



**MIDCOAST**  
council

# ANNUAL REPORT

**2018-19**



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## **ACKNOWLEDGEMENT OF COUNTRY**

MidCoast Council acknowledges the Gathang speaking people, the custodians of the land to which this report applies. We pay our respect to all Aboriginal people of the land and to Elders past, present and future.





PART ONE

# OUR MIDCOAST



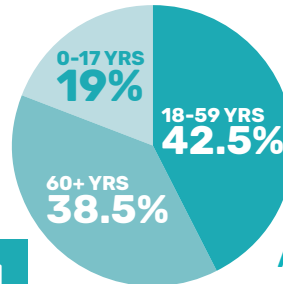
# OUR MIDCOAST STATISTICS

**10,052 km<sup>2</sup>**

**192 km** of coastline 

**196** towns villages & localities

**POPULATION**  
**93,288** (ABSERP 2018)



**6.2%** ABORIGINAL & TORRES STRAIT ISLANDER


**90.3%** AUSTRALIAN CITIZENS

**WORK FORCE**  
**30,038** (NIEIR 2018)

**48.8%** MALES **51.2%** FEMALES

**6,812 BUSINESSES** (ABS 2018)

**32,790** LOCAL JOBS  
**35,728** EMPLOYED RESIDENTS (NIEIR 2018)

 **47,538** DWELLINGS (NIEIR)

 **GRP \$3.16B** (NIEIR 2018)


**3,581 km** ROADS

 **657** BRIDGES

**11** LIBRARIES 

**000** COUNCIL STAFF 

**13** SKATE PARKS 

 **36,100** WATER CONNECTIONS  
**35,750** SEWER CONNECTIONS

**1,700** VOLUNTEERS 

**84** PLAYGROUNDS 

**30** CEMETERIES 

**26** SPORTING COMPLEXES 

**58** FULL SIZE PLAYING FIELDS

**10** CHLORINATED POOLS

**2** OCEAN POOLS 

**MAIN INDUSTRIES**

-  HEALTHCARE & SOCIAL ASSISTANCE **17.3%**
-  RETAIL TRADE **12.6%**
-  CONSTRUCTION **9.5%**
-  ACCOMMODATION & FOOD SERVICES **9.2%**



# INTEGRATED PLANNING & REPORTING

All NSW councils are required by legislation to develop long-term, medium-term and short-term plans as part of the NSW Integrated Planning and Reporting Framework.

The framework ensures that plans are transparent and easy to understand for the community.

Council's integrated planning documents include the following:

- Community Strategic Plan – MidCoast 2030: Shared Vision, Shared Responsibility
- Delivery Program
- Operational Plan
- Resourcing Strategy (including Long Term Financial Plan, Asset Management Strategy and Plans, and a Workforce Strategy)

## Progress Reports on Delivery Program (six-monthly)

The six-monthly progress reports provide Council with an update of our progress against the activities detailed in the Delivery Program.

## Annual Report

The Annual Report provides the community, Councillors and staff with a report of work completed by Council during the year, providing a transparent insight into our operations and decision-making processes.

- Focuses on Council's implementation of the Delivery Program and Operational Plan
- Includes information required by legislation





# MAYOR'S MESSAGE

## What a year it has been for everyone at MidCoast Council.

I've been involved with local government for many years and I continue to be amazed by the commitment and dedication our staff and volunteers have to the betterment of the wider community.

As an organisation we continue to go from strength to strength and it's been wonderful to have our achievements recognised this year.

We received the National Stormwater Award for Policy and Education in 2018, thanks to our water sensitive design policy.

This policy requires all new developments to design and install water quality treatments such as raingardens and water tanks to help filter nutrients and sediment out of stormwater before it enters our waterways. This is a big achievement for our progressive and innovative team and it's great for them to be recognised on a national stage.

The Tuncurry Community Recycling Centre also received national recognition when it was awarded for innovation and engineering. This is one of our greatest community assets and locals and visitors have loved visiting to not only dispose of waste, but to participate in workshops and learn more about re-use and recycling. The award was one of only two given out annually and as a result, managers of other waste facilities have contacted us for more information as they hope to create a similar centre in their own regions.

Another highlight of the year was the 'seven day makeover' at Tuncurry. What an amazing example of the community coming together, working hard and making a big difference in such a short space of time.

I was blown away when I first saw the results of this blitz and every time I drive through Tuncurry I'm continually impressed by how much it has lifted the town. Well done to everyone involved!

Finally, after almost 20 years of research, planning, exhaustive studies, design and construction, the Nabic Aquifer Water Supply System was officially opened in February. The Nabic system delivers up to 10 million litres of drinking water per day and has significantly improved our water security. This project is part of our continued focus on water security throughout the MidCoast.

I always enjoy the chance to reflect on the year that was and I hope you enjoy this snapshot of your Council as we work to deliver benefits to our community. I'm proud of our team and look forward to seeing what the next 12 months brings.

**Cr David West**  
Mayor





# GENERAL MANAGER'S MESSAGE

**It has been a big year for MidCoast Council and we have all welcomed a number of changes and improvements as we continue to move forward together.**

2018-19 has seen a big focus on community with the adoption of several major strategies and plans for us to better meet the needs of residents across the region.

The newly adopted Customer Service Charter recognises the importance of our interactions with the community and formalises our commitment to do what we say we will do, and keep our customers informed along the way.

During the year we have also developed and adopted a Communications Strategy, Community Engagement Strategy, Local Community Planning Framework and Youth Strategic Plan.

These plans and strategies will guide our decision-making and practices into the future with a stronger focus on strengthening our communities and allowing them to contribute effectively to our work.

Personally, a highlight of the year was the implementation of our Community Conversations program that took us around the region to sit down with our different communities and find out about their interests and priorities.

This was the first time we have engaged with our community in this way. I'm grateful for everyone who took the time to come along to these important conversations which helped us gain a deeper understanding of how we can better serve our communities into the future.

We continue focus on our transport network across the MidCoast. From our bridge renewal program to ongoing road maintenance and rehabilitation projects we're working towards smoother, safer travel along the roads that connect us.

Another highlight of the year was the completion of the highly anticipated Jimmys Beach Sand Transfer System. The first of its kind on the NSW Coast, it successfully assisted in preventing any significant loss of assets during a storm event that occurred not long after it became operational.

The next 12 months will be a time of consolidation for MidCoast Council as we move forward on a number of strategic priority projects and our plans to centralise our administration functions into a head office at Birip Way.

I look forward to continuing to work with the great team here at MidCoast Council and alongside our communities over the next 12 months and beyond.

**Adrian Panuccio**  
General Manager







# OUR MISSION

We deliver benefits for our community  
in a way that adds value and builds trust.

# VISION

We strive to be recognised as a place of unique  
environmental and cultural significance.  
Our strong community connection, coupled with  
our innovative development and growing economy  
builds the quality of life we value.

# OUR VALUES

## **We value... our unique, diverse and culturally rich communities**

Our diverse communities offer active and social opportunities and are safe places where we work together with a creative focus, acknowledging our rich history and culture.

## **We value... a connected community**

We are socially and physically connected with each other, by ensuring we have activities, facilities, roads, footpaths and technology that are upgraded and well maintained.

## **We value... our environment**

Our natural environment is protected and enhanced, while we maintain our growing urban centres and manage our resources wisely.

## **We value... our thriving and growing economy**

We are a place where people want to live, work and play and where business is resilient and adaptable to change by utilising knowledge and expertise that supports innovation.

## **We value... strong leadership and shared vision**

We work in partnerships towards a shared vision that provides value for money and is community focused.

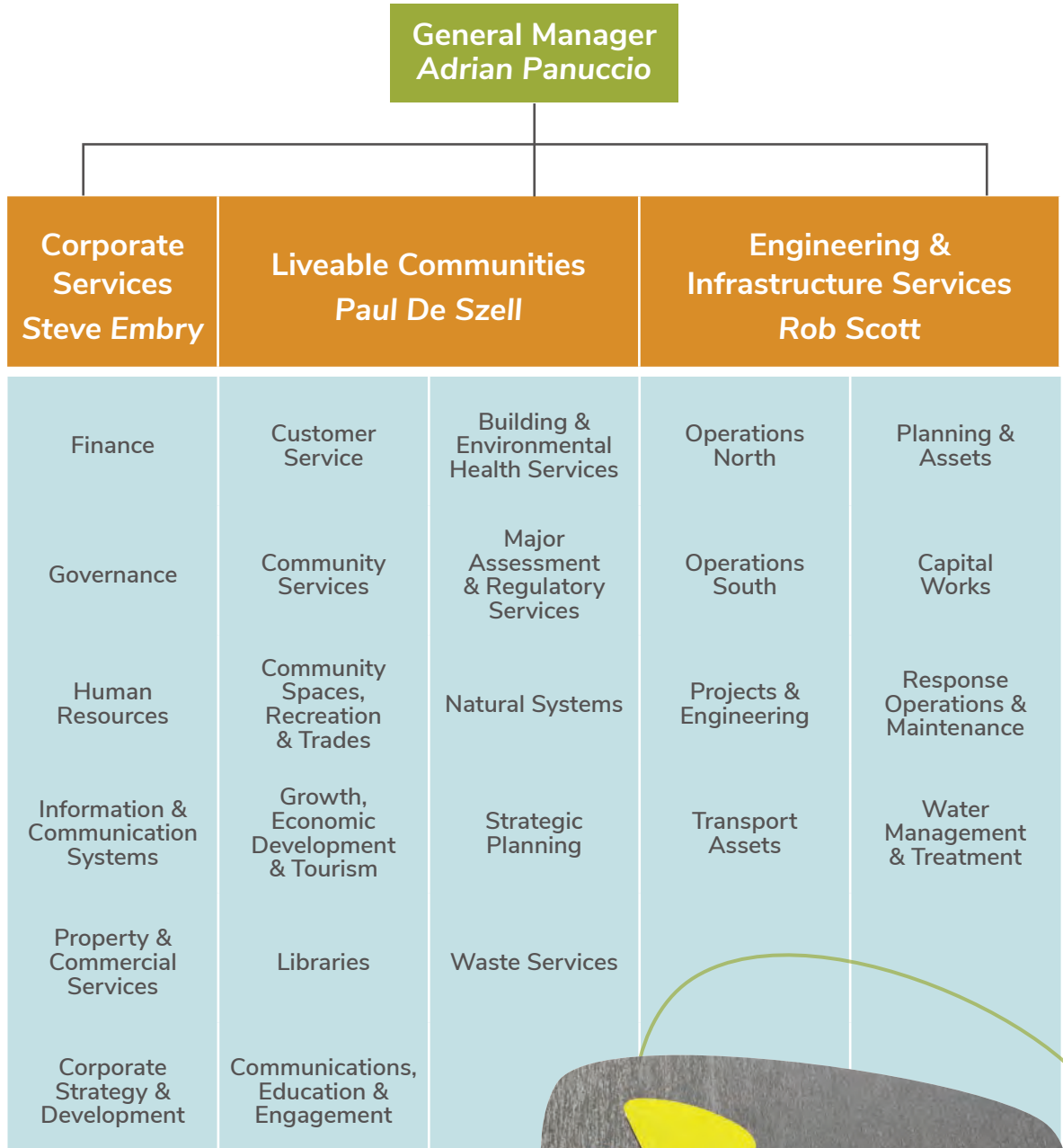




# OUR STRUCTURE

Our organisation is structured to effectively deliver infrastructure and services for the community.

The chart provides an overview of how our service areas are represented.



Blue represents functional service areas



# HOW TO HAVE YOUR SAY

Council is committed to undertaking ongoing and meaningful engagement with its community and stakeholders.

We engage with community in an effective, timely and transparent manner to foster collaboration, cooperation and increased understanding on issues that affect you, and to ensure that your views are considered in the decision-making of Council.

There are many ways to have your say and contribute to the decisions made in the MidCoast Council area.



## Vote

for Councillors every four years through the local government election for MidCoast Council



## Arrange to speak

at a public forum held on Council meeting days



## Write to or phone

elected members of Council



## Get social

and connect with us through Facebook



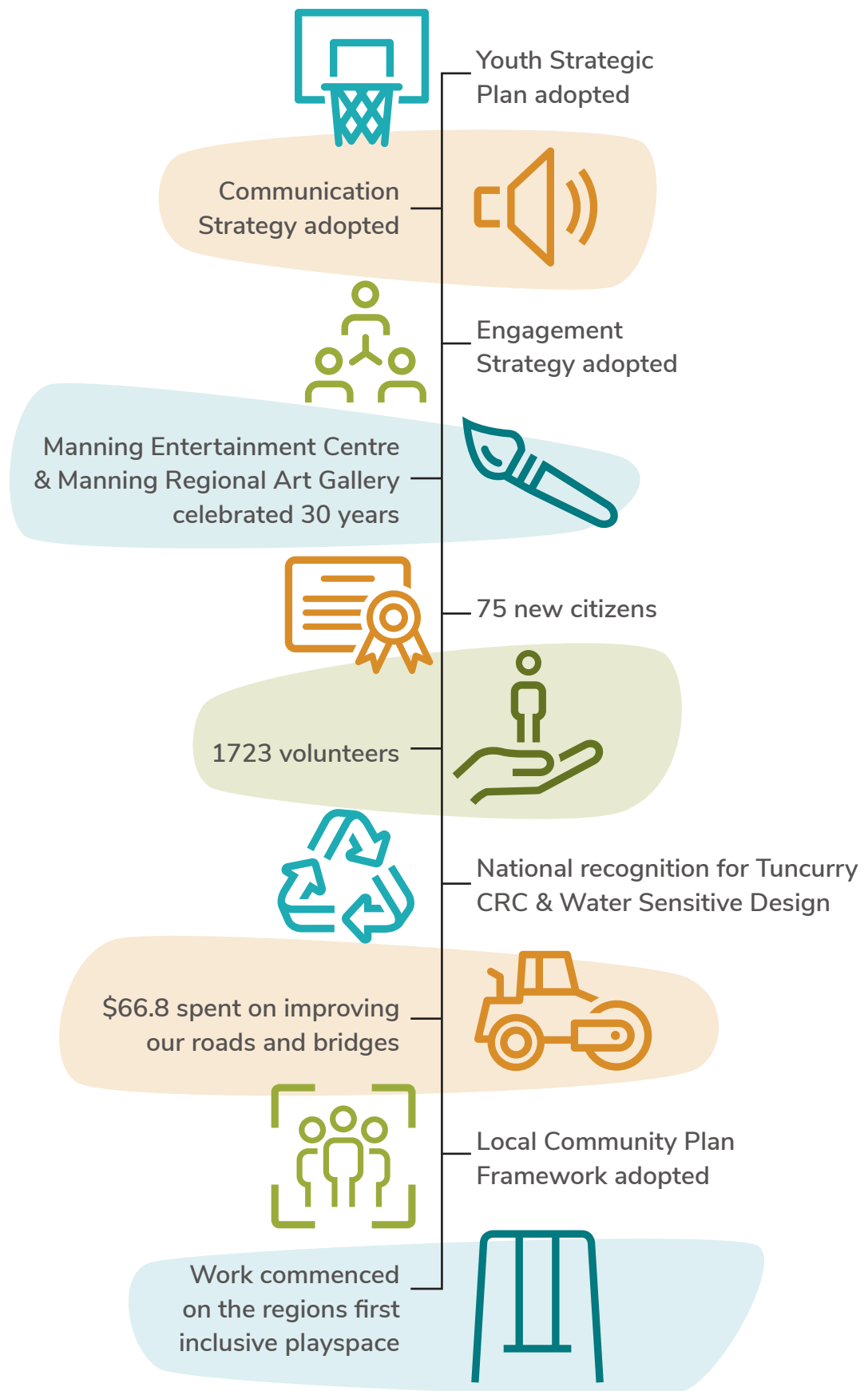
## Make a submission

on Council's four year Delivery Program including the one year Operational Plan when on exhibition each year, or on the Community Strategic Plan when reviewed every four years.

Make submissions on other major projects or notified consents that are consulted or advertised throughout the year.



# HIGHLIGHTS (2018-2019)





PART TWO

# OUR ACHIEVEMENTS



## > OUR UNIQUE, DIVERSE & CULTURALLY RICH COMMUNITIES

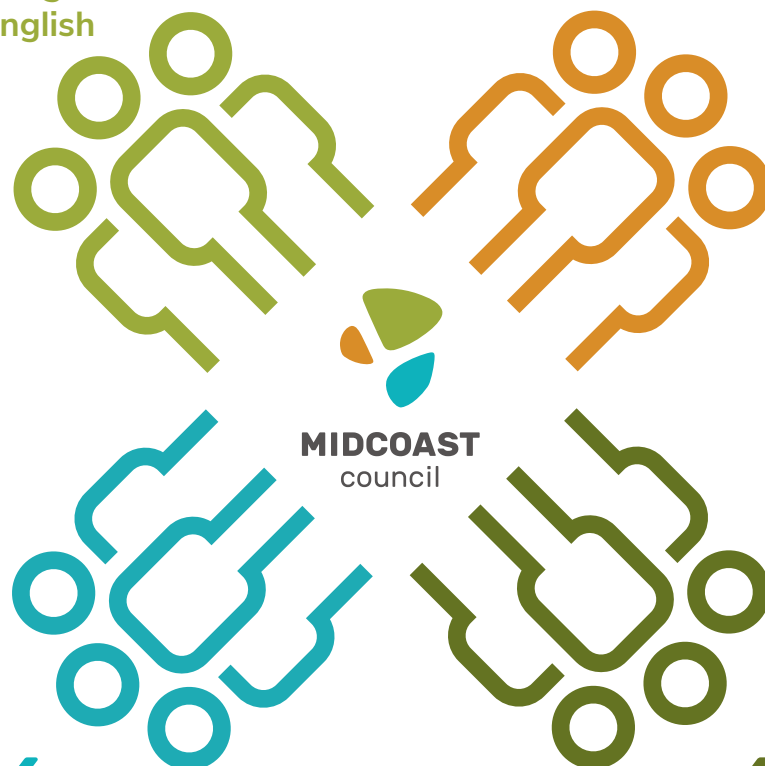
We are 93,288 people, living in 196 unique towns and villages, spread across 10,052km<sup>2</sup>. Our needs, backgrounds, interests, skills, ambitions and aspirations are diverse, and this is reflected in the broad range of services and facilities available across the MidCoast.

**2.6%**

Speak a language other than English at home

**35.8%**

of us are over 60 years



**9.3%**

were born overseas

**6.2%**

identify as Aboriginal or Torres Strait Islander

# LIVVI'S ALL-INCLUSIVE PLAY SPACE

Imagine a playground where kids of all ages and abilities can play side-by-side... after years in the planning, it will soon be a reality for the MidCoast region.

We commenced preliminary works in Taree's Fotheringham Park in November 2018, preparing for the installation of our first inclusive play space.

Partnering with Variety and Touched By Olivia, Livvi's Place will be an inclusive play space that can be enjoyed by the whole community, regardless of their age or ability. Earthworks and construction began during the first half of 2019, with a target open date towards the end of 2019.

As an important and much-anticipated inclusive community facility, the project is complemented by the construction of a new accessible amenities block nearby in Fotheringham Park.





# MIDCOAST ASSIST

The friendly, local team of professionals from MidCoast Assist provides ageing and disability services across the MidCoast region, and beyond, on behalf of Council. They continued to grow this year and expand their services to take in more of the region.

- 136,000 hours of services provided
- Close to 1,200 people received services
- Our Disability Services team was recognised nationally as the 'Most Outstanding Personalised Support Services Team in Australasia' through the 2018 Enablement Awards run by the NDIS Update
- We were independently audited as part of the new Disability Standards, and certified compliant
- We secured an Aged Care Regional Rural and Remote Infrastructure grant (Commonwealth Government) to reconfigure and extend the Ageing Services building in Forster. Changes will include a more appropriate space for people with dementia when they visit
- Quality services from both our ageing and disability teams were complemented through the assistance of 81 amazingly generous volunteers

## DISABILITY SERVICES



## AGEING SERVICES



# LIBRARIES

From better connecting our library locations and catalogues, to staff development and fantastic events, our libraries team hit the ground running this financial year.

## One Library

In March MidCoast Council's libraries merged their services into one single database. This means that a library member can now use their card in any of our eleven branch locations and can see and reserve any library item from any branch collection. This has been a major project, taking over twelve months of planning, decision-making and co-ordination.

The integration was highly successful, demonstrated by the very high number of library items now moving around the service.

## Strong performance

Data released on public libraries confirmed that MidCoast Council's libraries are among the State's top performers. We were ranked tenth for items loaned per resident, ninth for loans per item in the collection and second for loans per staff member. These results reflect the important role our libraries play within our community.

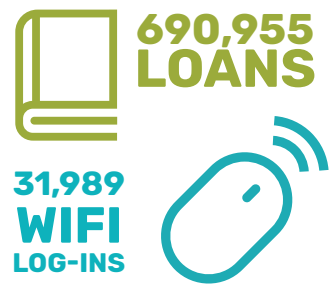
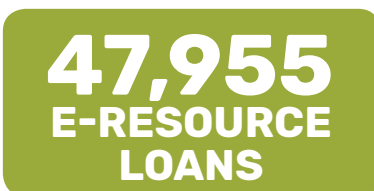
## A new chapter for Gloucester Library

With a \$172,000 makeover funded by a State Library of NSW grant, Gloucester Library has never been more welcoming. As well as a fresh new interior, visitors can explore exciting new spaces designed to meet the needs of today's library users.



## Nabiac Library Refurbishment

A successful grant application of \$58,449 through the Regional Cultural Fund, will see Nabiac Library undergo a major refurbishment in 2019-20.



## Trainees at Taree Library

As part of the Elsa Dixon Aboriginal Employment Program, we welcomed Janaya Mitchell and Lillie Fuller as part of our library team. Commencing early 2019, they will complete their Certificate II Business at Taree Tafe whilst undertaking 100 days of employment with us. Both trainees have become valued members of the library team and are making a great contribution.

This important program provides opportunities for local young Indigenous people to gain qualifications and practical work experience, providing a foundation for their future workforce participation while they are still attending school. It also demonstrates the value we place on diversity and inclusion, and the importance of strengthening the capacity of young people to participate and thrive in community life.



### Highlights:

- 16 local author events attracted close to 300 attendees across 8 library branches
- 5 different sustainability workshops delivered at 14 events, with 193 enthusiastic participants
- 169 members enjoyed live-streaming of All About Women and Sydney Writers Festival, and another 49 attended live-streaming of the Byron Writers Festival
- Partnering with government programs and initiatives such as Tech Savvy Seniors, the NSW Appliance Replacement Offer, and the Federal Government 'My Health Record' information sessions - over 130 people attended 14 sessions across 9 library branches
- 18 sessions were delivered during the Great Books Festival over 5 days involving 1,197 primary school students and 200 high school students

### Supporting our students:

- Our popular HSC study nights returned in the second half of 2018, with 182 students participating over 14 study evening events
- Homework Help was provided at Forster and Tea Gardens, where 518 students attended over 71 sessions
- 410 school holiday activities were held during the year, with 2,121 students participating



# VOLUNTEERING MAKES A REAL DIFFERENCE

National Volunteer Week, held during May, was the perfect time to say thankyou to the volunteers whose generous contribution of time, energy and passion enhances the services we deliver by adding a human touch, bringing new skills and talents and providing services that wouldn't otherwise exist.

With morning tea functions in three locations we said thanks to over 1,700 volunteers, who collectively contributed thousands of hours across areas of council that include parks and reserves, libraries, the Manning Regional Art Gallery and Manning Entertainment Centre, community services, tourism, heritage, graffiti removal, and through our reference groups.



## VOLUNTEERS



## VOLUNTEERING WITH MIDCOAST ASSIST

In October 2018, MidCoast Assist put the call out for volunteers to join their Ageing Services team. In the campaign, seasoned volunteers Vikki Richards and Alan Twemlow, who have eight years of experience between them, explained the personal satisfaction and immense benefits they get out of volunteering.

“If you volunteer and keep yourself active, you’re better yourself. There is a warm inner glow of satisfaction each time - you’ve helped out and made a difference for someone that day,” Alan explained.



Along with making a positive difference to someone’s day, volunteering is a great way to stay active, meet new people, and invest time into building a stronger local community.

# YOUTH

## Youth Strategic Plan (YSP)

We worked in partnership with the University of New England from August to November 2018 to develop the draft YSP, which was placed on exhibition in June (and adopted by Council in July 2019).

