	-	-	-	-	-	-	-	-	-	-	4,777	-	4,777	-	-	4,777
- Community land	2,557	-	2,557	373	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,930	-	2,930	-	-	2,930
Infrastructure:																								
- Buildings - non-specialised	41,690	(24,157)	17,533	178	(41)	(888)	21	-	-	-	-	-	-	-	-	-	-	-	41,664	(24,861)	16,803	-	-	16,803
- Buildings - specialised	34,268	(18,151)	16,117	224	(22)	(754)	32	-	-	-	-	-	-	-	-	-	-	-	34,497	(18,500)	15,997	-	-	15,997
- Other structures	5,618	(1,261)	4,357	268	(3)	(296)	78	-	-	-	-	-	-	-	-	-	-	-	5,941	(1,537)	4,404	-	-	4,404
- Roads	324,381	(43,515)	280,866	2,392	-	(4,380)	218	-	-	-	-	-	-	-	-	-	-	-	326,965	(47,879)	279,086	-	-	279,086
- Bridges	38,547	(393)	38,154	-	-	(11)	-	-	-	-	-	-	-	-	-	-	-	-	38,547	(404)	38,143	-	-	38,143
- Footpaths	3,190	(504)	2,686	-	-	(20)	-	-	-	-	-	-	-	-	-	-	-	-	3,190	(524)	2,666	-	-	2,666
- Stormwater drainage	3,860	(2,027)	1,833	-	-	(35)	-	-	-	-	-	-	-	-	-	-	-	-	3,922	(2,095)	1,827	-	-	1,827
- Water supply network	22,405	(7,359)	15,046	130	(20)	(385)	143	-	-	-	-	-	-	-	-	-	-	-	23,001	(7,851)	15,150	-	-	15,150
- Sewerage network	12,392	(7,412)	4,980	21	-	(187)	6	-	-	-	-	-	-	-	-	-	-	-	12,617	(7,720)	4,897	-	-	4,897
- Swimming pools	2,707	(201)	2,506	-	-	(113)	-	-	-	-	-	-	-	-	-	-	-	-	2,708	(315)	2,393	-	-	2,393
Other assets:																								
- Other	184	(37)	147	-	-	(9)	-	-	-	-	-	-	-	-	-	-	-	-	184	(46)	138	-	-	138
Reinstatement, rehabilitation and restoration assets (refer Note 11):																								
- Tip assets	1,462	(103)	1,359	-	-	(103)	-	-	-	-	-	-	-	-	-	-	-	-	3,305	-	3,305	-	-	3,305
- Quarry assets	397	(53)	344	-	-	(30)	-	-	-	-	-	-	-	-	-	-	-	-	397	(83)	314	-	-	314
Total infrastructure, property, plant and equipment	519,959	(114,518)	405,441	8,699	2,320	(383)	(8,265)	-	2,049	(397)	342	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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Gwydir Shire Council

Financial Statements 2020

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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Chairman

Gwydir Shire Council

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

Financial Statements 2020

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 cause.

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
	64

(b) Statement of Cash Flows

Total cash outflow for leases	64
	64

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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Chairman

Gwydir Shire Council

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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Chairman

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

Financial Statements 2020

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
(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

Gwydir Shire Council

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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

\$ '000	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

\$ '000	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
---------	------	------

(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
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(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
	<u>1,585</u>	<u>1,525</u>

(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	<u>3,798</u>	<u>3,798</u>
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	<u>3,739</u>	<u>3,739</u>

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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Gwydir Shire Council

Financial Statements 2020

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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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.

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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

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)

<u>\$ '000</u>	<u>Balance at 1 July 2019</u>
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

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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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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 comprehen- sive 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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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

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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		<u>3,936</u>	<u>3,787</u>
(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		<u>9,442</u>	<u>13,386</u>

Gwydir Shire Council

Financial Statements 2020

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	<u>1,712</u>	<u>148</u>
These expenditures are payable as follows:		
Within the next year	1,712	148
Total payable	<u>1,712</u>	<u>148</u>
Sources for funding of capital commitments:		
Unrestricted general funds	–	148
Future grants and contributions	1,712	–
Total sources of funding	<u>1,712</u>	<u>148</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 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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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 than 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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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.