Extensive consultation involved the completion of over 400 surveys by young people, service providers and the broader community with a further 50 people involved in seven different focus groups. Emerging themes and relevant objectives were road-tested with youth and service providers to refine the strategies identified.

The plan aims to provide a clear strategic direction to guide and focus the way in which Council, Service providers and the broader community support and empower our young people.



**12.4% OF OUR POPULATION AGED 12-24**  
**31% ARE INVOLVED IN SPORT**  
**12.3% ARE ABORIGINAL OR TORRES STRAIT ISLANDER**  
**3.5% LIVE WITH A DISABILITY**  
**17.5% YOUTH UNEMPLOYMENT**



# YOUTH

## Youth Week

For the first time since the formation of MidCoast Council, Youth Week 2019 saw events and activities run for young people in each of the three main regions of the LGA (Manning, Great Lakes & Gloucester). A total of 14 events, workshops and forums were run under the Youth Week banner that engaged around 450 young people.

## MYAT / Live n Loud

The Manning Youth Action Team (MYAT) continues to thrive with 15 young people engaged in the group. They successfully delivered quarterly Live n Loud events in the Library, on the back deck of the Art Gallery and in the foyer of the Manning Entertainment Centre, attracting crowds of over 100 young people and community members each time. In 2018, Live n Loud celebrated its 10th year.

## REVERB: Audio Engineering Workshops

Run in partnership with the Manning Entertainment Centre (MEC), these workshops offer young people the opportunity to learn behind-the-scenes audio production skills. Timed to coincide with the Live n Loud event at the MEC, participants put their learnings into practice right away, by running the desk at the show.

## Summerfest

This year's end-of-year outdoor performance was headlined by renowned local band, The Kava Kings. The event is the culmination of Live n Loud concerts held throughout the year, and is delivered from start to finish by the MYAT crew. The event was again held at Harry Bennett Park and attracted over 120 concert-goers.



# MANNING ENTERTAINMENT CENTRE TURNS 30

The Manning Entertainment Centre was built in 1988 following an extensive fundraising campaign by dedicated community members. After 30 years and thousands of shows, songs, dances, plays and performances, it has cemented itself as a cultural hub for the MidCoast region. From some of the biggest names in entertainment, to local amateur artists, there's been no shortage of talent to 'tread the boards' over the years.

2019 also saw expansion plans become a reality, with work set to commence on new studio theatre space, made possible through funding from the State Government's Regional Cultural Fund and a generous donation from the Estate of Beryl June Fleet.

The Waang Djarii Dancers performed on the site of the future development, as part of the 30th anniversary celebrations.

The Manning Entertainment Centre is an important asset for local performers and is regularly used by local schools, dance schools and groups like the Taree Arts Council, Manning Valley Choral Society and Taree and District Eisteddfod Society. It serves nearly 100,000 people from the MidCoast region and beyond and will continue to do so for at least another 30 years.

The 360 ALLSTARS delivered five workshops for local high school students. Manning Valley Neighbourhood Services provided sponsorship to support the delivery of the workshops at the Manning Entertainment Centre.



**94 PERFORMANCES**



**40  
VOLUNTEERS**

**\$140,000 FUNDING SECURED  
FOR PA INSTALLATION** (CREATE NSW)

# MANNING REGIONAL ART GALLERY TURNS 30

As part of its 30th birthday celebrations the Gallery displayed the Gathang Guuyang (Gathang Canoe) Yii guuyang wuba gurambak banya, wuba Gathang-guba barray. Nyiirun wuba yii guuyang; nyiirunba Gathang girrang birriwal. Here is its story:

This is a canoe made from the bark of the blackbutt tree, made on Gathang Country. We have made this canoe; our culture is alive and strong. On 20 May 2012 at Bungwahl, for the first time in over 150 years the guuyang builders, led by Steve Brereton, a Warrimay (Worimi) man, with strong connections to country and culture took a canoe from Gathang Country. After years of research, it was an exciting day for community to create a canoe from Country. For thousands of years the people of the Gathang speaking nation made and used canoes from Stringy-bark and Blackbutt trees to explore the waters around Forster and the Wallis Lake system, the Manning, Hastings and Wilson River Systems. Examples of canoe scar trees can be found in these coastal areas. The selection of a tree to create a guuyang is very important; the tree must be straight, large and free from knot holes, cracks or disease. The group chose a Blackbutt which easily came away from the tree and had no marks or cracks. The sound of the bark coming away will always be remembered by those present. The group then heated the bark and folded the ends to form the canoe shape while securing the ends with stakes and vine using traditional local methods. Clay from Tobwabba (meaning 'place of clay') was used to plug the ends and to create a fire mound in the canoe. The canoe was officially launched on Sydney Harbour in May 2012 at the Australian National Maritime Museum's NAWI Indigenous Watercraft Conference complete with fire and cabbage tree palm paddles. This historic event celebrated the strength of culture and the resilience of First Nations people. \*Gathang is the language spoken by the Birrbay, Guringay and Warrimay peoples and Guuyang means canoe in Gathang.





# HERITAGE

Throughout the MidCoast we are surrounded with reminders of our proud indigenous, pioneering, agricultural and maritime history. Along with a group of passionate volunteers, local historical societies, and the NSW Office of Environment and Heritage (OEH), we continue to celebrate our heritage and preserve the past for our future generations.

## Local Heritage Fund

This year we provided a 'helping hand' to 26 owners of heritage places through our annual Local Heritage Fund (jointly funded by Council and OEH). Works undertaken to homes and commercial buildings saw landmarks from our past restored to their former glory. Projects included contributing to the replacement of the marble crosses on Our Lady of the Rosary Catholic Church in Taree, and painting of Wingham's Australian Hotel.

## MidCoast Stories

We are proud to support this exciting initiative developed by local volunteers, Janine Roberts and Penny Teerman. Their passion and hard work, combined with State Government funding, kick-started the MidCoast Stories website. Since then, their collection of short, factual and often quirky stories has grown through contributions by the local community. Their success in documenting the stories of the people, places and events that have influenced our region was recognised with a National Trust Heritage Publication award in 2019.

## Gloucester Heritage Study

While recognised for its rich and colourful history, heritage studies in Gloucester were traditionally limited to the town centre. In a review undertaken during the year, which included input from the Gloucester community in November 2018, we identified a potential 48 places around Gloucester and its surrounding rural areas to be considered for heritage listing. The next step is to consult with landowners as part of developing the MidCoast Local Environmental Plan.



# ZONING IN ON OUR FUTURE

A robust planning framework helps up protect our natural resources, manage urban settlement, support our economy, and fairly distribute services, facilities and open space across the entire region.

Like all NSW councils, when it comes to town planning and land-use in our region, we're required to work within a legislative and well-documented framework. But unlike most other councils, we're currently working from three different frameworks – one for each of the three former regions – and that's confusing for everyone! A key task over the next three years is to consolidate our planning controls, not only for consistency across the region, but to ensure they are contemporary and future-proof.

During 2018-19 the focus has been on undertaking strategic studies and reviews in conjunction with key stakeholder groups and the community. This body of work will guide our future planning documents - the Local Environmental Plan (LEP), our Development Control Plan (DCP) and our Local Strategic Planning Statements. Projects that involved consultation over the past 12 months include:

**Draft Housing Strategy** – aims to provide a planning framework for residential land that is responsive to the character of our towns and villages, addresses the needs of our future population and allows for a mix of housing choices.

**Draft Rural Strategy** – aims to provide a planning framework for rural and environmental lands that address the needs of our future population, provides opportunities for rural activities and industries, and protects our natural environment.

**Manning Health/Taree CBD Precinct Plan** – examines the future expansion of medical and support services for the Manning Hospital, additional business and residential opportunities and urban design improvements in the Taree CBD.

**Employment Zone Review** - aims to establish a clear and consistent planning framework for employment zones, being the business and industrial zones that accommodate over 10,000 local businesses.

**Recreation Zone Review** - aims to establish a clear and consistent planning framework for recreation zones that are both privately and publicly owned.

**Infrastructure Zone Review** - aims to establish a clear and consistent planning framework for the zone that accommodates a range of services and facilities like our State road and rail links, airport, hospitals, cemeteries and water and sewage services.





## > A CONNECTED COMMUNITY

Our physical and social connections are key to our strong sense of community. It's our infrastructure and facilities, and services delivered by people who work with and alongside council, that connect us. Among others, it's our roads and bridges, water and sewer connections, recreational facilities and our rangers.

**3,581km  
ROADS**



**657 BRIDGES**

**1,092  
DAs  
DETERMINED**

**VALUED AT  
\$282M**



**36,100  
WATER CONNECTIONS**

**35,750  
SEWER CONNECTIONS**

**900  
COUNCIL  
STAFF**



**84  
PLAYGROUNDS**



# FOCUS ON OUR ROADS AND BRIDGES

Improving the region’s transport network was again our number one priority in 2018-19.

Following on from the \$30 million roadcare program established in 2016-17 using merger funds and savings, in May 2018 the NSW Government announced a \$100 million Road Upgrade program for our region. Jointly funded by Council through our Special Rate Variation (\$50 million) and the State Government (\$50 million), the program focuses on the roads that connect us. Over 70 kilometres of key connector roads and bridges will be upgraded across 25 separate projects, rolling out over five years.

In 2018-19, the first year of the \$100 million program, a collective \$14 million was invested in upgrades to:

- The Lakes Way, Charlotte Bay area
- The Lakes Way, Bungwahl area
- Gloucester Road, between Nowendoc Road and the River
- Old Bar Road near Berady Lane
- Avalon Road past Germany Lane

A web hub was established to keep our community updated on works being undertaken across the region, including an online mapping facility to search for road and bridge works near you.



Gloucester Road  
**BEFORE**



Gloucester Road  
**AFTER**



**ROADS 3,581KM**

**347KM OF REGIONAL ROADS**  
**548KM OF URBAN ROADS**  
**950KM OF RURAL SEALED ROADS**  
**1,736KM OF UNSEALED ROADS**



**BRIDGES 657**

**417 CONCRETE BRIDGES**  
**240 TIMBER/COMPOSITE BRIDGES**

# FOCUS ON OUR ROADS AND BRIDGES

In addition to our \$100 million program, \$8.5 million was invested to rehabilitate roads across the region, including:

- Manning Point Road (Manning Point)
- Scone Road (Barrington)
- Markwell Road (Bulahdelah)
- Coomba Road (Coomba Park)
- King George Parade (Forster)
- Blackhead Road (Main Street)
- Guya Street (Hawks Nest)
- Commenced work in Victoria Street (Taree)

As part of our maintenance program we spent over \$7.5 million resurfacing 610,000m<sup>2</sup> of road pavement, equivalent to 90 football fields across our urban, rural and regional network:

- 214,000m<sup>2</sup> of urban roads
- 268,000m<sup>2</sup> of rural roads
- 128,000m<sup>2</sup> of regional roads

Bridge upgrades, in particular, replacement of our ageing timber bridges, featured heavily in our 2018-19 capital works program, with 15 bridge projects either completed, underway, or in the design stage.

This year investment on renewals, rehabilitation, and maintenance works on our transport network totalled around \$70,000,000 – approximately \$777 for every MidCoast resident, compared to as little as \$30 per resident in some Sydney suburbs.

There are 657 bridges across the local government area, of which 240 are timber. And while the MidCoast makes up just 1% of the NSW population, the region is home to a disproportionate 10% of the state's timber bridges.



Cedar Party Road  
**BEFORE**

Cedar Party Road  
**AFTER**



# OUR WATER, OUR FUTURE

We operate 6 water supply systems across the region, harvesting around 11 billion litres of water every year.

Our largest water supply system is the Manning scheme, which provides water for residents from Harrington in the north to Pacific Palms in the south. We also operate a number of smaller-scale water treatment plants to cater for residents of Stroud and Stroud Road, Bulahdelah, Gloucester and Barrington, and Hawks Nest / Tea Gardens.

## Nabiac Aquifer operational

We officially opened the Nabiac Aquifer Water Supply System in February 2019, after the project's inception 20 years earlier and environmental approval in 2005.

Seeing the \$34.6 million project become a reality is a huge win for the community, improving water security in times of drought, and supplementing the Manning scheme which services around 70,000 people, or up to 100,000 in peak holiday periods.

The new system has the capacity to deliver 6 – 10 million litres of drinking water every day.



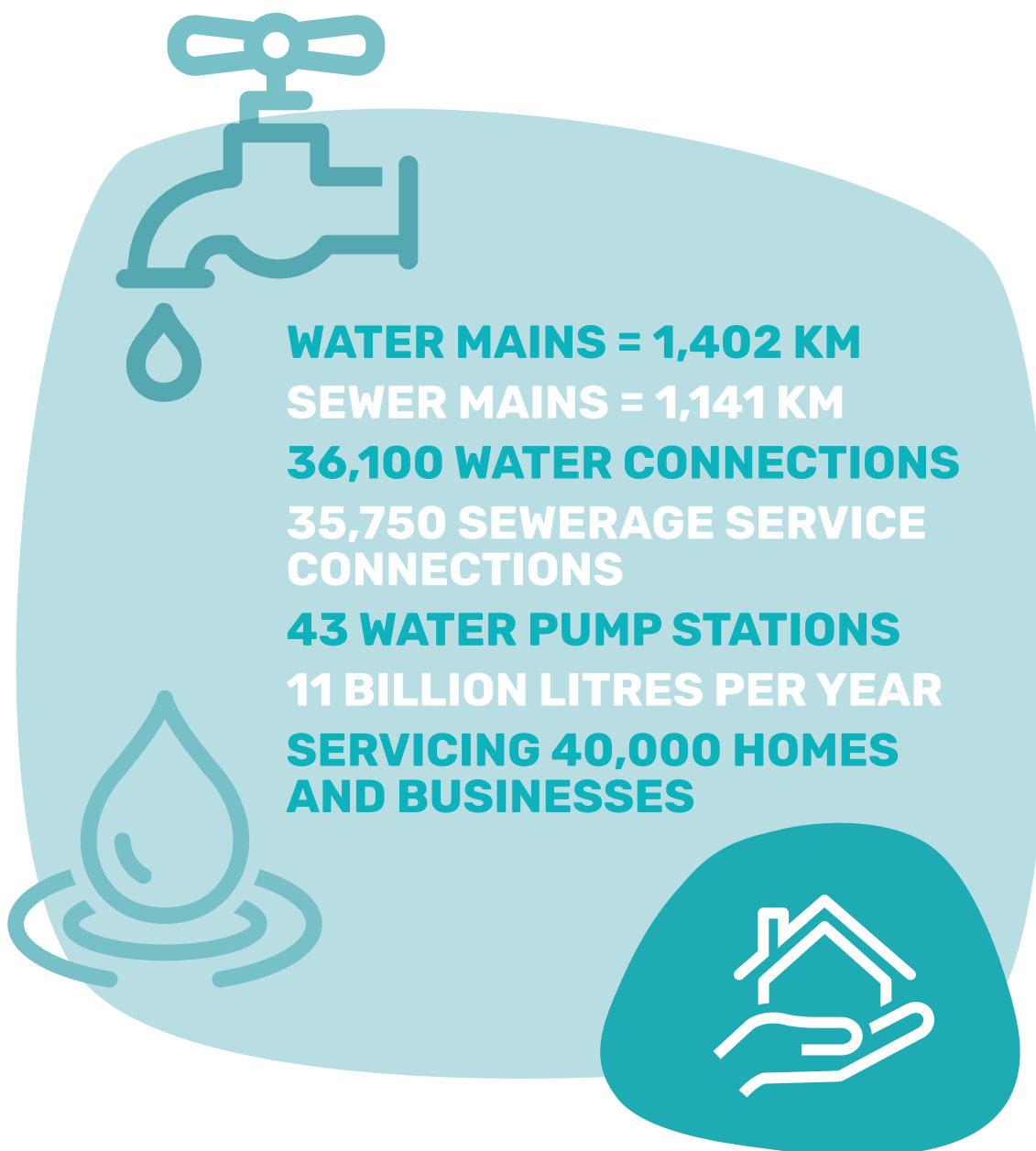
# OUR WATER, OUR FUTURE

Opening the Nabisac Aquifer project is an important step forward in our long term strategy – 'Our Water Our Future'. We will continue to focus over the next 10 years on water security projects throughout the MidCoast area. Work undertaken this year as part of the strategy includes:

**Gloucester Sewage Treatment Plant** – While still at concept stage, the aim is to replace the existing aged asset and provide a higher quality of treated effluent.

**Gloucester water reservoir** - Community consultation and concept development kicked off for improvements to water supply in Gloucester. This project will increase the storage capacity of the current Water Supply System and remove the need for several booster pumps to provide adequate pressure.

**River pump safety upgrade complete** - Gloucester's water pump station has had a much needed upgrade, completed in 2018. The upgrade was designed to improve safety and operability of this important facility.



# RANGERS

Our rangers play a vital role in keeping our region safe and clean.

Rangers have a broad range of duties that include parking patrol, animal control, managing illegal waste dumping, general environmental protection, and public safety and order, including the movement of stock from public roads and road reserves.

Most of the work undertaken by rangers results from requests from members of the community and often involves an investigation. In attempting to find solutions, our rangers attempt to help the community as a whole.

Their key challenge is in delivering a balance between:

- Maintaining public safety and order through law enforcement, and
- Ensuring the local region can be enjoyed by everyone in our community.



## Some of the duties undertaken by Ranger Services include:

- Community consultation and public education around enforcement matters
- Collection of roaming/straying dogs
- Barking dog management
- Missing and found animal register and management
- Dangerous dog and restricted breed dog management
- Dog attack investigation
- Management of animal pound facilities
- Notices and Orders issued in accordance with the Companion Animals Act 1998
- Routine patrols of public land and facilities to monitor and regulate: - Illegal camping; Littering and illegal waste dumping; Movement of people from prohibited areas
- General parking enforcement such as no stopping, no parking, bus zones throughout the region
- School zone parking enforcement
- Management of straying stock on public land
- Abandoned vehicle inspections and impounding if required
- Management of overgrown allotments in unhealthy and unsafe condition in urban residential areas
- Prosecutions, evidence and preparing briefs for Court
- Investigation of general complaints to council from the community



## RANGERS

Through 2018-19 our rangers have focused on improving efficiencies. During the year they have attended to over 4,000 issues / complaints. Some of these included:

- Nuisance animals (824)
- Litter / rubbish dumping (540)
- Abandoned vehicles / boats (500)
- Parking (356)
- Unsafe (overgrown) lands (352)
- Dog attacks (252)
- Roaming cattle / livestock (208)
- Animal noise (152)

## COMPLIANCE

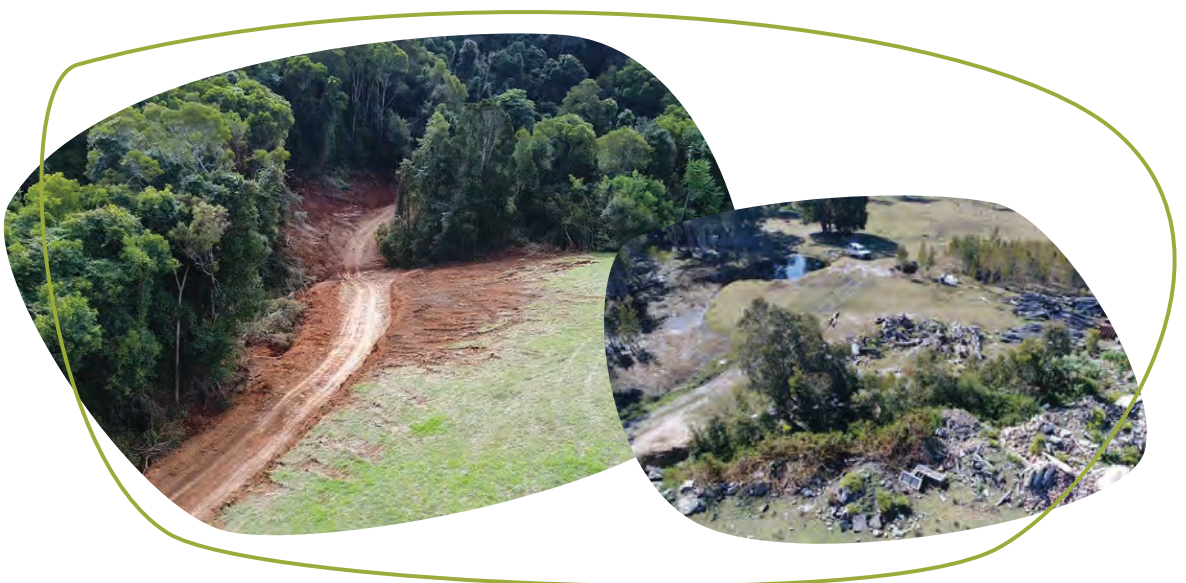
Council's compliance officers play a role in monitoring and seeking compliance for any unauthorised or non-complying land use or building activity. In doing so we are looking to protect both the natural environment and the interests of our community.

From a land use perspective, Council's compliance team responds to complaints specifically relating to land uses (such as new businesses) which have commenced without approval, the unauthorised clearance of significant or protected vegetation, or uses which have validly commenced, but are not complying with conditions of approval (such as exceeding approved hours of operation).

From a building perspective, Council's compliance team focuses on the unauthorised or non-complying erection of building structures and any environmental impacts that result from non-compliance.

We are made aware of compliance matters through complaints from members of the community and other government agencies. Over the last year we investigated over 700 compliance matters.

Our compliance team works proactively with landowners and the community to ensure compliance issues are addressed. These actions have resulted in over 90% of compliance matters being resolved without the need for formal notices, orders or fines.



# PARKS & OPEN SPACE

Sport is such an important part of our lifestyle on the MidCoast, and with over 3,000ha of parks and open space being managed across the MidCoast our team are busy year-round ensuring parks are ready for the next sporting activity or event.

From hockey and netball, soccer, football and more, the grounds are used by thousands of MidCoast locals as well as visitors to the region. Our region is home to a great range of sporting grounds and fields, some of them first-class facilities that host representative tournaments used by people from all over Australia.



## Shading a priority

We were successful in applying for \$550,000, under the NSW Government's Stronger Country Communities Fund, to provide shade for some of our large regional parks.

**Included through the funding:** Lone Pine | Memorial Park | Palmgrove Park | Central Park Wingham | Market Square Cundletown | Coolongolook Oval



# PARKS & OPEN SPACE

**Looking after and improving our playgrounds and facilities has been a focus. Major projects include:**

## Upgrading playgrounds

- Billabong Park – (\$180,000) Existing playground refurbished and new equipment installed together with a flying fox (first one for MidCoast Council), shade sails and rubber softfall – November 2018
- Gordon Smith Reserve Harrington – (\$26,000) New playground installed in conjunction with Lions Club – August 2018
- Limeburners Creek – (\$30,000) Old playground removed and replaced with new equipment and softfall – August 2018
- Market Square Playground – (\$23,000) Equipment refurbished and new softfall – August 2018
- Palmgrove Park – (\$69,000) Old playground removed and replaced with new equipment – September 2018

## Other works

- Coomba Park Aquatic Club – (\$275,000) New jetty and pontoon – June 2018
- Ellenborough Falls – (\$35,000) New pathway, staircases, boardwalk and furniture
- Forster Boat Harbour - (\$36,000) New fish cleaning tables, shelter and solar light
- Gordon Smith Reserve – New fish cleaning tables
- Horrace Dean Memorial Park Tinonee – (\$19,000) New fencing
- Jimmys Beach Day Area – (\$10,000) New bollard fencing
- Manning Point Baths – (\$15,000) New fencing and netting
- Queen Elizabeth Park – (\$32,000) Shade sculptures
- Redhead Seascape – (\$8,000) New footbridge
- Tinonee Recreation Ground – (\$21,000) Tiered seating, water bottle refill station, furniture
- War Memorial Park Darawank – (\$35,000) Fishing platform repairs





## PETS AND OUR POUNDS

Our four-legged friends are a much loved part of the MidCoast community, so promoting responsible pet ownership continues as an ongoing focus.

This year we have actively and consistently promoted the importance of having pets registered and microchipped, and keeping their details up to date so we can help them find their way home if they get lost.

In March 2019 we established an online Pet Register to help reunite pets and their owners, which can be partly attributed to an increase in the number of animals returned to their owners. We have seen a reduction in the number of animals visiting our pounds.

- 289 dogs and cats processed through the pounds
- 52.6% (152) rehomed in partnership with animal welfare agencies
- 31.5% (91) collected by their owners
- 15.2% (44) classified under the Companion Animals Act as unsuitable for rehoming and euthanased
- 1 dog was stolen and 1 dog died in care



# BOOST FOR OUR BOATING COMMUNITY

Our region is well known for its extensive network of sparkling waterways, and as a boating haven for locals and visitors alike. This year saw upgrades to three of the MidCoast's most popular boat ramps:

## Bohnock boat ramp

The addition of 36 parking bays for cars and trailers was completed in time for Christmas 2018. This work complements last year's upgrade to the boat ramp facility, creating a convenient, easy-access site for users.

Coinciding with the carpark upgrade, the local community was invited to participate in the naming of the reserve through an online and ballot-box vote. The end result was **Bohnock Reserve**.

## Andrews Reserve boat ramp

In February 2019 the popular Taree West boat ramp was extended by 4.5m from the toe of the existing ramp, facilitating the launch and retrieval of larger boats.

## Harrington boat ramp

Also undertaken early in 2019, Harrington residents and visiting boaties were treated to an extension to their local boat ramp. The upgrade included extending the ramp by 5.8m from the toe, again enabling use by larger vessels.

All three upgrades were undertaken with funding through the NSW Government's 'Boating Now' program.





# > OUR ENVIRONMENT

Our region spans over 10,000 km<sup>2</sup> and boasts the world heritage Barrington Tops mountain range at its highest point.

We're famous for our forests, waterways and beaches. We have 58 national parks and 63 state forests, nature reserves and conservation areas. Our lands are watered by 38 rivers including the only double delta in the southern hemisphere and the state's tallest single drop waterfall. We also enjoy an incredible triple lakes system and over 190kms of pristine coastline.

We are committed to protecting our stunning natural environment.



**58**  
NATIONAL  
PARKS

**200m**  
**DROP**  
ELLENBOROUGH  
**FALLS**

**192km**  
of coastline  
(10% OF THE NSW COASTLINE)

**261km**  
MANNING RIVER

**5 COASTAL LAKES & LAGOONS**  
MYALL, WALLIS, KHAPPINGHAT, SMITHS & BLACKHEAD

**1** **MARINE PARK**  
PORT STEPHENS  
GREAT LAKES

**4 WETLANDS**  
BULAHDELAH, CATTAL,  
DARAWANK, MINIMBAH CREEK

**2 AWARD WINNING REMEDIATED WETLANDS**  
DARAWANK (900HA) & CATTAL (1500HA)

**1 INTERNATIONALLY RECOGNISED WETLAND - MYALL LAKES**



# CELEBRATING OUR HEALTHY WATERWAYS

Healthy waterways and catchments keep our local towns and communities thriving, which is why we undertake a region-wide “checkup” every year.

Results released in November 2018 indicate that many of the water quality projects undertaken throughout the year have been effective in keeping the delicate ecosystems in and around our waterways healthy.

The 2018 ‘Waterways Report Card’ is based on an independent assessment of our waterways, undertaken in conjunction with experts from the Office of Environment and Heritage. Some of this year’s projects that contributed to a successful result include:

- Forster’s Arlington constructed wetland, which is helping to protect Wallis Lake from urban runoff
- Bulahdelah Plain Wetland, a significant conservation and water quality protection site
- Browns Creek in Taree, where local community groups and government agencies initiated a litter clean-up project

Some key highlights from the 2018 Waterways and Catchment report card include:

- 11 of the 14 sites sampled on the MidCoast were an A or B grade, with 3 scoring a C
- Two sites improved on last year and three dropped a grade
- Manning River estuary, Pipers Creek and Wallamba Cove all maintained a B grade and are in good ecological condition
- Mid Wallamba estuary improved from a C to B grade
- Wallis Lake sites were an A grade across the board





## PROTECTING WALLIS LAKE

**This year saw the constructed Arlington Place Wetland, beside The Lakes Way in South Forster, contribute to the health of our waterways by providing an effective filter for urban runoff entering Wallis Lake.**

Stormwater runoff from urban areas is one of the major impacts threatening our waterways. Sediments in our estuary reduce the amount of light available for seagrass to grow and excess nutrients fuel algal blooms, leading to habitat loss which can impact on fish and aquatic bug populations.

The Arlington Place wetland is designed to remove sediment and filter nutrients from runoff and stormwater inflow from up to 7 hectares of the surrounding urban area. Incorporating the design features of a water quality garden, as water flows into the system from Arlington Place, sediment settles into the bottom of a basin while the clear water flows into the wetland pond. The wetland plants are specifically chosen for their ability to remove nutrients, small sediment and other pollutants from the water, also providing habitat for native animals. The cleaned water then flows via outlets into natural watercourses (Dunns Creek) and finally into Wallis Lake. In times of high rainfall, excess water is designed to overflow into a vegetated bypass into the stormwater system.



# RESTORING OUR RIVERBANKS

Riverbank erosion is a significant issue for the health and stability of our waterways, and can have negative consequences for fishing, water quality and the environment. Over several years, we have worked in partnership with local landholders and government agencies to reverse the trend by rehabilitating eroding stretches of riverbank on the Manning and Wallamba Rivers.

## Wallamba River Restoration

One of the major tributaries flowing into Wallis Lake, the Wallamba River suffered severe bank erosion in its estuarine reaches due to vegetation clearance, cattle grazing and wash from boating activities. Sediments from this erosion reduce water clarity in Wallis Lake, in turn impacting on its ecological health.

Works to address the erosion and enhance riparian vegetation in the lower Wallamba River at Darawank commenced in July 2018. The project involved constructing 840m of rock protection along a 2.15km stretch of degraded riverbank, allowing the growth of mangroves to act as buffer against shoreline erosion. Stock exclusion fencing, and revegetation of the riparian zone with 2,000 native tube-stock, has also been completed. The outcome will help facilitate recovery of mangrove and saltmarsh communities, important nursery grounds for juvenile fish and crustaceans.

In partnership with Local Land Services, oyster growers and Taree Indigenous Development and Employment (TIDE) we are also constructing an oyster reef to protect the riverbank on Gereeba Island in the Lower Wallamba River.

Oyster reefs have been decimated across the world by destructive harvesting practices, poor water quality, diseases and pests and there are now many projects across the country and the world restoring these ecosystems. Oyster reefs provide good habitat for a range of fish and other marine life, including species targeted by recreational and commercial fishers such as bream and mullet. Previous bank protection initiatives at Gereeba Island using coir logs and mangrove planting were only partially successful. To facilitate mangrove growth, the next stage of the project trialed new ways of providing wave protection involving the placement of waste shell from oyster production along the bank. Live oysters harvested from oyster leases were also added to encourage and possibly accelerate the creation of a living structure.





# CAMPHOR LAUREL - A SHADY CHARACTER

Once actively planted as a fast-growing shade tree, the Camphor Laurel is quick to invade natural landscapes and agricultural pastures along the east coast of Australia, pushing out blue gums and other native species. In 2014, the Camphor Laurel was declared a noxious weed in the MidCoast region.

- Mature Camphor Laurels disperse over 100,000 seeds each year
- They can be found on street verges, along roadsides, in native bushland, rainforest edges and gaps, moist open woodlands, pastures, and along riverbanks
- Across the state it is estimated they are negatively impacting over 25 endangered ecological communities, 13 threatened plant species and 4 threatened animal species
- They are listed on the Global Invasive Species Database (GISD 2005)

**Focus on Gloucester River Catchment** - in August 2018, we removed approximately 80 Camphor Laurels, poisoning them before removal to prevent re-establishment from resilient root systems. 215 native trees and shrubs were planted in their place to re-establish this natural space.

**Sterilisation trial** – In September 2018 we commenced a ground-breaking pilot program that aims to sterilise mature Camphor Laurels, preventing them from producing and dispersing seeds. Working in conjunction with neighbouring councils, Hunter Local Land Services and NSW Department of Primary Industries, a successful outcome will see significant historic trees retained in our towns and villages, without the ability to spread.



The evergreen Camphor Laurel tree grows to around 20 metres, and matures and spreads at a much faster rate than native figs and other species. Its seeds are dispersed by fruit-eating birds and through waterways. An extensive root system means removal is easiest before the plant matures. Leaves smell of camphor when crushed, and all parts of the plant are mildly toxic and can cause nausea, respiratory distress and allergies.



# COASTAL MANAGEMENT: OLD BAR SAND SCRAPING

The NSW Government has identified some 15 coastal ‘hotspots’ along the state’s coastline where the interaction of waves, winds, tides and sea levels places natural, built and recreational assets at risk. One of these ‘hotspots’ is Old Bar/Manning Point, where erosion has remained a significant and on-going challenge.

In October 2018, a trial sand scraping program was implemented on Old Bar Beach. Over 10 days, earth moving equipment was used to place a sand buffer along a section of the beach, from just south of the Surf Club (in line with Kolang Street) to the northern point of the Old Bar Caravan Park. Designed to take place over two stages, the trial was repeated in May 2019.

This temporary, trial measure was put to the test soon afterwards, with a storm event in early June. The scraped sand remained largely intact, with a sand buffer of around eight metres in width remaining in place in front of the first dune. The result is a positive early sign of the success of the trial.

Sand scraping is an interim measure to assist in creating a buffer against coastal processes that continue to erode the Old Bar/Manning Point area. By physically shifting sand from the intertidal zone (between high and low tide) and placing it against the upper beach area, the technique mimics natural beach recovery processes, but increases the recovery rate compared with natural processes. In combination with revegetation schemes, sand scraping has successfully been used for dune building in other locations along the NSW coast.







## COASTAL MANAGEMENT: JIMMYS BEACH SAND TRANSFER SYSTEM

We have faced an ongoing battle to provide a sand buffer for the best part of 30 years on Jimmys Beach at Hawks Nest, another of NSW’s coastal erosion hotspots. Until recently, renourishment was undertaken by trucking sand onto the beach, but extensive research pointed to a mechanical sand transfer system solution for more efficient delivery of sand.

In April 2019, construction of the sand transfer system was completed, seeing sand pumped onto the beach for the first time as part of a three week renourishment trial. Timed to beat the seasonal low pressure systems and southerlies that traditionally result in erosion over winter, the trial was designed to provide a temporary sand buffer along The Boulevard.

In this first nourishment campaign, adjustable pipes and 10 discharge stations along the beach allowed for considered placement of sand taken from the Winda Woppa stockpile. As a result we were able to build the beach to 50 metres wide and 2.5 metres high in some places.

It was originally proposed to operate the transfer system twice annually, however following the success of our first campaign, the frequency of operation is under review by the project team as part of its on-going analysis and monitoring in the area.

The sand transfer system is the first of its kind on the NSW coast. It is not designed to stop erosion, rather to ensure that a sand buffer is in place to be eroded as weather and tidal conditions dictate. Research is continuing to take into account rising seas, frequency of storm events, and complexities posed by the location of Jimmys Beach within Port Stephens.





# WASTE MANAGEMENT



**GREENWASTE SERVICES**  
**37,689**



**GENERAL WASTE SERVICES**  
**47,145**



**RECYCLING SERVICES**  
**47,433**

**PUBLIC LITTER BINS**  
734 GENERAL WASTE LITTER BINS  
161 RECYCLING LITTER BINS



## WASTE COLLECTED - WHEELIE BIN SERVICES



**KERBSIDE WASTE**  
**19,999.86 TONNES**  
**KERBSIDE RECYCLING**  
**8,772.22 TONNES**  
**KERBSIDE ORGANICS**  
**9,711.82 TONNES**

### TOTAL WASTE GENERATED

**118,126.79 TONNES, INCLUDING RECYCLABLES**

### WASTE PRESENTED AT CRCS

**87.66 TONNES**

**BULKY WASTE COLLECTION**

**GENERAL WASTE**  
**1,250.16 TONNES**  
**SCRAP METAL**  
**714.40 TONNES**

# WASTE MANAGEMENT

## Mobile recycling trailer

Targeting household safety, and increased awareness around hazardous waste, our Mobile CRC program continued throughout 2018-19, visiting 10 locations across the region.

The service provides local residents with the opportunity to dispose of problem household waste items in their own neighbourhood, and an opportunity for us to remind them these items can be disposed of year-round for free at our Tuncurry, Gloucester, and Taree Community Recycling Centres.

High on the list of hazardous household waste dropped at the trailer were gas bottles, paint, motor oils, car batteries, household batteries, fluoro globes and tubes, old smoke detectors and fire extinguishers.

These items can be dangerous in the home, they pose a risk to waste service operators if placed in kerbside bins, and they can be hazardous to our environment if not disposed of correctly.

Commencing in February 2018, by the end of June 2019 nearly 16 tonnes of hazardous waste has been collected by the trailer. With an estimated 310 locals using the mobile service, our team also used the opportunity to provide advice about what can and can't be recycled, and how individuals can contribute to responsible waste management in our region.





## WASTE MANAGEMENT

### Educational initiatives

Under our Re-imagine Waste banner, launched in January 2018, we continued to encourage our communities to look at waste differently, with an overarching objective of reducing the amount of waste ending up in our landfills.

- Less is More, declutter workshops
- Slow Clothing workshops
- Bees Wax Wraps workshops
- Upcycling / recycling school holiday activities in our libraries
- Clothes Swap parties in our libraries
- Scraps to Soil, composting workshops
- Compost Crusade, supporting Community Gardens

### Scraps to Soil, online composting tutorial

Partnering with Tumbleweed, we extended the Scraps to Soil workshop concept, to cater for busy householders wanting to learn about composting in their own time.

By completing the online tutorial, participants were eligible for a subsidised compost bin and aerator to get them started.

In the past 12 months 547 MidCoast households have participated, and through feedback provided in follow-up interviews, it is estimated that up to 57 tonnes of food waste can be removed from the landfill waste stream each year by composting.



# WASTE MANAGEMENT

## Our award-winning Tuncurry Waste Management Centre

As a redeveloped landfill site, our Tuncurry facility provides a practical example in asset delivery of the waste sites of tomorrow. Since its official opening in November 2017, the site has developed a reputation as a state of the art facility in resource recovery.

Tuncurry's Waste Management Centre is a true community hub, acting not only as a convenient and easy-to-use place for waste disposal, but as an education facility and a place to come for inspiration and creative ideas around waste minimisation and recycling.

### Key components include:

- Community Recycling Centre
- Dual digital weighbridge system
- Waste Transfer Station
- Hardstand storage area for recyclable concrete and metal
- Water Sensitive Urban Design
- Establishment of a Federal Conservation Area for protection of the critically endangered Tuncurry Midge Orchid

### The community precinct includes:

- A welcoming entry using recycled materials
- Green Shop focused on upcycling
- Forster Tuncurry Men's Shed, re-using materials recovered from the site
- Green bikes, repairing discarded bikes
- The Green – a community space to host workshops and promote creative and environmentally friendly ways to manage waste

By the end of June 2019:

29 tonnes of problem waste collected at the CRC (up 1800%) and 3.9 tonnes recovered from the Waste Transfer Station

Over 83% of self-haul waste is now diverted from landfill



## Plastic recycling

Around 265 tonnes of plastic waste presented by MidCoast locals each year is processed at the Tuncurry Material Recovery Facility.

Our strong recycling culture sees 73% of all households regularly using their yellow-lidded bins. Recyclable plastics recovered through the kerbside collection are sorted, baled and on-sold for repurposing.

Once sorted, recyclable plastics such as soft drink bottles, takeaway containers and plastic fruit punnets are processed by specialist recycling businesses into PET flakes. These then become an ingredient used in manufacturing things like new PET bottles, clothing, carpets, and packaging. In the MidCoast, plastics are sent to businesses including Australian Recycled Plastics in Narrabri.

## > OUR THRIVING & GROWING ECONOMY

Our Economic Development team works to maximise the value of current and emerging opportunities across the region so it is recognised as an excellent location to invest and grow a business.

Our Destination Management (Tourism) team supports tourism development and growth in the visitor economy ensuring the region is recognised as a unique destination with a diversity of signature experiences.



**\$109,590 IN EVENT SUPPORT**



# BUILDING A STRONG REGIONAL ECONOMY

A strong economic vision for our region, the MidCoast Regional Economic Development Strategy 2018 - 2022 (REDS) released by the NSW Government was endorsed by Councillors in January 2019. The strategy provides a clear picture of where we stand in terms of economic opportunities, challenges and strengths, and will be a vital tool in supporting funding applications.

With a view to building sustainable economic development, the strategy includes a three-year action plan building on our region's strengths such as our land and water assets, local infrastructure, and our location, lifestyle and amenity.

Consultation was an important part of developing the strategy, where we engaged with business-owners, community organisations and individual members of the community using online surveys, and in face-to-face and telephone interviews.





# SUPPORTING LOCAL BUSINESSES

## Tender and Procurement workshops

Preparing quotations and tenders for Council business can open up valuable growth opportunities for businesses of all types and sizes. But for many businesses, understanding where to start, identifying relevant and realistic opportunities, and completing the documentation can be daunting.

Free workshops were held in May 2019, designed to give local operators the best opportunity to compete for Council business.

Held in Forster and Taree, the workshops were facilitated by Col Lange, one of Australia's leading tender evaluation management consultants. The follow-up workshops are due to take place in the second half of 2019.

## Small business marketing workshops

Small Business Month in October provides the perfect platform to celebrate the contribution local businesses make to our regional economy. Supported by the NSW Government, this year we hosted free Place Making Masterclasses in Bulahdelah, Forster, and Gloucester, which saw over 100 small businesses from across the region receive practical advice and inspiration to help them contribute to the vibrancy of our town centres.

Facilitated by Place Making expert David Engwicht, the masterclasses align with our Vibrant Spaces initiative, which encourages business owners to add colour, movement, sound and interest along the footpaths. Businesses are encouraged to use the footpath, free of charge, in return for some innovative thinking and a common sense approach. The aim is to encourage people to stop, linger, shop and dine, which not only benefits local businesses, but makes for a pleasant shopping experience.

Small Business Month is a NSW Government initiative to promote and celebrate the success of small businesses and the critical role they play in local communities.



# WELCOME TO BARRINGTON COAST, WHERE THE LEAVES TOUCH THE WATERS FROM THE MOUNTAINS TO THE SEA

This year saw the launch of a new destination brand name, one of the priority actions identified in our Destination Management Plan. The new brand mark is one part of our strategy to encourage more people to visit our region and contribute to a vibrant visitor economy, with benefits flowing to our local communities and businesses.

As an umbrella brand mark, Barrington Coast connects and unites the diverse range of attractions, characters and stories from across the Great Lakes, Manning Valley and Gloucester regions.

We worked closely with local tourism operators and industry professionals, holding a series of focus groups to inform the development of the destination brand strategy and in turn, the Barrington Coast name.

Following endorsement by Councillors in August 2018, work commenced to complete the development of the branding strategy to market the area to visitors. The aim is to ensure the whole region benefits – this means encouraging people to see more of the region, year-round.



## Forster earns top spot

In January 2019, Forster was officially named as one of 2019's best Australian towns and the number one NSW regional destination, by leading online travel provider WOTIF.

The annual Aussie Town of the Year awards recognise ten deserving locations across the country that have made a unique contribution to Australian tourism. The assessment process takes in Forster's accommodation affordability, tourist demand and traveller review ratings on Wotif.com.



# HOME TOWN MAKEOVER

In something that resembled reality TV renovation, a group of Tuncurry business owners was behind a community-driven push to transform Tuncurry's main centre in just seven days.

Using people power, what seemed an impossibly short time frame, and a limited budget, the exciting event resulted in 20 individual installations along a 400m stretch of Manning Street Tuncurry, between 22 and 29 June 2019.

Take the energy, enthusiasm and passion of 200 local community volunteers, donations in excess of \$50,000 in time and resources, and the infectious positivity of local businesses, and the take-out is a rejuvenated, vibrant, welcoming and active CBD.

The CBD strip is home to around 100 small businesses who have forged new friendships and a solid support network thanks to the makeover. Port Stephens Council and La Trobe Council have watched on carefully and are now planning to undertake similar projects within their LGA's.

The Tuncurry 7-Day Makeover was supported by our Economic Development team through the Vibrant Spaces initiative.





## > STRONG LEADERSHIP AND SHARED VISION

### OUR MISSION:


We deliver benefits for our community in a way that adds value and builds trust



**12 COMMUNITY CONVERSATIONS**  
**400 PEOPLE**



**75 NEW CITIZENS**



**1.23 MILLION WEB PAGE VIEWS**  
**201,113 INDIVIDUAL USERS**



**6,326 FACEBOOK FOLLOWERS**  
**▲ UP 17%**



**770 HOURS OF FACEBOOK VIDEO VIEWED**

**266 MEDIA RELEASES SENT**



# COUNCIL MEETINGS

Councillor attendance at meetings for the period 1 July 2018 – 30 June 2019

	Ordinary Meeting	Extra Ordinary Meeting	Strategic Committee Meetings
<b>Total Number of Meetings</b>	14	0	6
Cr Bell	14	0	6
Cr Christensen	12	0	5
Cr Epov	14	0	5
Cr Fowler	13	0	6
Cr Hutchinson	14	0	6
Cr Keegan	12	0	5
Cr McWilliams	11	0	6
Cr Pontin	14	0	6
Cr Roberts	14	0	5
Cr Smith	14	0	5
Cr West	13	0	6



## OUR COMMITMENT TO QUALITY CUSTOMER SERVICE

Our Customer Service Charter was adopted on 26 June 2019 and outlines what you can expect from us across all contact points. Not only is it designed to deliver best-practice customer service for our community, it will be used to establish measurable benchmarks for continuous improvement.

A customer satisfaction survey has also been implemented, allowing customers to provide feedback on their customer service experience. Information is collated regularly and used to identify and address areas for improvement.



## CONNECTING WITH OUR COMMUNITY

We remain committed to connecting more effectively with local communities. As part of this, the MidCoast Communications Strategy and MidCoast Community Engagement Strategy were adopted by Council to guide how we communicate and engage with our community. Both strategies include clearly outlined action plans that will act as performance measures as we strive to work more cohesively with community members across all areas of Council.

In April and May 2019, we held Community Conversations in 12 key locations across the region. In this new interactive format, community members were engaged in the conversations that mattered to them. As well as answering questions registered online prior to the workshop and on the day, the facilitated sessions were used to identify priorities for each local area.

- 400 attendees
- 97% of attendees intend to participate in follow-up sessions
- 94% of participants felt heard

Identified priorities are now part of an action plan, and progress will be reported back to the community in follow-up Conversations, to take place twice each year.





# CENTRALISING OUR ADMINISTRATIVE FUNCTIONS

The project to consolidate Council’s administration functions into a central location at 2 Biripi Way Taree continues to progress, and aims to streamline operations and deliver efficiencies for our community.

The new head office will provide space for 350 staff, currently working across three administrative buildings in Taree and Forster, as well as a customer service centre, Council Chambers, and room for future growth. The financing strategy was adopted by Council after extensive community consultation in November 2018. This strategy makes it clear that rates will not be increased to pay for the move, and operational funds will not be impacted.

While our admin functions will move to the head office location, our customer service points will be maintained. This means you can still visit in person to pay your rates, register your pet, lodge a development application, or drop in to make an enquiry – just as you always have.

In Forster, the customer service centre will relocate to the new Civic Precinct in Lake Street once it’s completed. Until that time, customer service will continue to operate from its current location in Breese Parade.

In Taree, the customer service centre will relocate to Biripi Way, a short distance across the Martin Bridge.

There will be no change to our customer service centres located at Gloucester, Stroud and Tea Gardens. There will be no impact on our libraries, Visitor Information Centres, MidCoast Assist, our depots and public facilities such as our waste management centres.

It is anticipated the relocation will take place early in 2021.



# FORSTER CIVIC PRECINCT

Construction commenced in January 2019 on stage one of the Forster Civic Precinct, incorporating MidCoast Council and community facilities.

Council's facilities at the Forster Civic Precinct are being developed by private developer Enyoc Pty Ltd on behalf of Council, and will see an \$18 million community development comprising Council library, visitor information centre and community facilities built on the 'old school' site on the corner of Lake, West and Middle Streets Forster.

The Civic Precinct project has progressed over a period of 10 years, with the need for community meeting facilities in Forster's central area becoming apparent. At around the same time, it was recognised that the Forster Library building was an inadequate size - only half the NSW Library minimum recommended size for the community it serves - and the visitor information centre was in need of major repairs and refurbishment.

The first six months of 2019 saw a number of significant concrete pours occurring to lay the basement and ground floor slabs – with each pour comprising approximately 800 cubic metres on a single day.