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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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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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Gwydir Shire Council

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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	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
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

Financial Statements 2020

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

Note 20. Material budget variations

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
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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
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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
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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
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Gwydir Shire Council

Financial Statements 2020

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					
	30/06/20	–	7,631	–	7,631
		–	7,631	–	7,631
Infrastructure, property, plant and equipment					
	30/06/20	–	–	9,073	9,073
	30/06/20	–	–	307	307
	30/06/20	–	–	713	713
	01/07/19	–	–	5,917	5,917
	30/06/16	–	–	2,930	2,930
	30/06/20	–	–	63	63
	01/07/19	–	–	29,145	29,145
	01/07/19	–	–	27,695	27,695
	30/06/16	–	–	4,640	4,640
	30/06/20	–	–	256,199	256,199
	30/06/20	–	–	35,727	35,727
	30/06/20	–	–	1,373	1,373
	30/06/18	–	–	1,942	1,942
	30/06/18	–	–	14,975	14,975
	30/06/18	–	–	4,825	4,825
	30/06/16	–	–	1,183	1,183
	30/06/16	–	–	159	159
	30/06/19	–	–	2,792	2,792
	30/06/17	–	–	292	292
	30/06/20	–	–	12,137	12,137
		–	–	412,087	412,087

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 for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

2019	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					
	30/06/19	–	8,606	–	8,606
		–	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
		–	–	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.

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)

(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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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)

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.

Gwydir Shire Council

Financial Statements 2020

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	410,006
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	412,087

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.

Gwynidr 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	-		-	-

Gwynidr Shire Council

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

Financial Statements 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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Gwydir Shire Council

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.

Gwydir Shire Council

Financial Statements 2020

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

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2020	2019	2020	2019	2020	2019	
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

Financial Statements 2020

General Purpose Financial Statements
for the year ended 30 June 2020

This is page number 119 of the minutes of the Ordinary Meeting held on Thursday 24 September 2020

Chairman

Gwydir Shire Council

Financial Statements 2020

General Purpose Financial Statements
for the year ended 30 June 2020

This is page number 120 of the minutes of the Ordinary Meeting held on Thursday 24 September 2020

Chairman

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.*



This is page number 121 of the minutes of the Ordinary Meeting held on Thursday 24 September 2020

Chairman

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

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Chairman

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

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Chairman

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	–

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Chairman

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

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Chairman

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

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Chairman

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

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Chairman

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>

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Chairman

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)

This is page number 131 of the minutes of the Ordinary Meeting held on Thursday 24 September 2020

Chairman

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)

Naroo Aged Care Facility

Comprising the whole of the operations and assets of the aged care facility located at Warialda.

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, Warialda, 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.

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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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Chairman

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.

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Chairman

Gwydir Shire Council

Special Purpose Financial Statements 2020

Special Purpose Financial Statements
for the year ended 30 June 2020

This is page number 136 of the minutes of the Ordinary Meeting held on Thursday 24 September 2020

Chairman

Cr David Coulton

Bushfire Management Meeting (Ref: 235/20)

Cr Coulton advised the meeting that he and Cr Dick attended this meeting recently in Narrabri and push the Council's case for improved fire protection around Warialda.

Cr Catherine Egan

Proposed 'Edwards Lane, Bingara' (Ref: 236/20)

Cr Egan requested that the naming on an unnamed land adjacent to Ms Irene Edwards be 'Edwards Lane' be investigated.

Cr Frances Young

Various Matters (ref: 237/20)

Cr Young advised the meeting that she had participated in a virtual Murray Darling Association Conference and had also attended a meeting about the proposed Art Gallery in Bingara. A brief report was given about both activities.

Cr Stuart Dick

Various Matters (Ref: 238/20)

Cr Dick requested an update on the following matters, which was given:

- Vacant Council land in Plunkett Street Warialda;
- Dog Breeding Facility recently raided;
- Provision of electricity and NBN to Council subdivided lots in Bingara; and;
- Warialda High Productivity Route and Truck Wash.

Cr Jim Moore

Warialda Recreation Ground Function Area (Ref: 239/20)

Cr Moore requested an update on this project. The information will be provided.

Cr Geoff Smith

Proposed Murals Warialda Pool (Ref: 240/20)

Cr Smith requested an update on this proposal. The information requested will be provided.

Cr John Coulton

Queensland Border Closure (Ref: 241/20)

The Mayor gave a brief update on the continuation of the closed border with Queensland issue.

Meeting closed 11.20 am