It is proposed that Council's facility will be completed and operational in September 2020.



## FUNDING ANNOUNCED: FIGTREES ON THE MANNING

The much anticipated Figtrees on the Manning project received a kick-start in March, when the Federal Government announced \$8.5 million funding to commence construction of infrastructure such as new roads, culverts, walkways and a pedestrian and cycle bridge.

The precinct, located between Taree's botanical gardens and The Big Oyster, has been in the pipeline for the past ten years and will see this waterfront area transformed to include a retirement complex, retail outlets, cafes, a commercial marina and repurposing of heritage dairy farming buildings.

Developer, Bushland Health Group, will invest \$25 million to create the precinct which is expected to create hundreds of jobs, deliver an exciting boost to the local economy, and provide new-style retirement living in close proximity to Taree's CBD and local services.

The announcement was made by Member for Lyne Dr David Gillespie, with our General Manager and Director of Liveable Communities joining Member for Myall Lakes Stephen Bromhead, and representatives from Bushland Health Group and local businesses to share in the news.

A timeline for construction has not yet been confirmed.

It is proposed that Council's facility will be completed and operational in September 2020.



Image: Rob Douglas

Pictured: Emma Pike, Paul De Szell, Adrian Panuccio, Graham Brown, Maurie Stack, Denis Hawkins, Dr David Gillespie, Stephen Bromhead, Anthony Elias and Ray Stack.



# ENGAGING WITH OUR COMMUNITY

15 active consultation programs were conducted with the community

- In total more than 1,100 people were engaged
- Consultations included MidCoast Housing Strategy, Bulahdelah Skate Park, Council's office centralisation, Forster Main Beach Ocean Baths amenities, Farquhar Street Wingham upgrade, Harrington Dog Park, Blackhead Road

## Types of consultations

Project community meetings | Community presentations | Information sessions  
Workshops | Community conversations (community workshop/meeting) | Pop ups

## Forster Ocean Baths facilities upgrade

In April 2019, we held an on-site consultation to engage with users of the park and public facilities alongside Forster's Ocean Baths. Plans for the the proposed upgrade were displayed, with around 70 people dropping in to have their say. Feedback from the pop up session indicated a very positive response to the draft design concepts. Those who were unable to make it on the day were able to have their say by reviewing the plans and completing a survey online.

The designs were developed in keeping with community feedback provided during 2017 – 2018, when input was sought to develop the draft Forster Main Beach Masterplan. The Masterplan was endorsed by Council in December 2018 and will play a vital role in attracting funding to upgrade the Forster Main Beach precinct.

The Forster Ocean Baths facilities upgrade will kick off the first stage of the Masterplan and includes upgrades to the large shaded barbecue area, public amenities / change rooms and outdoor shower area.



# AUSTRALIA DAY ACROSS THE MIDCOAST

At the 2019 MidCoast Australia Day Awards, 11 very special local community members and event organisers from across the MidCoast Council area were acknowledged for their contribution to our region.

Official Australia Day ceremonies were held at Taree, Forster and Gloucester. Citizenship ceremonies were also part of the local Australia Day program, welcoming 37 new citizens to the MidCoast region.

## Your Australia Day award-winners for 2019 are listed below.

### Gloucester region:

- Citizen of the Year - Jade-Marie Spencer
- Young Citizen of the Year – Andrew Hughes
- Sportsperson of the Year - Courtney Webeck
- Activity of the Year - Lion's Club of Gloucester's 'Need for Feed' fundraiser

### Great Lakes region:

- Citizen of the Year – Peter Craig
- Sportsperson of the Year - Riley Van Haren
- Activity of the Year - Tea Gardens Hawks Nest Motor Club's 'Motorfest' event

### Manning region:

- Citizen of the Year - David Denning
- Young Citizen of the Year - Marylyn Sendah
- Ken McDonald Memorial Sportstar of the Year Award - Josh Hook
- Activity of the Year - Taree Quota Club's 'Red Umbrella Appeal'



# INTERNATIONAL WOMEN'S DAY

Under this year's theme "Think equal, build smart, innovate for change", we celebrated the amazing women of MidCoast Council who play a vital role in delivering quality services to the MidCoast community.

As at International Women's Day on 8 March, we had 381 women employed across all areas of Council including 30 delivering water services, 28 based at Gloucester, 232 at Forster and 91 in Taree. The skills and knowledge of these women are invaluable and continue to help us grow and improve. From customer service right through to response operators out in the field, every day female employees are proving that women can do whatever they set their minds to.

We are proud to see a diverse range of positions being held by females – particularly those that may have historically been a male dominated industry.



# REMEMBRANCE DAY

## A Centenary of Armistice

Services were held across the region for Remembrance Day, this year even more important as we marked the Centenary of the First World War Armistice.

At 11am on 11th November 1918, the guns on the Western Front fell silent, and peace was made.





# NEW COMMUNITY REFERENCE GROUPS

We recognise the importance of drawing on community experience and expertise when it comes to decision-making, and five new Community Reference Groups established in April 2019 will play a vital role within their respective focus areas moving forward.

Community members, who were recruited through a nomination / EOI process, will assist in planning and informing important decisions, working alongside Council in the areas of:

- Economic Development – this Working Group provides specialist advice to Council about the growth and development of the MidCoast economy and local employment opportunities
- Barrington Coast Destination Management - this Reference Group provides guidance, support and advocacy to ensure the successful delivery of the outcomes detailed in the MidCoast Destination Management Plan and associated documents
- Community Inclusion and Wellbeing – this Reference Group provides strategic advice and feedback to assist Council in making the MidCoast an accessible, inclusive and cohesive community
- Heritage – a specialty Reference Group established to aid in the protection and promotion of our local heritage
- Sport and Recreation – this Reference Group focuses on the planning, development and delivery of sport and recreation services across the region



# AWARD WINNING

We continually strive to deliver benefits for our community in a way that adds value, so it is both encouraging and gratifying when our projects are recognised at a State or National level. We are proud of our achievements over the past 12 months:

## Water sensitive design policy

**Gold:** NSW Stormwater Awards for Excellence

**Gold:** National Stormwater Awards for Excellence

These best practice water sensitive design controls help protect the health of MidCoast waterways

## Tuncurry Community Recycling Centre

**Gold:** IPWEA (NSW) Engineering Excellence Awards

The redeveloped site was recognised by judges as a practical illustration of the Waste Avoidance and Resource Recovery strategy in action.

## Tuncurry Community Recycling Centre

**Gold:** National Innovation In Waste Transfer Station Awards

Australia's peak waste management industry body, Brisbane Waste Management & Resource Recovery Association present just two awards every second year.



# PLANNING UPDATES

As part of our commitment to improving outcomes for the local community, we identified the need to provide clear guidelines for developers applying to establish Manufactured Home Estates (MHEs) within the region, by making an amendment to MidCoast Council's local Development Control Plans (Greater Taree, Gloucester, and Great Lakes Development Control Plans).

The provisions provide guidance for MHE developers by outlining Council's objectives around this form of housing, providing design controls, and establishing criteria around lodging a development application. As well as assisting developers, the amendment will aid planning staff in the assessment of MHE applications, and awareness of Council's requirements relating to MHEs among the general community.

Additional updates to planning controls across the MidCoast were introduced to improve efficiencies:

- amendments to the Greater Taree Local Environmental Plan 2010 to update provisions, remove inconsistencies and provide greater clarity. General provisions covered issues such as enabling detached dual occupancies in rural zones, bulky goods premises in the Light Industrial zone and temporary events on Council land. 17 site specific changes involving zone changes were made to reflect the use of the land and correctly identify heritage items
- an amendment to Part J2 of the Greater Taree Development Control Plan 2010 to provide guidance on requirements relating to detached dual occupancies in Primary Production zone (RU1)
- an amendment to the Great Lakes Local Environmental Plan 2014 updated zoning provisions around the Hawks Nest town centre, reflecting its residential character and important koala corridors, while allowing additional business opportunities near the existing caravan park and surf club at Bennetts Beach
- an amendment to Chapter 16.28 of the Great Lakes Development Control Plan 2014 provides guidance around the development of the Hawks Nest Village







PART THREE

# STATUTORY REPORTING



## 2018-19 Statutory Reporting

The following Statutory reports are required under the Local Government Act 1993, Local Government (General) Regulation 2005, and other NSW legislation. The relevant legislative provision is highlighted within each item below.

**Within 5 months after the end of (financial) year, prepare a report as to Council's achievements in implementing its delivery program and the effectiveness of the principal activities undertaken in achieving the objectives at which those principal activities are directed.**

*Section 428(1) Local Government Act*

An overview of some of the achievements from 1 July 2018 through to 30 June 2019 is included in Part 2 of this report. A detailed report was presented to Council, 28 August 2019 Ordinary Meeting outlining the achievements against each item in the Operational Plan.

**The annual report of the year in which an ordinary election of councillors is held, must contain council's achievements in implementing the community strategic plan over the previous four years.**

*Section 428(2) Local Government Act*

Council endorsed the first Community Strategic Plan (CSP) for MidCoast in April 2018 and has subsequently adopted associated Delivery Programs and Operational Plans. Achievements will be reported in this and future annual reports as per the Act. The next Council election is scheduled for September 2020.

**The annual report must be prepared in accordance with Integrated Planning and Reporting Guidelines (IP&R).**

*Section 428(3) Local Government Act*

The annual report has been prepared in accordance with IP&R Guidelines.

**Must contain a copy of the Council's audited financial reports prepared in accordance with the *Local Government Code of Accounting Practice and Financial Reporting* (may be an attachment)**

*Section 428(4)(a) Local Government Act*

Audited financial statements will be presented to Council once completed and will be included as Part 4 of this report.

**Must contain other information as the IP&R Guidelines or the regulations may require**

*Section 428(4)(b) Local Government Act*

All required information has been included in this annual report.

**Copy of council's annual report must be posted on the council's website and be provided to the Minister for Local Government (via OLG). This can be done by notifying OLG of a URL link.**

*Section 428(5) Local Government Act*

A copy of the MidCoast Council Annual Report is available under 'plans and reports' on Council's website [www.midcoast.nsw.gov.au/AnnualReport](http://www.midcoast.nsw.gov.au/AnnualReport)

**Include particulars of any environmental upgrade agreement entered into by the council.**

*Section 54P(1) Local Government Act*

MidCoast Council did not enter into any environmental upgrade agreements.

**Report on activities funded via a special rate variation in general income including:**

- **Reporting requirements sent out in the Instrument of Approval**
- **Projects or activities funded from the variation**
- **Outcomes achieved as a result of the projects or activities**

*Special Rate Variation Guidelines (SRV Guidelines) 7.1*

**Special Rate Variation (SRV)**

\$5.065 million levied in 2018/2019 for the allocation to existing road work programs and for the payment of existing and future borrowings undertaken to fund Council's \$50 million contribution to the Road Upgrade program outlined below.

At 30 June \$2.872 million of funds raised in 2017/2018 and 2018/2019 is restricted for these purposes.

Council borrowed \$8.74 million towards its contribution in 2018/2019 and repayments will commence in the 2019/2020 financial year.

In May 2018, the Premier, Deputy Premier, Minister for Roads, Maritime and Freight and Member for Myall Lakes issued a Media Release announcing \$100 million for Road Upgrades within the Electorate of Myall Lakes. This amount is made up of a MidCoast Council contribution of \$50 million which is fully funded by the already approved special rate variation and State Government contribution of \$50 million. The program of upgrade works announced expects to see more than 70 kilometres of roads upgraded across 25 separate road projects.



2018/19 is the first year of the program. During this program we completed over \$14m of works at :-

- The Lakes Way, Charlotte Bay area
- The Lakes Way, Bungwahl area
- Gloucester Road, between Nowendoc Road and the River
- Old Bar Road near Berady Lane
- Avalon Road past Germany Lane

### **Environmental levy**

\$4.006 million levied in 2018/2019 for environmental programs.

At 30 June \$5.158 million of funds raised in 2017/2018 and 2018/2019 is restricted for these purposes.

During 2018/2019 \$3.18 million of the Environmental levy funds were spent. Projects included were:

- Hallidays Point Littoral Rainforest Restoration Project
- Lowland Rainforest Restoration Project
- The South Forster Squirrel Glider Project
- The Wetland and Foreshore Restoration –Lower Wallamba River
- Pacific Palms Backyard Bushcare Project
- Boat Ramp Upgrades – Bohnock, Harrington, Taree West, Cundletown
- Harrington Backchannel Dredging
- Farquhar Inlet Dredging
- Tuncurry Channel Dredging
- Dumaresq Island Riverbank Restoration Project
- Kangaroo Point Mangrove Restoration Project
- Lower Lansdowne River Riverbank Restoration Project
- Scott's Creek Fish Habitat Improvement Project
- Cost Benefit Analysis - Big Swamp Project
- Evaluate threats & risks to the health of the Manning River Estuary
- Old Bar – Manning Point Coastal Management Program
- Improving Estuary Health – Fostering Community Action in the Karuah-Myall
- Minimbah Pest & Weed Control
- Pampoolah Flood Plain & Riverbank Remediation Study
- Koala Hub Identification & Threat Analysis
- Koala Road Kill Mitigation – Kingfisher Drive, Hawks Nest

**The annual report of a Council in the year in which an ordinary election of Councillors is to be held must include a report (a state of the environment report) as to the state of the environment in the local government area in relation to such environmental issues as may be relevant to the objectives for the environment established by the community strategic plan (the environmental objectives).**

*Section 428A Local Government Act*

A State of the Environment report will be prepared for the 2020-21 Annual Report as the elections will be held September 2020.

**Amount of rates and charges written off during the year.**  
*Clause 132 Local Government (General) Regulation*

Postponed Rates and Charges <i>Local Government Act 1993, Section 595</i>	\$22,510.46
Authority of General Manager <i>Local Government (General) Regulation 2005 Clause 131 (6)</i>	\$138,793.03
Ratable properties now exempt from Rates <i>Local Government Act 1993 Section 555 - 558</i>	\$31,315.14
Pensioner Rate Reductions <i>Local Government Act 1993 Section 575(2)</i>	\$4,841,937.58
Concealed Leak Applications <i>Clause 132 Local Government (General) Regulation 2005</i>	\$186,811.00

**Details, including purpose, of overseas visits by councillors, council staff or other persons representing council (including visits sponsored by other organisations).**

*Section 428(4)(b) Local Government Act, and Clause 217(1)(a1) Local Government (General) Regulation*

In 2018-19 no overseas travel was undertaken by the Mayor, Councillors or staff.

**Total cost during the year of the payment of expenses of, and the provision of facilities to, Councillors in relation to their civic functions.**

*Clause 217(1)(a1) Local Government (General) Regulation*

Mayoral and Councillors' fees and provision of facilities.

Council policy identifies the expenses that will be paid and the provision of facilities to the Mayor and Councillors in relation to discharging the duties of civic office. The policy was adopted on 28 February 2018.

Our policy recognises that the Mayor and Councillors, in performing their civic functions, are entitled to be provided with certain facilities and be reimbursed for expenses noted in the policy. The Councillor Expenses and Facilities Policy can be read and downloaded from Council's website.

Council is required under to pay an annual allowance to the Mayor and Councillors. The following is a summary of the expenses incurred in performing the functions of the Mayor and Councillors and associated allowances in accordance with Clause 217(1)(a1) of the Local Government (General) Regulation.

Total costs \$ 410,205.00

### Allowances

Mayoral allowance	\$43,170.00
Elected member allowance	\$216,115.00
Expenses (as per below)	\$150,920.00

### Expenses

Dedicated office equipment	\$0.00	Interstate travel & accommodation	\$0.00
Telephone & internet expenses	\$5,560.00	Overseas travel & accommodation	\$0.00
Printing & stationery	\$1,215.00	Mayoral vehicle	\$12,169.00
Accommodation	\$969.00	Insurance	\$6,738.00
Conferences & seminars	\$13,419.00	Sustenance	\$10,588.00
Training	\$0.00	Partner's expenses	\$0.00
Travel	\$33,538.00	Child Care expenses	\$0.00
Out of pocket expenses	\$836.00	LGNSW Membership	\$55,021.00
Security	\$2,783.00	Sundries	\$8,084.00

Six Councillors (Mayor West, Cr Epov, Cr Fowler, Cr Hutchinson, Cr Pontin, and Cr Roberts) attended the LGNSW Conference held 21 – 23 October 2018 in Albury.

Code of Conduct Training was undertaken with Councillors during the reporting period.

Institute of Public Directors training offered to Councillors with the schedule to be confirmed.

Inductions for all Councillors was undertaken in November 2017 following the elections held in September 2017.

### Details of each contract awarded for amounts greater than \$150,000.

*Clause 217(1)(a2) Local Government (General) Regulation*

### Tender Arrangements General

Contracts awarded in excess of \$150,000 made subsequent to the calling of formal tenders are listed below for 2018-19.

Contractor	Details	Value
Bridge & Civil	Bridge construction - Callaghans Creek	\$961,890
Clover Pipelines P/L	Supply of pipework for mains renewals at Harrington Rd and Hallidays Point Rd.	\$730,327
Ditchfield Contracting P/L	Road reconstruction – Avalon Road.	\$455,462
Ditchfield Contracting P/L	Road construction – Bucketts Way Stage 1	\$1,877, 076
Eire constructions P/L	Road construction – 18A Berady to Follies Road	\$1,167,471
Eire constructions P/L	Road reconstruction	\$1,530,067
Hitachi Construction Machinery P/L	Grader replacement	\$441,282
Komatsu Australia P/L	6 Wheel Loader	\$245,630
OutKat P/L	Construct Tennis Court	\$343,891
Pacific Blue Metal P/L	Road construction – Commerce Street	\$495,000



Quickcell Technology Products P/L	Precast ridge girders	\$520,102
Radiolines P/L	Design & construct communications tower - Tallwoods	\$328,405
Saltwater Earthmoving	Bohnock Carpark Stage 2	\$216,508

### Summary of the amounts incurred by the council in relation to legal proceedings.

#### *Clause 217(1)(a3) Local Government (General) Regulation*

<b>Matter</b>	<b>Court</b>	<b>Cost</b>	<b>Status</b>
Wilson – Development Application	Land and Environment Court	\$27,977	Matter settled
Boomerang Beach Residents Group – Development Application	Land and Environment Court	\$200,265	Ongoing
Pacific Rim Accommodation Group – Development Application	Land and Environment Court	\$6,818	Court Orders in place
Oxford Street Holdings Pty Limited – Unauthorised Works	Land and Environment Court	\$92,182	Matter Settled
Evans – Development Application	Land and Environment Court	\$22,987	Matter settled
Barrington Heights Concerned Residents Association Incorporated – Development Application	Land and Environment Court	\$10,217	Ongoing
Joint Venture Pty Ltd - Development Application	Land and Environment Court	\$8,784	Ongoing
Zarb, Adam - Public Liability	District Court of NSW	\$12,500	Ongoing
Crighton Properties Pty Ltd and Myall River Downs Pty Ltd - Public Liability	Supreme Court	\$12,500	Ongoing
Holborn - Professional Indemnity	District Court of NSW	\$12,500	Matter settled

### Include resolutions made concerning work carried out on private land.

#### *Section 67(3) Local Government Act, and Clause 217(1)(a4) Local Government (General) Regulation*

There were no resolutions of Council for private works.

**Total amount contributed or otherwise granted to financially assist others.**  
*Clause 217(1)(a5) Local Government (General) Regulation*

<b>Grant type</b>	<b>Amount</b>
Event Support	\$62,555
Community Grants	\$81,802
Surf Club Grants	\$50,000
Rates Donations	\$45,989
Duralie Coal	\$60,450
<b>Total</b>	<b>\$300,796</b>

**Statement of all external bodies that exercised functions delegated by Council.**  
*Clause 217(1)(a6) Local Government (General) Regulation*

There are various Section 355 Committees and Hall Committees operating across the MidCoast region. In the 2017-18 a review of all committees commenced and has continued during the 2018-19 financial year. These Committees are exercising functions delegated by Council in accordance with Section 377 of the Local Government Act 1993.

**Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which Council held a controlling interest.**  
*Clause 217(1)(a7) Local Government (General) Regulation*

The Hunter Joint Organisation group is the hub for local government collaboration, which strengthens our communities by being the local voice on regional strategic issues in the Hunter and delivering tailored local government solutions. For over sixty years, local government in the Hunter has found significant benefit in working together through positive cooperation and resource sharing.

There are four key entities creating and operating as part of the current enterprise offering:-

- **Hunter Joint Organisation** – a statutory body under the *Local Government Act 1993 (NSW)*, established in 2018 to identify, advocate for and collaborate on regional strategic priorities for the Hunter.
- **Strategic Services Australia Limited** (and its wholly owned subsidiary **Hunter Councils Legal Services Limited**) – are companies limited by guarantee under the *Corporations Act 2001 (Cth)* and established to improve the quality and efficiency of local government services throughout the Hunter Region. These organisations offer tailored local government services through its five divisions; Local Government Training Institute, Local Government Legal, Regional Procurement, Screen Hunter (which, under delegation from member councils, licences film production on council owned and control land), and the Environment Division (which delivers a regional environmental management program on behalf of both member councils from the Hunter region and Central Coast Council).
- **Hunter Councils Incorporated** - an incorporated association under the *Associations Incorporation Act 2009 (NSW)* that holds property assets for the Hunter Joint Organisation group.

MidCoast Council has representation on each entity's Board, and shares ownership and/or control with the other nine councils of the Hunter Region.

**Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which Council participated during the year.**

*Clause 217(1)(a8) Local Government (General) Regulation*

**Delegated committees**

<b>Committee</b>	<b>Membership</b>	<b>Representatives</b>
Audit, Risk and Improvement Committee	Two Councillor representatives Three independent representatives	Chair: Independent  Cr Keegan Cr Pontin Cr Epov (alternate)

**Reference Group**

<b>Committee</b>	<b>Membership</b>	<b>Representatives</b>
Barrington Coast Destination Management Reference Group	Two Councillors Nine tourism representatives Three specific industry representatives	Cr Hutchinson (Chair) Cr Fowler
Community Inclusion & Wellbeing Reference Group	Two Councillor representatives plus alternate Eight community representatives Four representatives from relevant government and non-government agencies	Cr Smith (Chair) Cr Keegan
Floodplain Management Advisory Committee	Up to two Councillors Local SES Rep from OEH Up to eight community reps Manager Transport Assets Manager Strategic Planning Coastal & Flooding Engineer	Cr Epov (Chair) Cr Hutchinson Cr Smith (alternate)
Heritage Reference Group	Two Councillor representatives plus alternate Heritage Advisor 16 community representatives from Historical Societies	Cr Bell (Co-Chair) Cr Roberts (Co-Chair)
MidCoast Council Sport & Recreation Reference Group	Two Councillor representatives plus alternate Up to 14 community representatives from different areas with interest in sport	Cr Christensen Cr Fowler
MidCoast Cultural Plan 2036 Reference Group	Two Councillors Up to nine representatives from arts and culture sector One from Arts Mid North Coast One from Destination North Coast	Cr Pontin Cr Hutchinson Cr Smith (alternate)



Manning River Estuary Coastal Management Program Reference Group	2 Councillors 5 public authority representatives 1 traditional owner 1 oyster industry rep 3 rural reps 1 boating / fishing rep 1 community member 1 Landcare	Cr Smith Cr Roberts Cr Keegan
Old Bar – Manning Point Coastal Management Program Reference Group	2 Councillors 5 public authority representatives 1 traditional owner 1 Old Bar Sand Replenishment Group 1 Manning Point Concerned Citizens Group 1 Old Bar – Manning Point CoC 1 boating / fishing 1 bird watchers 1 community member 1 Manning Coastcare	Cr Smith Cr Roberts Cr Keegan
Pacific Blue Metal Quarry at Possum Brush		Mayor – Cr West

## Working Groups

Committee	Membership	Representatives
Economic Development Working Group	Three Councillors Nine Commerce & Industry members	Cr Pontin (Chair) Cr Epov Cr Hutchinson
Annual Donations Assessment Panel	Three Councillors	Cr Pontin Cr McWilliams Cr Bell

## External Committees

Committee	Membership	Representatives
Arts Mid North Coast		Cr Pontin Cr Smith (alternate)
Bushfire Management Committee		Cr Roberts
Duralie Coal Mine Community Consultative Committee	State endorsed Committee	Cr Hutchinson Cr Smith
Gloucester Exploration Project Community Consultative Committee – Gloucester Resources Limited (GRL)	State endorsed Committee	Cr Pontin Cr Epov (alternate)
Hunter JO	Mayor & General Managers from Hunter JO Councils	Mayor General Manager
Hunter Regional Weeds Committee		Mayor – Cr West
Joint Regional Planning Panels		Cr Epov Cr Keegan

		Cr McWilliams (alternate)
Local Traffic Committee		Cr Christensen
Manning Liquor Consultative Committee		Cr Christensen
Mid North Coast Weight of Loads Group		Cr Smith
Mine and Energy Related Councils		Cr Smith
NSW Public Libraries Association		Cr Keegan
NSW RFS District Liaison Committee		Cr Roberts
Port Stephens Great Lakes Marine Advisory Committee	State endorsed Committee	Cr Hutchinson
Port Stephens Myall Lakes Estuary Management Committee	State endorsed Committee	Cr Pontin
Stratford Coal Mine Community Consultative Committee		Cr Hutchinson Cr Smith (alternate)
Stroud Heritage Conservation Inc		Cr McWilliams

## Other

Committee	Membership	Representatives
General Manager's Performance Review Panel	Mayor Deputy Mayor One Councillor	Mayor Deputy Mayor Cr Hutchinson
Hunter – SSA/GMAC	General Manager's from Hunter JO	General Manager

## External

Committee	Membership	Representatives
Destination North Coast	Council representatives from the MidCoast to Tweed Heads, including Lord Howe Island	
General Manager's Performance Review Panel	Mayor Deputy Mayor One Councillor	Mayor Deputy Mayor Cr Hutchinson
Hunter Central Coast Regional Environmental Management Strategy (HCCREMS)		
Midcoast Waste Services		
MidWaste		
NSW State Forests		
State Wide Liability Scheme		
Statewide Mutual		
StateCover Mutual Limited		

## Statement of activities to implement its EEO management plan.

### Clause 217(1)(a9) Local Government (General) Regulation

The EEO related activities over the 2018-19 year included:

- All staff completed 'Respectful Workplace' training
- Supervisors completed 'Having Difficult Conversations' training
- Employee responsibilities in relation to EEO (and other matters) covered off in formal induction program
- Commenced development of Recruitment & Selection Policy
- Commenced review of diversity statistics
- Developed and commenced implementation of Council's Employment-Based Training Strategy
- Participation in the Elsa Dixon Aboriginal Employment Program
- Incorporation of EEO principles into HR policies and procedures

## Statement of the total remuneration comprised in the remuneration package of the General Manager.

### Clause 217(1)(b) Local Government (General) Regulation

Total value of the salary component of the package	\$319,634.70
<i>Clause 217(1)(b)(i) Local Government (General) Regulation</i>	
Total amount of any bonus, performance or other payments that do not form part of the salary component	Nil
<i>Clause 217(1)(b)(ii) Local Government (General) Regulation</i>	
Total amount payable by way of the employer's contribution or salary sacrifice to any superannuation scheme to which the general manager may be a contributor	\$30,365.30
<i>Clause 217(1)(b)(iii) Local Government (General) Regulation</i>	
Total value of any non-cash benefits for which the general manager may elect under the package	Nil
<i>Clause 217(1)(b)(iv) Local Government (General) Regulation</i>	
Total amount payable by way of fringe benefits tax for any such non-cash benefits	Nil
<i>Clause 217(1)(b)(v) Local Government (General) Regulation</i>	



**Statement of the total remuneration comprised in the remuneration packages of all senior staff members, expressed as the total (not of individual members).  
Clause 217(1)(c) Local Government (General) Regulation**

Total value of the salary components of the packages <i>Clause 217(1)(c)(i) Local Government (General) Regulation</i>	\$1,051,711.80
Total amount of any bonus, performance or other payments that do not form part of the salary components of their packages <i>Clause 217(1)(c)(ii) Local Government (General) Regulation</i>	Nil
Total amount payable by the Council by way of the employer's contribution or salary sacrifice to any superannuation scheme to which any of them may be a contributor <i>Clause 217(1)(c)(iii) Local Government (General) Regulation</i>	\$91,244.41
Total value of any non-cash benefits for which any of them may elect under the package <i>Clause 217(1)(c)(iv) Local Government (General) Regulation</i>	Nil
Total amount payable by way of fringe benefits tax for any such non-cash benefits <i>Clause 217(1)(c)(v) Local Government (General) Regulation</i>	Nil

**A statement detailing the stormwater management services provided (if levied).  
Clause 217(1)(e) Local Government (General) Regulation**

Stormwater projects during 2018-19 included:

- Stormwater/catchment management plan for Racecourse Creek catchment at Old Bar commenced
- Stormwater plan for Coomba Park nearing completion
- Urban wetland constructed at Arlington Place, Forster
- Revised designs for Townsend street wetland in Forster for subsequent refurbishment
- Main Street drainage upgrade in Black Head completed in conjunction with roadworks
- The Esplanade, North Arm Cove

**A statement detailing the coastal protection services provided (if levied).  
Clause 217(1)(e1) Local Government (General) Regulation**

A coastal services charge is not levied within the MidCoast Local Government Area.

## Statement on activities relating to enforcing and ensuring compliance with the Companion Animals Act and Regulation

### Clause 217(1)(f) Local Government (General) Regulation, and Guidelines on the Exercise of Functions under the Companion Animals Act

Lodgement of pound data collection returns with the Division <i>16.2(a) Guidelines</i>	Completed
Lodgement of data relating to dog attacks with the Division <i>16.2(b) Guidelines</i>	Completed
Amount of funding spent on companion animal management and activities <i>16.2(c) Guidelines</i>	Approximately \$50,000 for the management of pound facilities and animal control equipment (not including wages)
Companion animal community education programs carried out <i>16.2(d) Guidelines</i>	Nil
Strategies council has in place to promote and assist the de-sexing of dogs and cats <i>16.2(d) Guidelines</i>	Nil
Strategies in place to comply with the requirement under section 64 of the Act to seek alternatives to euthanasia for unclaimed animals <i>16.2(e) Guidelines</i>	Animals are released to Animal Welfare Groups for no fee. Minimal animals are euthanased. Animals which are euthanased are classified under the Companion Animals Act as unsuitable for rehoming.
Off leash areas provided in the council area <i>16.2(f) Guidelines</i>	Total of three leash free areas – Taree, Tuncurry and Gloucester

This year we have seen a reduction in the number of animals visiting our pound.

- 289 dogs and cats processed through the pounds
- 52.6% (152) rehomed in partnership with animal welfare agencies
- 31.5% (91) collected by their owners
- 15.2% (44) classified under the Companion Animals Act as unsuitable for rehoming and euthanased
- 1 dog was stolen and 1 dog died in care

## Report on capital works projects.

### Capital Expenditure Guidelines

MidCoast Council is currently undertaking a project to consolidate our administration functions into a central location at 2 Biripi Way, Taree.

The new head office will provide space for 400 staff, currently working across three administrative buildings in Taree and Forster, as well as a customer service centre, Council Chambers, and room for future growth.

A financing strategy, adopted by Council, makes it clear that we will not be increasing rates to pay for the move, and operational funds will not be impacted.

On 26 November 2018 documentation was submitted to the Office of Local Government as part of the Capital Expenditure Review. This document is available on the MidCoast Council website.

A response from the Office of local Government was received 30 January 2019 advising that Council had satisfactorily addressed the Capital Expenditure criteria (with a number of observations made).

### **Councils considered to be 'human services agencies' under the Carers Recognition (CR) Act (provide services directed at Carers and/or people being cared for by carers) must report on compliance with the CR Act for the reporting period.**

#### *Section 8(2) Carers Recognition Act 2010*

MidCoast Council delivers services for older people, people with disability and their carers through MidCoast Assist and, as such, is considered a human services agency for the purposes of the Carers (Recognition) Act 2010.

During the reporting period Council has worked to ensure that service delivery activities and policies and procedures reflect the principles of the NSW Carers Charter.

#### **Actions Taken include:**

- MidCoast Assist has developed a Carers Recognition Policy which has been approved by Council. MidCoast Assist has made this policy available to all staff
- Both MidCoast Assist Ageing and Disability Services routinely and regularly consult with individual carers at intake stage and throughout the program for clients. This is reflected in the forms, processes and file notes maintained by MidCoast Assist
- MidCoast Assist liaises with community carers groups in the local area relating to Ageing and Disability
- MidCoast Assist refer carers to available supports within the community and online.
- Trialling the extension of some centre-based activities to enable more free time for carers.
- Involving carers in activities where appropriate and acknowledging their support, particularly in Carers Week.
- MidCoast Assist has supported carers under stress to access support services through Commonwealth Respite Carelink Centre, including making referrals on their behalf. We also support carers that are becoming reliant on services being provided through their partner's home care package to access and register with My Aged Care to ensure they can also receive appropriate individual supports.

#### **Planned Actions**

- To work more closely with dementia carers groups in the community to ensure they are adequately supported
- To refresh understanding of the Carer's Recognition Act amongst MidCoast Assist employees
- Possible extension of duration of all centre-based activities and outings to enable more free time for carers of CHSP clients, where feasible.



**Information on the implementation of Council’s Disability Inclusion Plan.**  
*Section 13(1) Disability Inclusion Act 2014*

MidCoast Council's Disability Inclusion Action Plan (DIAP) was adopted on 28 June 2017, and the Plan was registered with the Disability Council of NSW.



An implementation plan has been developed to support delivery of DIAP actions. The “Disability Inclusion Action Plan Progress Report 2018-19” provided below, outlines progress made during the year.

We continued our focus on education during the year, which has led to a greater awareness of needs of people with disability as Council staff continue their day-to-day activities. Subsequent years of activities under the Plan will build on this foundation, supporting the development and delivery of initiatives that are meaningful and sustainable.

In order to comply with the requirements of the Act, Council’s DIAP progress will be reported in the 2017-18 Annual Report and provided to the Minister for Disability Services.

**Disability Inclusion Action Plan Progress Report 2018-19**

**Strategy 1: Positive community attitudes and behaviours**

Area for Action	Status update
<p>Communication</p> <p>Modelling of inclusive behaviours by council staff</p>	<ul style="list-style-type: none"> <li>• In 2017 Community Services prepared an internal education program for rollout to staff in 2018 and 19 to raise awareness of the needs of people with disabilities. The program follows on from the successful 'What is MidCoast?' campaign which was rolled out in the year after the merger. 'Who is MidCoast?' is a 3-phase project:               <ul style="list-style-type: none"> <li>- Phase 1: raising general awareness of the demographics of the LGA;</li> <li>- Phase 2: providing more detail of the people with disability demographic and prevalence of different disabilities; and</li> <li>- Phase 3: raising awareness of the particular needs of people with disabilities. Partnerships with agencies like Vision Australia and Alzheimer's Australia will enhance staff awareness of particular disabilities.</li> </ul> </li> </ul> <p>During the period under review, Phase 2 was implemented, with Council staff attending an information session to launch the program, and receiving a 'goodie bag' containing useful information and statistics about various disabilities and, in partnership with Vision Australia, a pair of glasses simulating one of 5 vision impairment effects. Each pair of glasses was branded with the phrase “let’s look at what we do through a disability lens” as a constant reminder to employees</p> <div style="display: flex; justify-content: space-around;">   </div>

	<p style="text-align: center;"><b>Example of an intranet post for staff:</b></p> <div style="display: flex; align-items: flex-start;">  <div style="margin-left: 10px;"> <p><b>You can't always see a disability</b> Published date: 18/02/2019</p> <p>When most of us think of a disability, the first image is of a wheelchair user or other visible aid such as an assistance dog, cane, crutches etc.</p> <p>The fact is that <b>90% of disabilities are invisible.</b></p> <p>In your goodie-bag was a pair of glasses that simulate vision loss. We're asking everyone to look at what we do through a disability lens. It's a great idea to display these at your desk to remind you.</p> <p>Have you ever found yourself struggling to get a parking spot and a seemingly non-disabled person just cruises into a spot near the door? People with MS, autism, arthritis, brain injury, diabetes and chronic fatigue, to name a few, may need to utilise accessible parking as recommended by their doctor.</p> <p>By becoming more aware of disability, you may also become aware of why people interact the way they do. Your colleagues may have hearing or vision loss that is not obvious to the casual observer but impacts on their preferred methods of communication. Autism may mean that a person prefers to meet face-to-face. Mental illnesses such as anxiety or depression can also impact the way people communicate in the workplace.</p> <p>Disability is also invisible if you are not directly impacted. Remember the statistic - at least a quarter of our MidCoast community is directly impacted by disability.</p> <p>We need to be mindful of the language we use and off-the-cuff remarks we may make as friends and colleagues may have an invisible disability or could be directly affected.</p> <p>Some more information:</p> <p>House with No Steps has a great article on invisible disabilities <a href="#">here</a>. Try this <a href="#">handy little quiz</a> to see how inclusive our workplace really is.</p> </div> </div>
<p>Council staff awareness of the needs of people with disability</p>	<ul style="list-style-type: none"> <li>• In December 2018 Council celebrated International Day of People with Disabilities with a community event outside the Council offices in Forster. A free sausage sizzle, enticed community members to participate. Entertainment was provided by MidCoast Assist participants, who sang Christmas Carols. The Mayor and GM joined the choir in singing for the community.</li> </ul> 
<p>Council contacts for access issues and assistance with community projects</p>	<p>Investigations into the most effective option for a Community Directory progressed during the year, with a decision made on the most appropriate option. The Community Directory will detail service providers in the LGA for people looking for support and assistance and will be rolled out in the 2019/20 financial year, enabling community members and visitors to find out where they can access support</p>
<p>Council staff awareness of the</p>	<p>Council staff hosted the first of a series of "Scoot Aware" information sessions for the Forster Community. The workshops provided information on</p>

needs of people with disability

- Who can use a mobility scooter?
- Choosing a scooter that's right for you
- Scooter users' rights and responsibilities
- Road rules
- Staying safe

The workshop was well attended and plans are now in place to rollout similar information sessions in other areas of the LGA.



**MIDCOAST council** **MOBILITY SCOOTERS**  
Information to get started

**ARE YOU THINKING OF GETTING A MOBILITY SCOOTER?**

Mobility scooters can be an important part of everyday life for people with limited mobility. Mobility scooters don't need to be registered and you don't need a license to ride one. With their numbers steadily rising, it's important to know how to stay safe while using your mobility scooter.

**Choosing a scooter that's right for you**

Some things to consider when selecting a scooter:

- How far will you travel?
- What kind of terrain?
- Do you need to transport your scooter in a car?
- How tall and heavy are you?
- Do you need to be able to carry bags?

A responsible vendor will assess these points and many more when helping you choose the best scooter for your needs.

Scooter prices range from \$1,500 to well over \$10,000 and bigger isn't necessarily better.

**Who can use a mobility scooter?**

Roads and Maritime Services requires that a user has a reasonable need to use a mobility scooter because of physical disability or limited mobility.

You should also be able to:

- Operate controls and manoeuvre the scooter.
- Keep your balance and adjust your body position when travelling across uneven ground.
- Spot obstacles and avoid collisions.
- Judge speeds and distances.
- Use good judgement to protect your safety and the safety of others.

It's recommended that you speak with your doctor before making the decision to become a scooter user.

**Your rights and responsibilities**

Mobility scooter users are classified as pedestrians and fall into the same category as motorised wheelchairs.

In general, you can go most places a pedestrian can go. However, not all facilities are designed to accommodate scooters and you should be prepared to leave your scooter outside and walk short distances. Scooters are also big, heavy and cumbersome. Just like you wouldn't run at full speed through a crowd for fear of knocking people over, you need to use your controls to travel slowly and safely.



**MIDCOAST council** **USING YOUR SCOOTER SAFELY AND RESPONSIBLY**

**Road rules**

Mobility Scooter users are classified as pedestrians and the same road rules apply.

As a mobility scooter user, you:

- must ensure your scooter cannot travel faster than 10km/h
- should ride on the footpath where possible. Where this is not possible, ride as close to the edge of the road as possible and face the traffic.
- cannot use bicycle lanes
- cannot enter the roadway where pedestrians are prohibited (e.g. freeways)
- must not be affected by alcohol or drugs when travelling on a road or footpath
- must not cause a traffic hazard.

**Staying safe**

Some tips to help you stay safe:

- Make sure you are fit and well
- Plan the safest route ahead of time
- Take extra care on uneven ground and when driving down ramps and driveways
- Attach a safety flag and wear bright clothing or a hi-vis vest to increase visibility
- Be aware that changes in medication and your health may affect your ability to safely operate your scooter
- Wear a safety helmet
- Steep hill climbs will drain your battery and travelling down steep hills will wear your brakes
- Don't turn the scooter on hills or uneven ground as they may roll over
- Check your tyre pressure regularly
- Service your scooter regularly as recommended by the manufacturer
- Cents and cargo to avoid loading your scooter unevenly

A Community Services Initiative of MidCoast Council. The information contained in this factbook is general in nature and does not take into account individual circumstances. You should not make important decisions on the basis of information contained in this factbook.

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## Strategy 2: Creating liveable communities

Area for Action	Status update
Footpaths	<ul style="list-style-type: none"> <li>• The following missing footpath links were completed:               <ul style="list-style-type: none"> <li>• Along Blackhead Road – linking Diamond Beach Road to the shopping village</li> <li>• Along Old Bar Road – connecting Old Bar Public School to the Surf Club/recreation area</li> <li>• Along Manning River Drive to Taree</li> </ul> </li> <li>• Consultants were engaged to develop a Pedestrian Access and Mobility Plan, including a Bike Plan. The Plan will provide a prioritised work plan, which will be used to source funding</li> </ul>






	<ul style="list-style-type: none"> <li>• A new car parking area was constructed around the Manning Art Gallery, improving access for visitors to the Gallery</li> <li>• Plans were completed for a footpath wide enough for mobility scooter use, in Tea Gardens, opposite the shopping area</li> </ul>
<p>Accessible housing</p>	<p>Strategic Planning has been developing a Housing Strategy, with a draft expected to be available on public exhibition early 2020.</p> <p>The draft strategy has been informed by consultation with housing service providers in order to ensure opportunities for the provision of different types of housing to suit the community's needs. The draft will also incorporate the need for accessible design principles to be included in medium-density developments.</p>
<p>Accessible buildings</p>	<ul style="list-style-type: none"> <li>• Work to upgrade the Manning Aquatic &amp; Leisure Centre amenities will commence in 2019-20</li> <li>• Funding was secured for works to the Forster Community Centre (the headquarters of MidCoast Assist). The upgrade will include improved access</li> <li>• The Gloucester Library has been fully refurbished. Key features of the enhanced facility are: <ul style="list-style-type: none"> <li>- electronic doors;</li> <li>- lower shelving;</li> <li>- wider access pathways;</li> <li>- diversity of seating and relaxation furniture options;</li> <li>- relocatable shelving to enhance access pathways as required and enhanced access for all-purpose events;</li> <li>- accessible door handles;</li> <li>- a meeting room/quiet space; and</li> <li>- lower returns slot, and bag counter.</li> </ul> </li> </ul> <div data-bbox="488 1258 935 1592" data-label="Image"> </div> <div data-bbox="943 1258 1390 1592" data-label="Image"> </div>



Gloucester Library works

- Works are in progress to upgrade the Nabiac Library and will include:
  - More accessible shelving;
  - Additional seating options;
  - Repair of floor and replacement of carpet to enhance mobility;
- Construction commenced for Council areas within the civic precinct, including a new library for Forster, and will be compliant with the requirements of the Building Code of Australia and relevant parts of accessibility requirements of AS 1428.1 Design for access and mobility - Part 1 General requirements, including:
  - open, inclusive spaces from street, continuing throughout all public and staff areas;
  - all floor and pavement grades, thresholds, doorways, stairs etc;
  - circulation space to all doorways;
  - lift access to library and carpark. All access stairs include contrasting nosings, tactile indicators and compliant hand rails;
  - all public and staff areas accessible including public interface counters;
  - public accessible facilities on ground floor including unisex accessible toilet and both male and female ambulant toilets; and
  - accessible facilities for staff on both levels
- Planning commenced for the installation of an elevator at the Wingham library
- Council worked with community groups to secure funding and implement improvements at the following premises which are not owned or managed by Council:
  - Upper Lansdowne Hall: toilet upgrade to improve access
  - Coopernook Hall: toilet upgrade to improve access
  - Cundletown Hall: improved access
  - Dundaloo Services: accessible recreation facilities for people with disabilities and their families
  - Valley Industries: amenities upgrade

	<ul style="list-style-type: none"> <li>• Funding applications submitted for an upgrade to the Senior Citizens hall in Gloucester including upgrade flooring and a hearing loop integration. Senior Citizens, Gloucester Arts and Cultural Council Inc (GACCI) and U3A are all major users of the facility</li> <li>• Council moved forward with plans to move to a centralised office location, at Biripi Way in Taree. Attention is being paid to ensure the design is practical and accessible for employees and visitors.</li> </ul> <p>Planning on the MC1 Project (council software upgrades) progressed. The project will include a building inspection results section which will allow for needs-based priority list to be created</p>
<p>Accessible beaches</p>	<p>The use of beach matting was investigated during the year. Plans to implement the use of beach matting were unable to be implemented at some beaches due to the steep gradient of those beaches. Investigations continue for other beaches.</p>
<p>Accessible recreational facilities</p> <p>Accessible green space</p> <p>Public toilets and shower facilities</p>	<ul style="list-style-type: none"> <li>• Two pontoons at Tea Gardens have been upgraded to provide easier access from boat to jetty at Ogden Street and the Ferry wharf</li> </ul> <div style="display: flex; justify-content: space-around;">   </div> <div style="text-align: center; margin: 20px 0;">  </div> <ul style="list-style-type: none"> <li>• Fish-cleaning tables were upgraded at Forster Breakwater, Manning Point, Endeavour Place and Crowdy Head. Works include the provision of accessible tables</li> </ul>





- Works commenced in 2018/19 to upgrade Billabong Park in Gloucester to improve access, were completed
- Nabiac parks were upgraded with improved shared access
- Works commenced and are almost complete to upgrade the children's playground including an accessible toddler area, and accessible pathways all round, at Providence Bay Park in Hawks Nest



- Additional funding was sourced for Variety Livvi's Place - an inclusive play space in Fotheringham Park in Taree, and construction commenced at the end of June 2019. This project involves partnerships with the Touched by Olivia Foundation, NSW Department of Premier and Cabinet, NSW Department of Planning and Environment, Foundation for Rural and Regional Renewal, Dundaloo Services and a number of Council departments (Community Services, Property and Commercial Services and Community Spaces Recreation and Trades) in order to provide a play space to suit people of all abilities. The project includes accessible parking and a new, accessible amenities block with lift and change facilities, funded by Department of Family & Community Services (administered by LGNSW).



Works under way for the accessible play space in Fotheringham Park, Taree

Public toilet and shower facilities

- Accessible toilets were installed at
  - Allen Park (Stroud)
  - Stroud Showground
  - Little Street River Baths
  - Croki Reserve (works also included retaining walls with improved access)
  - Coopernook toilet block near the river



Allen Park, Stroud

An upgrade to Tea Gardens Hawks Nest Surf Life Saving Club is about to commence to provide 5 cubicles, one of which is accessible

- An upgrade to Stroud Tennis Club was completed, including in the installation of ramps and accessible toilets. The toilets are also available for users of the adjacent swimming pool.



Stroud Tennis Club improvements

- The following plans were progressed:
  - Planning for upgrades to amenities at Pebbly Beach (Forster) and Forster Ocean Baths was completed with work to commence shortly

	<ul style="list-style-type: none"> <li>- Planning for the demolition and rebuilding of amenities in Little Street (Forster) was completed, and construction to commence early in the 2019/20 financial year</li> <li>- Funding was secured for upgrades to Gloucester Recreation Ground</li> <li>- Funding was received and design-work commenced for upgrades to facilities at Boronia Park (Forster), Aub Ferris Oval Clubhouse in Nabiac (canteen and amenities) and Harrington Dog Park and Foreshore (replace the BBQ shelter and seating)</li> <li>- Planning for the upgrade of pathways at Blackhead was completed. The works will connect existing pathways and will also include some outdoor exercise equipment</li> </ul> <p>Funding was secured for concrete pathways at Second Head Reserve (Forster), to improve access for all users</p>
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### Strategy 3: Supporting access to meaningful employment

Area for Action	Status update
Employer awareness of the value that people with disability can offer	<ul style="list-style-type: none"> <li>• Implementation of Council's Equal Employment Opportunity Management Plan commenced. Planning for a staff census commenced – in order to better understand the composition of our workforce and how the organisation can assist those who need it.</li> </ul>

### Strategy 4: Improving access to services through better systems and processes

Area for Action	Status update
Access to information on available services	<ul style="list-style-type: none"> <li>• Readspeakr is fully functional on Council's website, enabling customers to listen to a page in audio, or highlight any section of text on any page to listen to the selected text.</li> <li>• Council's website continues to be improved in terms of quality and streamlining of forms on our website. Information on road projects has been greatly improved.</li> <li>• A wheel in/out service is offered for a fee, for customers who don't have ability to wheel their bins out for weekly collection.</li> <li>• Residents can report illegal dumping online, eliminating the need to visit a council office, or make a phone call;</li> <li>• The mobile Community Recycling Centre continued to visit remote communities to assist them with disposal of problematic waste such as paint, gas bottles, oil and batteries.</li> <li>• Library Services continues to invest in and enhance its other services, including: <ul style="list-style-type: none"> <li>- a significant collection of large-print and audio books;</li> <li>- home library lending service, delivering books to people who have difficulty leaving their homes;</li> <li>- substantial dyslexic and literacy collections;</li> <li>- a significantly expanding collection of eBooks and eAudio;</li> <li>- a wide variety of online databases and other resources;</li> <li>- availability of 24/7 online services, including access to the catalogue and membership details.</li> </ul> </li> </ul>



## Particulars of compliance with and effect of planning agreements (VPA) in force during the year.

### Section 93G(5) Environmental Planning and Assessment Act 1979

VPA	Overview	Status
Carmona Dr, South Forster (2012)	Agreement between Council and Acornlane P/L and Homeborn P/L and the Minister for Environment in connection with rezoning of land. Relates to environmental restoration works and dedication of land to the Minister	Current – no activity during reporting period.
Seven Mile Beach, The Lakes Way, South Forster (2007)	Agreement between Council and Seven Mile Beach Holdings Pty Ltd in connection with rezoning of land	Current- no activity during reporting period.
Gloucester River Run (2019)	Agreement between Council and Gloucester River Run Pty Ltd and Brian and Heather Beesley regarding the rezoning of land. Requires land dedication to Council, bio-diversity off-sets via a vegetation management plan and requires any development over the site to meet a set of water quality objectives.	Current – agreement signed during reporting period. Agreement not yet activated.
210 Diamond Beach Road, Diamond Beach (2013)	Agreement between Council and SAF Properties P/L regarding the provision of environmental corridors and community infrastructure such as access, facilities and landscaping.	Current – DA (317/2012/DA) for subdivision approved 01/05/13 but no activity.
310 Diamond Beach Road, Diamond Beach (2012)	Agreement between Council, Machiko P/L and the NSW Minister for the Environment regarding the dedication of environmental offset lands to the Minister and to dedicate a road widening and construct a footpath.	Current – Offset lands dedication to NSW government completed. DA for subdivision (324/2013/DA) approved on 25/11/13 – works yet to be completed.
363 Diamond Beach Road, Diamond Beach (2017)	Agreement between Council and Seashells Ltd regarding preparation of a Public Access Strategy by Council and adoption by 11/10/20 and subsequent dedication of land and a footpath providing public access along the eastern boundary by the developer.	Current – no activity during reporting period.
90 High Street, Black Head (2014)	Agreement between Council and Halliday Shores Retirement Living P/L regarding the provision of landscaping.	Current – revegetation yet to be completed.
303 Blackhead Road, Hallidays Point (2010)	Agreement between Council, John Earnings P/L, Island Point Plantations P/L, and Brichris P/L regarding the dedication of lands and associated works at Tallwoods Village, Hallidays Point.	Current – DA (407/2017/DA) for Manufactured Homes Estate refused on 08/11/17 by Council.
323 Blackhead Road, Hallidays Point (2010)	Agreement between Council and Benvenutos regarding dedication of	Current – DA for subdivision (567/2019/DA) approved 27/09/11 but no activity.

	lands and associated works at Tallwoods Village, Hallidays Point.	
Harrington Waters Estate (2007)	Agreement between Council and Roche Group P/L regarding provision of a Library and Community Centre at Harrington.	Current – no activity during reporting period.
Precinct 1 Old Bar (2010)	Agreement between Council, Riverside Canal Developments P/L, R and N Lauder, R and U Scadden and R Peet regarding public infrastructure surrounding a future tourism precinct at Old Bar.	Current – no activity during reporting period.
Precinct 2B Old Bar (2008)	Agreement between Council and Mr Walsh regarding dedication of land and a dwelling entitlement.	Current – no activity during reporting period.
Tropic Gardens Dr, Smiths Lake (2013)	Agreement between Council and Overpa P/L regarding the rezoning of land at Tropic Gardens Dr. Relates to environmental restoration works and protection of land.	Current – no activity during reporting period.
Tallwoods Eastern Lands (2010)	Agreement between Council and Tallwoods P/L regarding the rehabilitation, embellishment and maintenance of bushland.	Current – no activity during reporting period.
Brimbin (2014)	Agreement between Council and Roche Group P/L regarding the requirement to undertake further master planning of the new town prior to subdivision occurring, to commit the developer to fund the regional road network upgrades required due to this development, to dedicate land required for community and open space purposes and to fund a Community Development Worker for 20 years.	Current – masterplanning yet to commence.
Brimbin biodiversity offset land (2015)	Agreement between Council, Roche Group P/L and the NSW Minister for the Environment regarding the dedication of environmental offset lands to the Minister	Current – offset land yet to be dedicated to NSW government.
FIGTREES on the Manning (2010)	Agreement between Council, Chase Taree Developments P/L, Hocana P/L and Sychalas regarding the provision of public infrastructure associated with redevelopment of the former Lower Manning Dairy Cooperative at Chatham.	Current – no activity during reporting period.
North Shearwater at Tea Gardens (2012)	Agreement between Council and Wolin Investments P/L in connection with the rezoning of the land. Relates to environmental restoration and dedication of significant land to Council	Current - part implemented by commencement of restoration works.
Chapmans Rd, Tuncurry (2008)	Robert Leo Wilson and Claude Stanley Wilson regarding the rezoning of land. Requires land dedication to a	Current. Agreement partly implemented by preparation of a DCP.

	conservation authority or Council and the preparation of a DCP.	
Murray Road, Wingham (2018)	Agreement between Council and Duncan's Holdings Limited regarding creation of a central drainage corridor and vegetation reserve and subsequent dedication to Council.	Current – agreement signed during reporting period.

**Recovery and threat abatement plans – Councils identified in a plan as responsible for implementation of measures included in the plan, to report on actions taken to implement measures as to the state of the environment in its area.**

*Section 220ZT Fisheries Management Act 1994*

Not applicable to MidCoast Council

**Details of inspections of private swimming pools. Include:**

- number of inspections of tourist and visitor accommodation
- number of inspections of premises with more than 2 dwellings
- number of inspections that resulted in issuance of certificate of compliance under section 22D of the Act
- number of inspections that resulted in issuance of a certificate of non compliance under clause 18BA of the Regulation

*Section 22F(2) Swimming Pools Act 1992, and Clause 18BC Swimming Pools Regulation 2008 (SP Reg)*

- Inspect swimming pools associated with tourist and visitor accommodation, and those with more than 2 dwellings, on a 3-year cycle - 86 inspections undertaken
- Number of inspections that resulted in issuance a certificate of compliance under section 22D of the Act – 204 inspections
- Number of inspections that resulted in issuance of a non-compliance certificate cl21 of SP Reg = 266

**Information included on Government Information Public Access activity.**

*Section 125(1) Government Information (Public Access) Act 2009, and Clause 8 Schedule 2 Government Information (Public Access) Regulation 2018*

**2018-19**

Annual reporting requirements under section 125 of the Government Information (Public Access) Act 2009 (GIPA Act) require agencies to prepare and submit an annual report on their obligations under the GIPA Act within four months of the end of the reporting period. For NSW Local Government Councils, being agencies under the GIPA Act, this date is 31 October and the reports are to be made to the Minister for Local Government.

Clause 8 of the Government Information (Public Access) Regulation 2009 sets out the information that agencies must include in their GIPA Act Annual Reports. Those requirements are set out below and are followed by Council's response.



Clause 8(a) - Details of the review carried out by the agency (MidCoast Council) under Section 7(3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of the review.

**Reviews carried out by the agency**                      **Information made publicly available by the agency**

No

No

Clause 8(b) - The total number of access applications received by the agency (MidCoast Council) during the reporting year (including withdrawn applications but not including invalid applications).

**Total number of applications received**                      44

Clause 8(c) - The total number of access applications received by the agency (MidCoast Council) during the reporting year that the agency refused, either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure).

**Number of Applications Refused**                                      **Wholly**                      **Partly**                      **Total**

0

0

0

*Schedule 2 Statistical information about access applications*

**Table A: Number of applications by type of applicant and outcome\***

	Access granted in full	Access granted in part	Access refused in full	Info not held	Info already available	Refuse to deal with application	Refuse to confirm / deny	Application withdrawn	Total	% of total
<b>Media</b>	0	0	0	0	0	0	0	0	0	0%
<b>Members of Parliament</b>	0	0	0	0	0	0	0	0	0	0%
<b>Private sector business</b>	3	2	0	0	0	0	0	0	9	11%
<b>Not for profit organisations or community groups</b>	0	0	0	0	0	0	0	0	0	0%
<b>Members of the public (application by legal representative)</b>	1	6	0	3	0	0	0	1	11	25%
<b>Members of the public (other)</b>	13	13	1	0	0	0	0	1	28	64%

<b>Total</b>	<b>17</b>	<b>21</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>44</b>
<b>% of total</b>	39%	48%	2%	7%	0%	0%	0%	5%	

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

**Table B: Number of applications by type of application and outcome**

	Access granted in full	Access granted in part	Access refused in full	Info not held	Info already available	Refuse to deal with application	Refuse to confirm / deny whether info is held	Application withdrawn	Total	% of total
<b>Personal information applications*</b>	3	0	0	0	0	0	0	0	3	7%
<b>Access applications (other than personal information applications)</b>	14	20	1	2	0	0	0	2	39	89%
<b>Access applications that are partly personal information applications and partly other</b>	0	1	0	1	0	0	0	0	2	5%
<b>Total</b>	<b>17</b>	<b>21</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>44</b>	
<b>% of total</b>	39%	48%	2%	7%	0%	0%	0%	5%		

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

**Table C: Invalid applications**

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

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

	Number of times consideration used*	% of total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	2	100%
Excluded information	0	0%
Documents affecting law enforcement and public safety	0	0%
Transport safety	0	0%
Adoption	0	0%
Care and protection of children	0	0%
Ministerial code of conduct	0	0%
Aboriginal and environmental heritage	0	0%
<b>Total</b>	<b>2</b>	

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

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

	Number of times consideration used*	% of total
Responsible and effective government	0	0%
Law enforcement and security	0	0%
Individual rights, judicial processes and natural justice	20	80%
Business interests of agencies and other persons	5	20%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
<b>Total</b>	<b>25</b>	



**Table F: Timeliness**

	Number of applications	% of total
Decided within the statutory timeframe (20 days plus any extensions)	43	98%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	1	2%
<b>Total</b>	<b>44</b>	

**Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)**

	Decision varied	Decision upheld	Total	% of total
Internal review	0	0	0	0%
Review by Information Commissioner*	1	0	1	50%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by ADT	1	0	1	50%
<b>Total</b>	<b>2</b>	<b>0</b>	<b>2</b>	
% of total	100%	0%		

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

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	Number of applications for review	% of total
Applications by access applicants	1	100%
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%
<b>Total</b>	<b>1</b>	

**Table I: Applications transferred to other agencies**

	Number of applications transferred	% of total
Agency-initiated transfers	0	0%
Applicant-initiated transfers	0	0%
<b>Total</b>	<b>0</b>	

**Information included on public interest disclosure activity.**  
*Section 31 Public Interest Disclosure Act 1994 and Clause 4 Public Interest Disclosures Regulation 2011*

**MID-COAST COUNCIL  
PUBLIC INTEREST DISCLOSURES ACT 1994**

**ANNUAL REPORT 2018-2019**

Annual reporting requirements under section 31 of the *Public Interest Disclosures Act 1994* (PID Act) require agencies to prepare and submit an annual report on their obligations under the PID Act within 4 months of the end of the reporting period. For NSW Local Government Councils, being agencies under the PID Act, this date is 31 October and the reports are to be made to the Minister for Local Government.

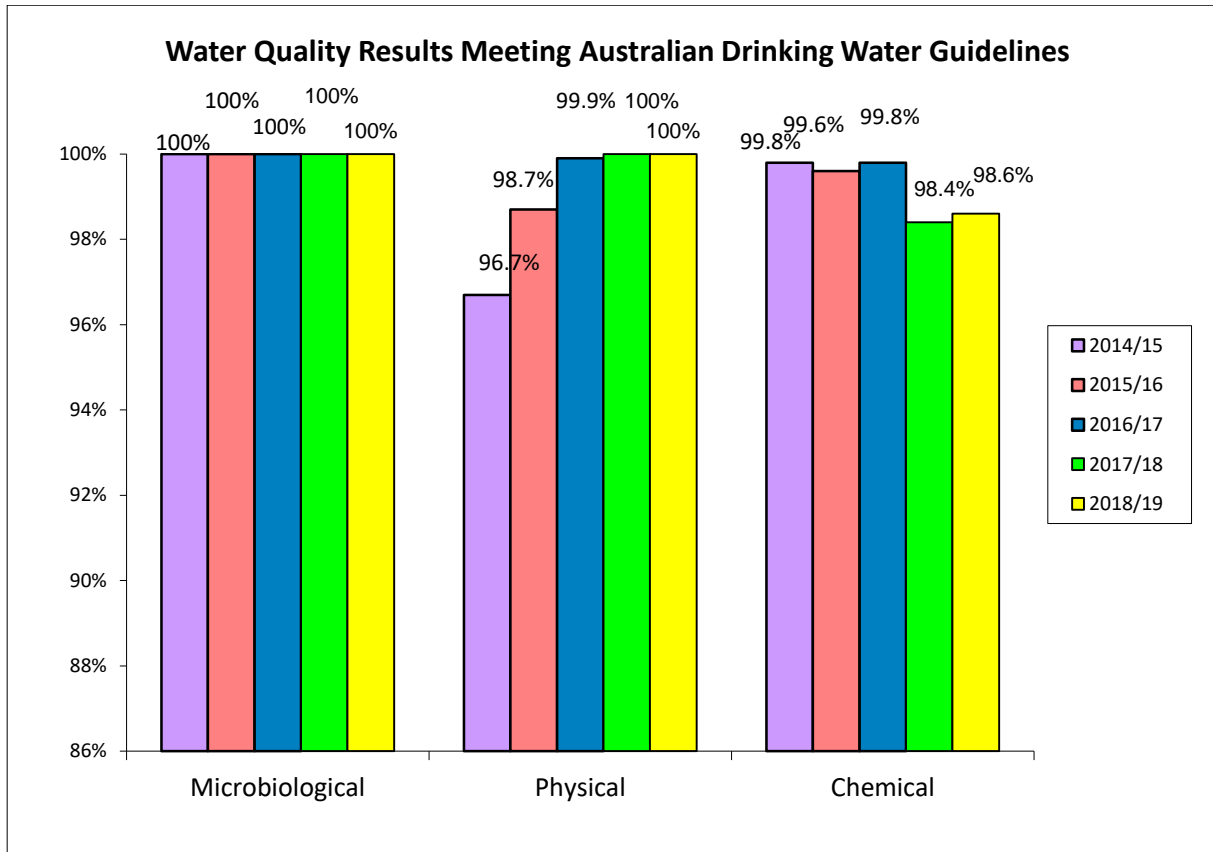
The *Public Interest Disclosures Regulation 2011* sets out the information that agencies must include in their PID Act Annual Reports. Those requirements are set out below.

**1. Statistical Information on PIDs**

	<b>July 2018 - June 2019</b>
Number of public officials who made PIDs	2
Number of PIDs received	2
Of PIDs received, number primarily about:	
Corrupt Conduct	2
Maladministration	0
Serious and substantial waste	0
Government information contravention	0
Local government pecuniary interest contravention	0
Number of PIDs finalised	2

## Compliance with the Australian Drinking Water Guidelines (ADWG)

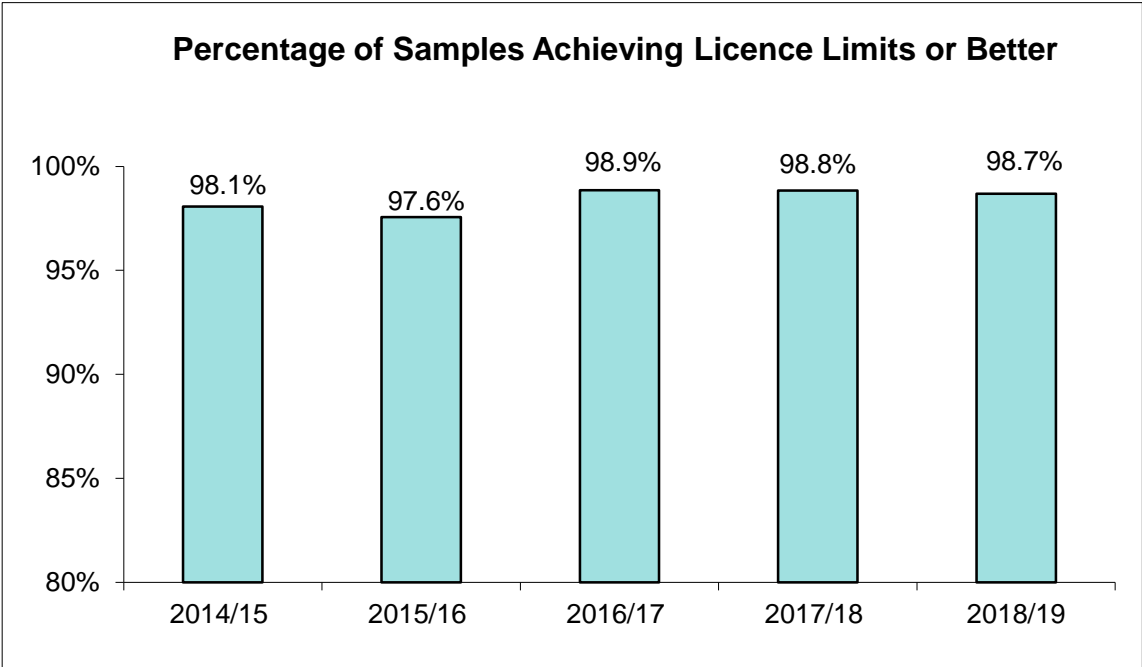
During the 2018-19 year, water quality results of samples collected in the reticulation system within Australian Drinking Water Guidelines are presented below, compared with the previous four years.





### Compliance with environmental protection licences

During the 2018-19 year, 98.7% of effluent samples taken from all sewage treatment plants achieved licence limits or better. The 2018-19 year compliance compared to the previous four years is shown below:



## Compliance with the NSW Government's Best Practice Management of Water Supply and Sewerage Framework

As a Council responsible for water supply and sewerage services, MidCoast Council must comply with the requirements of the *Local Government Act 1993* as well as the NSW Government's Best-Practice Management of Water Supply and Sewerage Framework.

The six elements of the framework are:

### 1. Integrated Water Cycle Management Strategy and Financial Plan

The Best Practice Framework requires the review of our integrated water cycle management strategy every eight years. The development of our integrated water cycle management strategy 'Our Water Our Future' has identified long term solutions for MidCoast Council's water and sewerage services in accordance with the requirements of the framework. The draft integrated water cycle management strategy and summary document were placed on public exhibition from 15 December 2015 until 26 February 2016 and subsequently adopted by the board in March 2016 and then submitted to DPI Water.

### 2. Water conservation measures

MidCoast Council has made significant progress with regards to water conservation through ongoing community education, engagement, and pricing. In 2017/2018 benchmarking the average domestic usage for our region was the 7<sup>th</sup> lowest in the state and 2<sup>nd</sup> lowest of the large (>10,000 connections) water utilities.

### 3. Strategic business plan

MidCoast Council Water Services' strategic business plan 'Future Directions 2018-2048' adopted in 2018 complies with the timeframes and requirements of the *Local Government Act 1993* and the Best-Practice Framework. MidCoast Council Water Services has developed and adopted a drinking water quality management system in accordance with NSW Health regulations.

### 4. Drought management plan

In 2018, MidCoast Council Water Services updated its Drought Management Plan as part of the review of the Strategic Business Plan. The plan is currently under review in response to the current drought.

### 5. Pricing and regulation of water supply, sewerage and trade waste

MidCoast Council complies with these requirements through the development of its long-term financial plan, development of servicing plans and ongoing implementation of its liquid trade waste policy.

### 6. Performance monitoring

MidCoast Council Water Services submitted its Triple Bottom Line Performance Report for 2017-18 according to NSW Water Utility Performance Monitoring System requirements, addressing economic, financial and social performance indicators, which are benchmarked against regional NSW and other Australian utilities.



PART FOUR

# FINANCIAL STATEMENTS



# MidCoast Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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# MidCoast Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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# General Purpose Financial Statements

for the year ended 30 June 2019

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## Overview

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

4-10 Breese Parade  
Forster NSW 2428

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.midcoast.nsw.gov.au](http://www.midcoast.nsw.gov.au).



## General Purpose Financial Statements

for the year ended 30 June 2019

### Understanding Council's Financial Statements

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#### 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 2019.

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.

## MidCoast Council

### General Purpose Financial Statements

for the year ended 30 June 2019

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

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

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

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

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

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

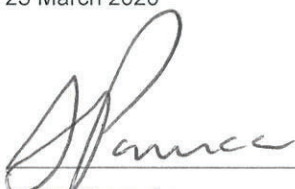
Signed in accordance with a resolution of Council made on 25 March 2020.



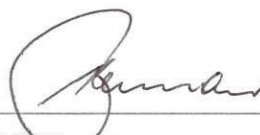
David West  
**Mayor**  
25 March 2020



Claire Pontin  
**Councillor**  
25 March 2020



Adrian Panuccio  
**General Manager**  
25 March 2020



Philip Brennan  
**Responsible Accounting Officer**  
25 March 2020

## Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 <sup>1</sup>
<b>Income from continuing operations</b>				
<u>Revenue:</u>				
145,278	Rates and annual charges	3a	148,220	142,492
40,783	User charges and fees	3b	53,448	51,923
3,936	Interest and investment revenue	3c	6,165	5,056
12,471	Other revenues	3d	5,727	4,951
38,536	Grants and contributions provided for operating purposes	3e,3f	32,709	34,381
5,165	Grants and contributions provided for capital purposes	3e,3f	42,171	25,282
<u>Other income:</u>				
–	Fair value increment on investment properties	10	370	200
–	Net share of interests in joint ventures and associates using the equity method	15	–	243
246,169	<b>Total income from continuing operations</b>		288,810	264,528
<b>Expenses from continuing operations</b>				
76,012	Employee benefits and on-costs	4a	74,418	68,757
13,510	Borrowing costs	4b	11,960	14,330
55,029	Materials and contracts	4c	51,757	46,770
78,959	Depreciation and amortisation	4d	78,250	77,041
34,023	Other expenses	4e	27,071	27,375
–	Net losses from the disposal of assets	5	2,424	334
–	Revaluation decrement / impairment of IPP&E	4d	6,225	–
–	Net share of interests in joint ventures and associates using the equity method	15	39	–
257,533	<b>Total expenses from continuing operations</b>		252,144	234,607
(11,364)	<b>Net operating result for the year</b>		36,666	29,921
<b>Gain on local government amalgamation</b>				
–	Assets and liabilities transferred from former councils	20	–	784,706
(11,364)	<b>Net result for the year</b>		36,666	814,627
(11,364)	Net result attributable to Council		36,666	814,627
(16,529)	Net operating result for the year before grants and contributions provided for capital purposes		(5,505)	4,639

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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



## Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018 <sup>1</sup>
<b>Net result for the year (as per Income Statement)</b>		<b>36,666</b>	<b>814,627</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9(a)	462,732	60,124
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>462,732</b>	<b>60,124</b>
<b>Total other comprehensive income for the year</b>		<b>462,732</b>	<b>60,124</b>
<b>Total comprehensive income for the year</b>		<b>499,398</b>	<b>874,751</b>
Total comprehensive income attributable to Council		499,398	874,751

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

## Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018 <sup>1</sup>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	6(a)	38,599	34,718
Investments	6(b)	157,700	137,900
Receivables	7	33,541	27,222
Inventories	8a	5,149	2,320
Other	8b	806	1,808
<b>Total current assets</b>		<u>235,795</u>	<u>203,968</u>
<b>Non-current assets</b>			
Investments	6(b)	45,250	30,000
Inventories	8a	1,674	4,649
Infrastructure, property, plant and equipment	9(a)	3,386,770	2,940,058
Investment property	10a	18,570	18,200
Investments accounted for using the equity method	15	404	443
<b>Total non-current assets</b>		<u>3,452,668</u>	<u>2,993,350</u>
<b>TOTAL ASSETS</b>		<u>3,688,463</u>	<u>3,197,318</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11	19,324	19,943
Income received in advance	11	3,815	3,682
Borrowings	11	21,497	32,449
Provisions	12	25,034	23,153
<b>Total current liabilities</b>		<u>69,670</u>	<u>79,227</u>
<b>Non-current liabilities</b>			
Borrowings	11	201,077	198,377
Provisions	12	12,276	13,672
<b>Total non-current liabilities</b>		<u>213,353</u>	<u>212,049</u>
<b>TOTAL LIABILITIES</b>		<u>283,023</u>	<u>291,276</u>
<b>Net assets</b>		<u>3,405,440</u>	<u>2,906,042</u>
<b>EQUITY</b>			
Accumulated surplus	13a	2,882,584	2,845,918
Revaluation reserves	13a	522,856	60,124
<b>Council equity interest</b>		<u>3,405,440</u>	<u>2,906,042</u>
<b>Total equity</b>		<u>3,405,440</u>	<u>2,906,042</u>

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

## Statement of Changes in Equity

for the year ended 30 June 2019

\$ '000	Notes	2019			2018 <sup>1</sup>		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
<b>Opening balance</b>		2,845,918	60,124	2,906,042	2,031,291	–	2,031,291
<b>Net operating result for the year</b>		36,666	–	36,666	814,627	–	814,627
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9(a)	–	462,732	462,732	–	60,124	60,124
<b>Other comprehensive income</b>		–	462,732	462,732	–	60,124	60,124
<b>Total comprehensive income</b>		36,666	462,732	499,398	814,627	60,124	874,751
<b>Equity – balance at end of the reporting period</b>		2,882,584	522,856	3,405,440	2,845,918	60,124	2,906,042

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*

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



## Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
<b>Cash flows from operating activities</b>				
<u>Receipts</u>				
–	Bonds, deposits and retention amounts received		1,142	772
144,655	Rates and annual charges		146,559	139,192
40,897	User charges and fees		54,981	55,760
3,913	Investment and interest revenue received		5,166	4,766
44,864	Grants and contributions		64,388	58,038
11,914	Other		14,828	11,235
<u>Payments</u>				
(13,630)	Borrowing costs		(13,759)	(12,882)
(76,063)	Employee benefits and on-costs		(72,268)	(61,709)
(51,871)	Materials and contracts		(60,603)	(64,319)
(34,174)	Other		(30,703)	(35,404)
70,505	<b>Net cash provided (or used in) operating activities</b>		109,731	95,449
<b>Cash flows from investing activities</b>				
<u>Receipts</u>				
8,843	Sale of investment securities		186,200	319,618
2,177	Sale of infrastructure, property, plant and equipment		1,558	1,351
–	Deferred debtors receipts		–	11
<u>Payments</u>				
–	Deferred debtors and advances made		(10)	(33)
–	Purchase of investment securities		(221,250)	(357,679)
(58,307)	Purchase of infrastructure, property, plant and equipment		(64,264)	(71,731)
–	Purchase of real estate assets		168	–
(47,287)	<b>Net cash provided (or used in) investing activities</b>		(97,598)	(108,463)
<b>Cash flows from financing activities</b>				
<u>Receipts</u>				
2,882	Proceeds from borrowings and advances		12,840	9,682
<u>Payments</u>				
(20,845)	Repayment of borrowings and advances		(21,000)	(19,871)
(92)	Repayment of finance lease liabilities		(92)	(88)
(18,055)	<b>Net cash flow provided (used in) financing activities</b>		(8,252)	(10,277)
5,163	<b>Net increase/(decrease) in cash and cash equivalents</b>		3,881	(23,291)
22,723	Plus: cash and cash equivalents – beginning of year	14a	34,718	14,258
–	Plus: Cash resulting from transfer of Local		–	43,751
27,886	<b>Cash and cash equivalents – end of the year</b>	14a	38,599	34,718
Additional Information:				
96,045	plus: Investments on hand – end of year	6(b)	202,950	167,900
123,931	<b>Total cash, cash equivalents and investments</b>		241,549	202,618

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 25 March 2020. Council has the power to amend and reissue these 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.

The Governor of New South Wales by Proclamation published in the Government Gazette of 28 June 2017 declared, pursuant to Section 397 of the *Local Government Act 1993*, that on and from the beginning of 1 July 2017 that MidCoast County Council was dissolved with its functions and operations subsumed by Mid-Coast Council.

Assets and liabilities of the former County Council acquired as a result of the transfer were recognised by Mid-Coast Council at fair value or the carrying value of the former County Council at the date of proclamation.

The fair value of the net assets has been shown as a gain on local government transfer in the Income Statement for the year ended 30 June 2018.

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.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 19 – Material budget variations

and are clearly marked.

#### (a) New and amended standards adopted by Council

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2019.

Those newly adopted standards which had an impact on reported position, performance and/or disclosures have been discussed in Note 13.

#### (b) Historical cost convention

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

#### (c) Significant accounting estimates and judgements

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

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

#### Critical accounting estimates and assumptions

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

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



## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

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- (i) estimated fair values of investment properties – refer Note 10
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- (iii) estimated tip remediation provisions – refer Note 12
- (iv) employee benefit provisions – refer Note 12.

#### 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 in Note 7.

#### Monies and other assets received by Council

##### (a) The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service.

##### (b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets received by the Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies. Trust monies and other assets subject to Council's control have been included in these reports.

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.

#### 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 have been published that are not mandatory for the 30 June 2019 reporting period (and which have not been early adopted by Council).

The relevant standards are:

- AASB 15 Revenue from contracts with customers
- AASB 16 Leases
- AASB 1058 Income of not for profit entities

As at the date of authorisation of these financial statements, Council has not undertaken a detailed impact assessment. As such it is unable to provide a definitive statement that the introduction of these standards will not have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### 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		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Functions or activities</b>										
Our Unique Diverse & Culturally Rich Communities	17,495	16,085	27,621	25,662	(10,126)	(9,577)	5,665	2,798	209,094	175,411
Our Connected Community	159,292	144,242	171,817	153,231	(12,525)	(8,989)	19,128	10,490	3,255,720	2,756,653
Our Environment	6,948	6,088	11,443	9,464	(4,495)	(3,376)	2,592	2,370	20,060	7,239
Our Thriving & Growing Economy	3,455	2,507	5,843	6,946	(2,388)	(4,439)	1,580	62	47,948	100,990
Strong Leadership & Shared Vision	101,620	95,606	35,420	39,304	66,200	56,302	18,389	17,104	155,641	157,025
<b>Total functions and activities</b>	<b>288,810</b>	<b>264,528</b>	<b>252,144</b>	<b>234,607</b>	<b>36,666</b>	<b>29,921</b>	<b>47,354</b>	<b>32,824</b>	<b>3,688,463</b>	<b>3,197,318</b>



## Notes to the Financial Statements

for the year ended 30 June 2019

### 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:

#### Our Unique, Diverse and Culturally Rich Communities

- We are a diverse community that works together to care for all our members
- We will embrace the uniqueness and creativity of our communities

#### Our Connected Community

- We feel connected to each other
- It is safe and easy to get around our region
- We utilise technologies to connect us locally and beyond
- We protect the health and safety of our communities

#### Our Environment

- We protect maintain and restore our natural environment
- We manage resources wisely
- We balance the needs of our natural and built environments

#### Our Thriving and Growing Economy

- Our region is a popular place to visit, live, work and invest
- Our villages and business precincts are vibrant commercial, cultural and social hubs
- We encourage greater rural and agricultural diversity

#### Strong Leadership & Shared Vision

- We work in partnership with our community and government to ensure council is a trusted and flexible organisation that delivers on their needs
- We maintain strong organisational health that contributes to council's success and community-focussed culture
- We make opportunities available for the community to inform decisions that shape our future
- We develop and encourage community and civic leadership

### Note 3. Income from continuing operations

\$ '000	2019	2018
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#### (a) Rates and annual charges

##### Ordinary rates

Residential	57,746	54,890
Farmland	8,068	7,663
Mining	301	282

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
Business	9,452	8,352
Less: pensioner rebates (mandatory)	(2,344)	(2,226)
<b>Rates levied to ratepayers</b>	<b>73,223</b>	<b>68,961</b>
Pensioner rate subsidies received	1,272	1,230
<b>Total ordinary rates</b>	<b>74,495</b>	<b>70,191</b>
<b>Annual charges</b>		
Domestic waste management services	19,331	19,162
Stormwater management services	815	797
Water supply services	13,614	12,546
Sewerage services	38,780	38,504
Waste management services (non-domestic)	2,308	2,459
Less: pensioner rebates (mandatory)	(2,498)	(2,527)
<b>Annual charges levied</b>	<b>72,350</b>	<b>70,941</b>
Pensioner subsidies received:		
– Water	497	486
– Sewerage	460	451
– Domestic waste management	418	423
<b>Total annual charges</b>	<b>73,725</b>	<b>72,301</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>148,220</b>	<b>142,492</b>

Council has used 2017 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.

\$ '000	2019	2018
<b>(b) User charges and fees</b>		
<b>Specific user charges</b>		
<small>(per s.502 - specific 'actual use' charges)</small>		
Domestic waste management services	5,343	4,556
Water supply services	25,779	25,555
Sewerage services	2,895	2,630
Waste management services (non-domestic)	235	421
Trade Waste	55	25
<b>Total specific user charges</b>	<b>34,307</b>	<b>33,187</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Planning and building regulation	2,645	2,657

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
Section 149 certificates (EPA Act)	276	317
Section 603 certificates	226	538
Laboratory Fees	118	132
Water & Sewerage Connection Fees	657	778
Animal control	12	130
Beach vehicle licencing	500	371
Caravan park and camping grounds licence	27	15
Community health fees (food inspection fees etc.)	261	142
Engineering – fixing levels and DA fees	163	227
Freedom of information fees	8	23
On site sewer waste management fees	1,049	908
Outdoor eating licences	1	38
Section 735a charges	17	24
<b>Total fees and charges – statutory/regulatory</b>	<b>5,960</b>	<b>6,300</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Cemeteries	639	569
Leaseback fees – Council vehicles	900	657
Library and art gallery	89	68
Saleyards	144	104
Swimming centres	176	187
Tourism	51	40
Private works – section 67	453	367
Entertainment centre	336	90
Landing fees	103	103
Ageing services	2,454	1,306
Community land / property rentals	79	153
Community services	16	74
Damage bonds	103	136
Mooring fees	122	115
Other service fees and misc income	2,426	1,464
RMS fees for service	996	904
Parks and recreation	516	484
Road escort fees	–	20
National disability insurance scheme	3,578	5,595
<b>Total fees and charges – other</b>	<b>13,181</b>	<b>12,436</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>53,448</b>	<b>51,923</b>

**Accounting policy for user charges and fees**

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

**(c) Interest and investment revenue (including losses)****Interest on financial assets measured at amortised cost**

– Overdue rates and annual charges (incl. special purpose rates)	516	480
– Cash and investments	5,659	4,609

**Amortisation of premiums and discounts**

– Interest free (and interest reduced) loans provided	(10)	(33)
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**TOTAL INTEREST AND INVESTMENT REVENUE**

<b>6,165</b>	<b>5,056</b>
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**Interest revenue is attributable to:**

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	304	308
General Council cash and investments	3,404	3,118
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	252	282
– Section 64	174	172
Water fund operations	364	282
Sewerage fund operations	1,629	850
Domestic waste management operations	34	34
Other externally restricted assets	4	10
<b>Total interest and investment revenue</b>	<b>6,165</b>	<b>5,056</b>

**Accounting policy for interest and investment revenue**

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

\$ '000	Notes	2019	2018
<b>(d) Other revenues</b>			
Rental income – investment property	10	1,042	1,031
Rental income – other council properties		1,242	831
Fines		476	528
Legal fees recovery – rates and charges (extra charges)		259	390
Legal fees recovery – other		–	156
Commissions and agency fees		116	340
Diesel rebate		172	239
Insurance claim recoveries		399	507
YMCA profit sharing		50	219
Recycling		1,050	12
Reimbursements		234	244
Other		687	454
<b>TOTAL OTHER REVENUE</b>		<b>5,727</b>	<b>4,951</b>

**Accounting policy for other revenue**

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

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

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

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

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



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income 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.

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	6,120	6,152	–	–
Financial assistance – local roads component	2,693	2,610	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	6,344	6,435	–	–
Financial assistance – local roads component	2,795	2,564	–	–
<b>Total general purpose</b>	<b>17,952</b>	<b>17,761</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Water supplies	92	–	365	1,377
Bushfire and emergency services	912	887	224	374
Community care	1,041	1,121	161	–
Employment and training programs	34	–	–	–
Library	253	288	135	–
LIRS subsidy	498	606	–	–
Noxious weeds	331	382	–	–
Public halls	–	–	–	36
Street lighting	209	118	–	–
Transport (roads to recovery)	1,114	4,536	–	–
Transport (other roads and bridges funding)	–	208	15,483	455
Waste and sustainability	–	121	–	–
Transport (buckets way upgrade)	–	–	–	16
Environmental works	2,079	1,514	–	780
Recreation improvements	608	–	1,916	1,609
Other rebates	32	–	–	–
Stronger community funding	47	–	2,075	–
Civic Precinct	–	–	1,500	–
Other	293	596	–	39
<b>Total specific purpose</b>	<b>7,543</b>	<b>10,377</b>	<b>21,859</b>	<b>4,686</b>
<b>Total grants</b>	<b>25,495</b>	<b>28,138</b>	<b>21,859</b>	<b>4,686</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	18,949	22,137	3,661	1,304
– State funding	6,546	6,001	18,198	3,382
	<b>25,495</b>	<b>28,138</b>	<b>21,859</b>	<b>4,686</b>

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
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## (f) Contributions

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.4 – contributions using planning agreements		–	–	83	–
S 7.11 – contributions towards amenities/services		–	–	4,757	3,344
S 64 – water supply contributions		–	–	2,791	5,017
S 64 – sewerage service contributions		–	–	2,622	2,335
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>10,253</b>	<b>10,696</b>
<b>Total developer contributions</b>	24	<b>–</b>	<b>–</b>	<b>10,253</b>	<b>10,696</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Community services		2	246	–	–
Kerb and gutter		–	11	–	–
RMS contributions (regional roads, block grant)		6,027	4,993	1,638	1,505
Crown reserve contribution (caravan parks)		580	708	–	–
Library services		24	10	–	–
Misc. contributions		551	168	–	–
Recreational facilities		–	10	244	–
Tourism / economic development		2	48	–	–
Other waste		28	49	–	–
Other		–	–	4	275
<b>Total other contributions – cash</b>		<b>7,214</b>	<b>6,243</b>	<b>1,886</b>	<b>1,780</b>
<b>Non-cash contributions</b>					
Bushfire services		–	–	–	2,847
Dedications – subdivisions (other than by s7.11)		–	–	6,440	4,938
Water supplies (excl. section 64 contributions)		–	–	1,733	335
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>8,173</b>	<b>8,120</b>
<b>Total other contributions</b>		<b>7,214</b>	<b>6,243</b>	<b>10,059</b>	<b>9,900</b>
<b>Total contributions</b>		<b>7,214</b>	<b>6,243</b>	<b>20,312</b>	<b>20,596</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>32,709</b>	<b>34,381</b>	<b>42,171</b>	<b>25,282</b>

**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 below.

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income 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	2019	2018
<b>(g) Unspent grants and contributions</b>		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	2,583	3,349
<b>Add:</b> operating grants recognised in the current period but not yet spent	1,046	739
<b>Add:</b> operating grants received for the provision of goods and services in a future period	–	–
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(1,389)	(1,505)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>2,240</b>	<b>2,583</b>
<b>Capital grants</b>		
Unexpended at the close of the previous reporting period	2,306	7,251
<b>Add:</b> capital grants recognised in the current period but not yet spent	4,216	1,791
<b>Add:</b> capital grants received for the provision of goods and services in a future period	–	–
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(988)	(6,736)
<b>Unexpended and held as restricted assets (capital grants)</b>	<b>5,534</b>	<b>2,306</b>
<b>Contributions</b>		
Unexpended at the close of the previous reporting period	28,522	14,192
<b>Add:</b> contributions recognised in the current period but not yet spent	–	10,285
Add: contributions recognised in the current period but not yet spent	11,482	8,876
<b>Add:</b> contributions received for the provision of goods and services in a future period	–	37
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–
<b>Less:</b> contributions recognised in a previous reporting period now spent	(6,278)	(4,868)
<b>Unexpended and held as restricted assets (contributions)</b>	<b>33,726</b>	<b>28,522</b>

## Note 4. Expenses from continuing operations

\$ '000	2019	2018
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	58,331	53,329
Travel expenses	178	145
Employee leave entitlements (ELE)	10,607	8,694
Superannuation	7,782	7,592
Workers' compensation insurance	856	1,634
Fringe benefit tax (FBT)	161	156
Payroll tax	1,265	696
Training costs (other than salaries and wages)	510	656
Other	554	545

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
<b>Total employee costs</b>	80,245	73,447
Less: capitalised costs	(5,827)	(4,690)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>74,418</b>	<b>68,757</b>

Number of 'full-time equivalent' employees (FTE) at year end	787	737
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**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 17 for more information.

\$ '000	Notes	2019	2018
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on loans		13,355	14,280
<b>Total interest bearing liability costs expensed</b>		<b>13,355</b>	<b>14,280</b>
<b>(ii) Other borrowing costs</b>			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	12	(1,395)	50
<b>Total other borrowing costs</b>		<b>(1,395)</b>	<b>50</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>11,960</b>	<b>14,330</b>

**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.

\$ '000	2019	2018
<b>(c) Materials and contracts</b>		
Raw materials and consumables	29,766	24,255
– Contractor costs	17,875	19,490
– Consultancy costs	2,668	1,850
Auditors remuneration <sup>2</sup>	307	231
<b>Legal expenses:</b>		
– Legal expenses: planning and development	434	155
– Legal expenses: debt recovery	171	207



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
– Legal expenses: other	185	309
<b>Operating leases:</b>		
– Operating lease rentals: minimum lease payments <sup>1</sup>	351	273
<b>Total materials and contracts</b>	<u>51,757</u>	<u>46,770</u>
<b>TOTAL MATERIALS AND CONTRACTS</b>	<u>51,757</u>	<u>46,770</u>

**Accounting policy for operating leases**

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

**1. Operating lease payments are attributable to:**

Motor vehicles	141	158
Other	210	115
	<u>351</u>	<u>273</u>

**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	292	224
<b>Remuneration for audit and other assurance services</b>	<u>292</u>	<u>224</u>
<b>Total Auditor-General remuneration</b>	<u>292</u>	<u>224</u>

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

Audit and review of financial statements	5	1
Other audit and assurance services (council's internal auditor)	10	–
Other audit and assurance services	–	6
<b>Remuneration for audit and other assurance services</b>	<u>15</u>	<u>7</u>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<u>15</u>	<u>7</u>
<b>Total Auditor remuneration</b>	<u>307</u>	<u>231</u>

\$ '000	Notes	2019	2018
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**(d) Depreciation, amortisation and impairment of intangible assets and IPP&E****Depreciation and amortisation**

Plant and equipment	5,210	6,165
Office equipment	391	601
Furniture and fittings	218	300
Computer equipment	1,161	538
Land improvements (depreciable)	313	279
<b>Infrastructure:</b>		
– Buildings	8,189	7,899

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2019	2018
– Other structures		1,077	1,023
– Roads		26,287	24,544
– Bridges		3,332	3,448
– Footpaths		755	557
– Stormwater drainage		2,033	2,021
– Water supply network		13,214	13,085
– Sewerage network		13,312	14,063
– Swimming pools		220	254
– Other open space/recreational assets		1,507	1,301
<b>Other assets:</b>			
– Library books		476	457
– Cemetery assets		27	10
– Other		90	55
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	9(a),12	435	438
– Quarry assets	9(a),12	3	3
<b>Total gross depreciation and amortisation costs</b>		<u>78,250</u>	<u>77,041</u>
<b>Total depreciation and amortisation costs</b>		<u>78,250</u>	<u>77,041</u>
<b>Impairment / revaluation decrement of IPP&amp;E</b>			
<b>Infrastructure:</b>			
– Footpaths		6,225	–
<b>Total gross IPP&amp;E impairment / revaluation decrement costs / (reversals)</b>		<u>6,225</u>	<u>–</u>
<b>Total IPP&amp;E impairment / revaluation decrement costs / (reversals) charged to Income Statement</b>		<u>6,225</u>	<u>–</u>
<b><u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR INTANGIBLES AND IPP&amp;E</u></b>		<u>84,475</u>	<u>77,041</u>

**Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&E****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**

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

\$ '000	2019	2018
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## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
<b>(e) Other expenses</b>		
Advertising	304	227
Bank charges	549	754
– Emergency services levy	125	150
– NSW fire brigade levy	194	195
– NSW rural fire service levy	1,171	1,204
– Waste levy	7,287	5,935
Councillor expenses – mayoral fee	43	32
Councillor expenses – councillors' fees	216	166
Councillors' expenses (incl. mayor) – other (excluding fees above)	57	58
Donations, contributions and assistance to other organisations (Section 356)	628	1,957
Election expenses	–	528
Electricity and heating	5,170	5,294
Insurance	2,973	2,886
Postage	212	247
Printing and stationery	213	239
Street lighting	1,178	1,442
Subscriptions and publications	233	157
Telephone and communications	831	742
Valuation fees	472	378
Plant running costs	4,050	3,420
Other	1,165	1,364
<b>Total other expenses</b>	<b>27,071</b>	<b>27,375</b>
<b>TOTAL OTHER EXPENSES</b>	<b>27,071</b>	<b>27,375</b>

**Accounting policy for other expenses**

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

## Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2019	2018
<b>Property (excl. investment property)</b>			
Proceeds from disposal – property		260	–
Less: carrying amount of property assets sold/written off		(168)	–
<b>Net gain/(loss) on disposal</b>		<b>92</b>	<b>–</b>
<b>Plant and equipment</b>			
	9(a)		
Proceeds from disposal – plant and equipment		1,298	1,324
Less: carrying amount of plant and equipment assets sold/written off		(1,143)	(1,056)
<b>Net gain/(loss) on disposal</b>		<b>155</b>	<b>268</b>
<b>Infrastructure</b>			
	9(a)		
Proceeds from disposal – infrastructure		–	27
Less: carrying amount of infrastructure assets sold/written off		(2,671)	(653)
<b>Net gain/(loss) on disposal</b>		<b>(2,671)</b>	<b>(626)</b>
<b>Investments</b>			
	6(b)		
Proceeds from disposal/redemptions/maturities – financial assets		186,200	319,618

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2019	2018
Less: carrying amount of financial assets sold/redeemed/matured		(186,200)	(319,594)
<b>Net gain/(loss) on disposal</b>		<u>–</u>	<u>24</u>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<u>(2,424)</u>	<u>(334)</u>

**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.

## Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	19,636	25,712
Cash-equivalent assets		
– Deposits at call	18,963	9,006
<b>Total cash and cash equivalents</b>	<u>38,599</u>	<u>34,718</u>

**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 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Investments</b>				
a. 'Financial assets at fair value through profit and loss'				
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	157,700	45,250	137,900	30,000
<b>Total Investments</b>	<u>157,700</u>	<u>45,250</u>	<u>137,900</u>	<u>30,000</u>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<u>196,299</u>	<u>45,250</u>	<u>172,618</u>	<u>30,000</u>
<b>Financial assets at amortised cost / held to maturity (2018)</b>				
Long term deposits	145,950	12,000	133,900	5,000
NCD's, FRN's (with maturities > 3 months)	11,750	33,250	4,000	25,000
<b>Total</b>	<u>157,700</u>	<u>45,250</u>	<u>137,900</u>	<u>30,000</u>

No strategic investments were disposed of during 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments.



## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 6(b). Investments (continued)

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#### Accounting policy for investments

##### Accounting policy under AASB 9 – applicable from 1 July 2018

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

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

##### Financial assets

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

##### Classification

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

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

##### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

##### Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in Other Comprehensive Income Statement.

##### 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.

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

##### Accounting policy under AASB 139 – applicable for 2018 comparatives only

##### Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 6(b). Investments (continued)

for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

#### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

#### (b) Held to maturity investments

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

#### (c) Loans and receivables

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

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

#### (d) Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. Assets in this category are held at fair value with changes in fair value taken to other comprehensive income.

#### Recognition and de-recognition

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

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

#### Impairment of financial assets

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

#### Impairment of available for sale investments

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

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

\$ '000	2019	2019	2018	2018
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	196,299	45,250	172,618	30,000

attributable to:

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019		2018	
	Current	Non-current	Current	Non-current
External restrictions	118,517	45,250	95,154	30,000
Internal restrictions	69,668	–	75,845	–
Unrestricted	8,114	–	1,619	–
	<u>196,299</u>	<u>45,250</u>	<u>172,618</u>	<u>30,000</u>

\$ '000	2019	2018
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## Details of restrictions

**External restrictions – included in liabilities**

Specific purpose unexpended loans – general	7,755	2,940
Subdivision bonds	5,394	4,493
Sundry bonds and deposits	1,226	814
Other sale of land, planning guarantee and relocation, tender and sundry deposits	48	192

**External restrictions – included in liabilities**

	<u>14,423</u>	<u>8,439</u>
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**External restrictions – other**

Developer contributions – general	20,521	16,384
Developer contributions – sewer fund	11,791	11,617
Specific purpose unexpended grants	7,774	4,720
Water supplies	18,344	9,935
Water supplies –Employee Entitlements	1,034	1,034
Sewerage services	49,879	37,810
Sewerage services –Employee Entitlements	1,018	1,018
Domestic waste management	33,919	29,430
Stormwater management	1,746	1,878
Crown lands act – section 106 (boat harbour)	122	79
Other contributions to works	878	875
ARTC rail crossing	521	521
Cattai wetlands – environmental trust	457	453
Nabiac showground	114	65
MidCoast Assist	537	297
Other	689	599

**External restrictions – other**

	<u>149,344</u>	<u>116,715</u>
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**Total external restrictions**

	<u>163,767</u>	<u>125,154</u>
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**Internal restrictions**

Plant and vehicle replacement	8,670	6,169
Employees leave entitlement	5,290	5,290
Carry over works	10,570	15,583
Building Infrastructure Reserves	1,278	1,193
Environmental Levy Reserve	5,181	4,332
Commercial waste	2,359	3,519
Election	371	171
Emergency management	305	217
Land & Property Reserves	3,096	2,801
IT Infrastructure Reserves	1,184	1,725
Budget Management Reserves	4,416	4,260
Parks Infrastructure Reserves	1,138	1,121
Road Infrastructure Reserves	3,366	4,435

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019	2018
SRV Infrastructure Reserve	2,872	1,388
FAG in advance	9,139	8,999
Government Merger Funding Reserve	7,979	12,245
Other	2,454	2,397
<b>Total internal restrictions</b>	<b>69,668</b>	<b>75,845</b>
<b>TOTAL RESTRICTIONS</b>	<b>233,435</b>	<b>200,999</b>

## Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Purpose</b>				
Rates and annual charges	10,126	–	8,433	–
Interest and extra charges	1,735	–	1,331	–
User charges and fees	4,904	–	4,861	–
Private works	99	–	123	–
Contributions to works	823	–	288	–
Accrued revenues				
– Interest on investments	1,695	–	1,057	–
– Water & Sewerage Accrued Income	4,731	–	3,717	–
– Other income accruals	2,342	–	3,151	–
Government debtors	4,875	–	2,490	–
Net GST receivable	1,084	–	1,810	–
On site sewer management charges	48	–	34	–
Building and land rentals	–	–	102	–
Foot paving charges	10	–	21	–
Kerb and gutter charges	23	–	44	–
Other waste charges	–	–	3	–
Other receivables	1,798	–	401	–
<b>Total</b>	<b>34,293</b>	<b>–</b>	<b>27,866</b>	<b>–</b>
<b>Less: provision of impairment</b>				
Rates and annual charges	(380)	–	(348)	–
Interest and extra charges	(329)	–	(296)	–
User charges and fees	(43)	–	–	–
<b>Total provision for impairment – receivables</b>	<b>(752)</b>	<b>–</b>	<b>(644)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>33,541</b>	<b>–</b>	<b>27,222</b>	<b>–</b>

## Externally restricted receivables

## Water supply

– Rates and availability charges	926	–	736	–
– Other	7,407	–	7,026	–

## Sewerage services

– Rates and availability charges	4,006	–	3,697	–
– Other	2,517	–	1,946	–

<b>Domestic waste management</b>	1,629	–	1,068	–
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## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 7. Receivables (continued)

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Stormwater management	29	–	7	–
Other	4,875	–	2,490	–
<b>Total external restrictions</b>	<b>21,389</b>	<b>–</b>	<b>16,970</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>12,152</b>	<b>–</b>	<b>10,252</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>33,541</b>	<b>–</b>	<b>27,222</b>	<b>–</b>

\$ '000	2019	2018
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	644	660
+ new provisions recognised during the year	76	80
– amounts already provided for and written off this year	–	(96)
<b>Balance at the end of the period</b>	<b>720</b>	<b>644</b>

## 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

Refer to comments below.

## Accounting policy under AASB 9 applicable from 1 July 2018

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.

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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 7. Receivables (continued)

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.

**Accounting policy under AASB 139 – applicable for 2018 comparatives only**

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

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

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

Rates and annual charges outstanding are secured against the property.

## Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Inventories</b>				
<b>(i) Inventories at cost</b>				
Real estate for resale	3,738	1,674	931	4,649
Stores and materials	1,125	–	1,114	–
Trading stock	286	–	275	–
<b>Total inventories at cost</b>	<b>5,149</b>	<b>1,674</b>	<b>2,320</b>	<b>4,649</b>
<b>TOTAL INVENTORIES</b>	<b>5,149</b>	<b>1,674</b>	<b>2,320</b>	<b>4,649</b>
<b>(b) Other assets</b>				
Prepayments	806	–	1,808	–
<b>TOTAL OTHER ASSETS</b>	<b>806</b>	<b>–</b>	<b>1,808</b>	<b>–</b>

**Externally restricted assets**

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
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## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 8. Inventories and other assets (continued)

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Water</b>				
Stores and materials	258	–	258	–
<b>Total water</b>	<b>258</b>	<b>–</b>	<b>258</b>	<b>–</b>
<b>Sewerage</b>				
Stores and materials	2	–	2	–
<b>Total sewerage</b>	<b>2</b>	<b>–</b>	<b>2</b>	<b>–</b>

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Total externally restricted assets</b>	260	–	260	–
<b>Total internally restricted assets</b>	–	–	–	–
<b>Total unrestricted assets</b>	5,695	1,674	3,868	4,649
<b>TOTAL INVENTORIES AND OTHER ASSETS</b>	<b>5,955</b>	<b>1,674</b>	<b>4,128</b>	<b>4,649</b>

## (i) Other disclosures

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Details for real estate development</b>				
Residential	3,092	690	116	3,817
Industrial/commercial	646	984	815	832
<b>Total real estate for resale</b>	<b>3,738</b>	<b>1,674</b>	<b>931</b>	<b>4,649</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition costs	3,211	849	267	3,836
Development costs	527	825	664	813
<b>Total costs</b>	<b>3,738</b>	<b>1,674</b>	<b>931</b>	<b>4,649</b>
<b>Total real estate for resale</b>	<b>3,738</b>	<b>1,674</b>	<b>931</b>	<b>4,649</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	931	4,649	931	4,649
– Purchases and other costs	2,807	(2,975)	–	–
<b>Total real estate for resale</b>	<b>3,738</b>	<b>1,674</b>	<b>931</b>	<b>4,649</b>

## (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	2019	2018
Real estate for resale	3,738	931
	<b>3,738</b>	<b>931</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 8. Inventories and other assets (continued)

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#### 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. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### Inventory held for distribution

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

##### Land held for resale/capitalisation of borrowing costs

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

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



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2018			Asset movements during the reporting period								as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	55,354	–	55,354	18,091	318	(202)	–	–	(54,357)	12,728	–	31,932	–	31,932
Plant and equipment	63,328	(26,942)	36,386	5,054	–	(1,143)	(5,210)	–	1,759	9	–	67,522	(30,667)	36,855
Office equipment	6,040	(5,057)	983	32	–	–	(391)	–	–	–	–	4,477	(3,853)	624
Furniture and fittings	3,133	(2,629)	504	18	–	–	(218)	–	165	–	–	3,207	(2,738)	469
Computer equipment	6,395	(1,131)	5,264	326	–	–	(1,161)	–	12	14	–	6,705	(2,250)	4,455
<b>Land:</b>														
– Operational land	84,163	–	84,163	–	–	–	–	–	–	–	–	84,163	–	84,163
– Community land	74,264	–	74,264	–	–	–	–	–	–	–	–	74,264	–	74,264
– Land under roads (post 30/6/08)	126	–	126	1	8	–	–	–	–	–	–	135	–	135
Land improvements – non-depreciable	20	–	20	–	–	–	–	–	–	–	–	20	–	20
Land improvements – depreciable	5,278	(1,773)	3,505	18	–	–	(313)	–	67	400	–	5,843	(2,166)	3,677
<b>Infrastructure:</b>														
– Buildings	352,697	(146,040)	206,657	1,192	–	(416)	(8,189)	–	–	5,497	–	358,500	(153,759)	204,741
– Other structures	27,884	(10,072)	17,812	299	–	(69)	(1,077)	–	2,977	(2,329)	(7)	27,305	(9,699)	17,606
– Roads	1,485,243	(537,804)	947,439	25,716	3,583	–	(26,287)	–	10,012	(256,269)	14,397	1,322,400	(603,809)	718,591
– Bridges	340,274	(133,187)	207,087	2,764	7	–	(3,332)	–	1,593	(49,677)	18,501	310,154	(133,211)	176,943
– Footpaths	34,023	(13,987)	20,036	762	152	–	(755)	(6,225)	163	888	–	29,910	(14,889)	15,021
– Bulk earthworks (non-depreciable)	226,157	–	226,157	–	470	–	–	–	–	327,381	413,370	967,378	–	967,378
– Stormwater drainage	203,719	(71,201)	132,518	2,382	804	–	(2,033)	–	285	47,604	–	291,841	(110,281)	181,560
– Water supply network	749,200	(325,994)	423,206	4,445	604	(1,171)	(13,214)	–	32,772	(5,091)	6,565	790,212	(342,096)	448,116
– Sewerage network	700,627	(313,060)	387,567	3,028	1,128	(783)	(13,312)	–	3,332	–	6,021	716,742	(329,761)	386,981
– Swimming pools	9,484	(5,929)	3,555	–	–	–	(220)	–	–	25	–	9,531	(6,171)	3,360
– Other open space/recreational assets	39,035	(18,984)	20,051	559	172	(30)	(1,507)	–	357	(810)	3,885	40,447	(17,770)	22,677
– Other infrastructure	137,545	(56,905)	80,640	–	–	–	–	–	–	(80,640)	–	–	–	–
<b>Other assets:</b>														
– Library books	4,099	(2,520)	1,579	301	29	–	(476)	–	–	–	–	4,228	(2,795)	1,433
– Cemetery assets	481	(231)	250	–	–	–	(27)	–	–	335	–	1,051	(493)	558
– Other	3,102	(800)	2,302	6	–	–	(90)	–	863	(65)	–	3,877	(861)	3,016
<b>Reinstatement, rehabilitation and restoration assets (refer Note 14):</b>														
– Tip assets	7,186	(4,578)	2,608	–	–	–	(435)	–	–	–	–	7,186	(5,013)	2,173
– Quarry assets	182	(157)	25	–	–	–	(3)	–	–	–	–	182	(160)	22
– Other remediation assets	2,906	(2,906)	–	–	–	–	–	–	–	–	–	2,906	(2,906)	–
<b>Total Infrastructure, property, plant and equipment</b>	<b>4,621,945</b>	<b>(1,681,887)</b>	<b>2,940,058</b>	<b>64,994</b>	<b>7,275</b>	<b>(3,814)</b>	<b>(78,250)</b>	<b>(6,225)</b>	<b>–</b>	<b>–</b>	<b>462,732</b>	<b>5,162,118</b>	<b>(1,775,348)</b>	<b>3,386,770</b>

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Notes to the Financial Statements  
for the year ended 30 June 2019

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

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

## Notes to the Financial Statements for the year ended 30 June 2019

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

	as at 30/6/2017			Asset movements during the reporting period							as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Transfer assets from Midcoast Water	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	17,920	–	17,920	14,953	19,822	(8)	–	(28,131)	30,798	–	55,354	–	55,354
Plant and equipment	52,915	(27,673)	25,242	3,340	4,013	(1,025)	(6,165)	804	5,166	5,011	63,328	(26,942)	36,386
Office equipment	5,840	(4,653)	1,187	–	–	(20)	(601)	417	–	–	6,040	(5,057)	983
Furniture and fittings	2,613	(2,008)	605	–	22	(11)	(300)	–	188	–	3,133	(2,629)	504
Computer equipment	1,700	(596)	1,104	2,507	–	–	(538)	–	2,191	–	6,395	(1,131)	5,264
<b>Land:</b>													
– Operational land	45,515	–	45,515	–	261	–	–	294	22,978	15,115	84,163	–	84,163
– Community land	73,269	–	73,269	–	845	–	–	150	–	–	74,264	–	74,264
– Land under roads (post 30/6/08)	114	–	114	–	4	–	–	–	8	–	126	–	126
Land improvements – non-depreciable	20	–	20	–	–	–	–	–	–	–	20	–	20
Land improvements – depreciable	5,073	(1,524)	3,549	–	244	(9)	(279)	–	–	–	5,278	(1,773)	3,505
<b>Infrastructure:</b>													
– Buildings	279,815	(128,415)	151,400	802	409	(104)	(7,899)	719	37,925	23,405	352,697	(146,040)	206,657
– Other structures	24,233	(9,214)	15,019	74	–	(2)	(1,023)	3,744	–	–	27,884	(10,072)	17,812
– Roads	1,445,470	(515,803)	929,667	18,917	4,220	–	(24,544)	16,941	559	–	1,485,243	(537,804)	947,439
– Bridges	336,703	(129,738)	206,965	730	–	–	(3,448)	2,840	–	–	340,274	(133,187)	207,087
– Footpaths	33,359	(13,428)	19,931	426	114	–	(557)	122	–	–	34,023	(13,987)	20,036
– Bulk earthworks (non-depreciable)	226,157	–	226,157	–	–	–	–	–	–	–	226,157	–	226,157
– Stormwater drainage	201,742	(69,181)	132,561	1,070	870	–	(2,021)	38	–	–	203,719	(71,201)	132,518
– Water supply network	–	–	–	1,590	335	(268)	(13,085)	–	425,994	8,640	749,200	(325,994)	423,206
– Sewerage network	–	–	–	26	–	(131)	(14,063)	–	393,782	7,953	700,627	(313,060)	387,567
– Swimming pools	9,531	(5,722)	3,809	–	–	–	(254)	–	–	–	9,484	(5,929)	3,555
– Other open space/recreational assets	35,892	(17,934)	17,958	2,209	109	(131)	(1,301)	1,207	–	–	39,035	(18,984)	20,051
– Other infrastructure	137,050	(55,226)	81,824	240	255	–	–	–	–	–	137,545	(56,905)	80,640
<b>Other assets:</b>													
– Library books	4,092	(2,505)	1,587	449	–	–	(457)	–	–	–	4,099	(2,520)	1,579
– Other	2,314	(828)	1,486	–	16	–	(55)	855	–	–	3,102	(800)	2,302
– Cemetery assets	481	(221)	260	–	–	–	(10)	–	–	–	481	(231)	250
<b>Reinstatement, rehabilitation and restoration assets (refer Note 14):</b>													
– Tip assets	7,187	(4,141)	3,046	–	–	–	(438)	–	–	–	7,186	(4,578)	2,608
– Quarry assets	182	(154)	28	–	–	–	(3)	–	–	–	182	(157)	25
– Other remediation assets	2,906	(2,906)	–	–	–	–	–	–	–	–	2,906	(2,906)	–
<b>Total Infrastructure, property, plant and equipment</b>	<b>2,952,093</b>	<b>(991,870)</b>	<b>1,960,223</b>	<b>47,333</b>	<b>31,539</b>	<b>(1,709)</b>	<b>(77,041)</b>	<b>–</b>	<b>919,589</b>	<b>60,124</b>	<b>4,621,945</b>	<b>(1,681,887)</b>	<b>2,940,058</b>

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Notes to the Financial Statements  
for the year ended 30 June 2019

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

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



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). 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 comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

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.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	3 to 10	Playground equipment	5 to 15
Office furniture	3 to 10	Benches, seats etc.	10 to 20
Computer equipment	3 to 10		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 15	Buildings: masonry	20 to 100
Other plant and equipment	5 to 15	Buildings: other	10 to 100
		<b>Stormwater assets</b>	
<b>Water and sewer assets</b>		Drains	80 to 100
Dams and reservoirs	80 to 100	Culverts	50 to 75
Bores	20 to 40	Long life assets	to 200
Sewer Pipe Network	70 to 80		
Water Pipe Network	70 to 80		
Pumps and telemetry	15 to 20		
		<b>Other infrastructure assets</b>	
<b>Transportation assets</b>		Bulk earthworks	Infinite
Sealed roads: surface	10 to 50	Swimming pools	4 to 50
Sealed roads: structure	40 to 200	Other open space/recreational assets	10 to 100
Unsealed roads	10 to 50	Other infrastructure	5 to 100
Bridge: concrete	60 to 200		
Bridge: other	20 to 100		
Road pavements	40 to 200		
Kerb, gutter and footpaths	20 to 80		

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

**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 to recognise land under roads in accordance with AASB 1051 Land Under Roads.

Council has elected to use the Englobo valuation method for land under roads. This requires an average site value (SV) across the Council area on a dollar per square meter to be calculated.

## Notes to the Financial Statements

for the year ended 30 June 2019

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

The site value is the value of the underlying land assuming that any existing improvements have not been made. Adjustment factors for 65% and 25% respectively have been applied when calculating the englobo value.

**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.

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".

The issue of control over assets used for Rural Fire Services has been the subject of considerable debate. Council has recognised assets including fleet, land and buildings as assets of the Council in these financial statements.

## Note 9(b). Externally restricted infrastructure, property, plant and equipment

\$ '000	2019			2018		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
WIP	4,513	–	4,513	35,619	–	35,619
Plant and equipment	4,992	2,218	2,774	4,726	2,080	2,646
Office equipment	208	111	97	209	69	140
Furniture and fittings	289	243	46	290	214	76
Land						
– Operational land	13,427	–	13,427	13,427	–	13,427
Buildings	34,014	7,270	26,744	34,014	6,680	27,334
Infrastructure	795,303	342,134	453,169	749,200	325,993	423,207
Other assets	1,777	284	1,493	1,776	200	1,576
<b>Total water supply</b>	<b>854,523</b>	<b>352,260</b>	<b>502,263</b>	<b>839,261</b>	<b>335,236</b>	<b>504,025</b>
<b>Sewerage services</b>						
WIP	2,139	–	2,139	6,730	–	6,730
Plant and equipment	4,993	2,218	2,775	4,726	2,080	2,646
Office equipment	209	111	98	209	69	140
Furniture and fittings	290	244	46	290	214	76
Land						
– Operational land	10,811	–	10,811	10,811	–	10,811
– Improvements non-depreciable	–	–	–	21	–	21
Buildings	15,129	3,708	11,421	15,109	3,436	11,673
Infrastructure	716,742	329,761	386,981	700,627	313,060	387,567
Other assets	1,161	211	950	1,161	139	1,022
<b>Total sewerage services</b>	<b>751,474</b>	<b>336,253</b>	<b>415,221</b>	<b>739,684</b>	<b>318,998</b>	<b>420,686</b>
<b>Domestic waste management</b>						
WIP	–	–	–	819	–	819
Plant and equipment	2,899	1,158	1,741	2,532	860	1,672
Office equipment	81	73	8	73	60	13
Furniture and fittings	61	26	35	52	22	30

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## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(b). Externally restricted infrastructure, property, plant and equipment (continued)

\$ '000	2019			2018		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Land						
– Operational land	4,241	–	4,241	4,401	–	4,401
– Improvements – depreciable	258	24	234	161	22	139
Buildings	8,418	2,210	6,208	7,473	1,936	5,537
Other structures	7,928	1,225	6,703	8,468	1,142	7,326
Other assets	3,503	1,018	2,485	9,720	5,033	4,687
<b>Total DWM</b>	<b>27,389</b>	<b>5,734</b>	<b>21,655</b>	<b>33,699</b>	<b>9,075</b>	<b>24,624</b>
<b>Other restricted assets</b>						
Other Assets Waterways	703	46	657	703	32	671
<b>Total other restrictions</b>	<b>703</b>	<b>46</b>	<b>657</b>	<b>703</b>	<b>32</b>	<b>671</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>1,634,089</b>	<b>694,293</b>	<b>939,796</b>	<b>1,613,347</b>	<b>663,341</b>	<b>950,006</b>

## Note 10. Investment property

\$ '000	2019	2018
(a) Investment property at fair value		
<b>Investment property on hand</b>	<b>18,570</b>	<b>18,200</b>
<b>Reconciliation of annual movement:</b>		
<b>Opening balance</b>	18,200	18,000
– Net gain/(loss) from fair value adjustments	370	200
<b>CLOSING BALANCE – INVESTMENT PROPERTY</b>	<b>18,570</b>	<b>18,200</b>

## (b) Valuation basis

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

The 2019 revaluations were based on independent assessments made by:

Tuncurry Supermarket

Scott Fullarton Valuations Pty Ltd, Director - Scott Fullarton, FAPI Registered Valuer Number 2144.

Wallis Street Motel, Forster

First State Property Valuers, AAPI, Registered Valuer Number 19471.

## (c) Contractual obligations at reporting date

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

## (d) Leasing arrangements – Council as lessor

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 10. Investment property (continued)

\$ '000	2019	2018
The investment properties are leased to tenants under long-term operating leases with rentals payable monthly.		
Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:		
Within 1 year	1,042	1,031
Later than 1 year but less than 5 years	4,181	3,913
Later than 5 years	6,819	9,007
<b>Total minimum lease payments receivable</b>	<b>12,042</b>	<b>13,951</b>

## (e) Investment property income and expenditure – summary

<b>Rental income from investment property:</b>		
– Minimum lease payments	1,042	1,031
<b>Direct operating expenses on investment property:</b>		
– that generated rental income	(146)	(143)
<b>Net revenue contribution from investment property</b>	<b>896</b>	<b>888</b>
plus:		
<b>Fair value movement for year</b>	<b>370</b>	<b>200</b>
<b>Total income attributable to investment property</b>	<b>1,266</b>	<b>1,088</b>

## Accounting policy for investment property

Investment properties are held for long-term rental yields and are not occupied by the Council. Changes in fair values are recorded in the Income Statement as a separate line item.

## Note 11. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	3,588	–	7,421	–
Accrued expenses:				
– Borrowings	1,296	–	1,625	–
– Salaries and wages	970	–	494	–
– Other accruals	6,829	–	4,868	–
Security bonds, deposits and retentions	6,641	–	5,499	–
Other	–	–	36	–
<b>Total payables</b>	<b>19,324</b>	<b>–</b>	<b>19,943</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	3,815	–	3,682	–
<b>Total income received in advance</b>	<b>3,815</b>	<b>–</b>	<b>3,682</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	21,231	201,077	32,174	198,111
Government advances	183	–	183	183
Finance lease liabilities	83	–	92	83
<b>Total borrowings</b>	<b>21,497</b>	<b>201,077</b>	<b>32,449</b>	<b>198,377</b>



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 11. Payables and borrowings (continued)

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>TOTAL PAYABLES AND BORROWINGS</b>	44,636	201,077	56,074	198,377

(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 18.

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Payables and borrowings relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Water	6,846	85,578	22,965	77,840
Sewer	8,042	61,298	11,816	66,569
Domestic waste management	1,738	11,934	3,465	13,672
Bonds & Deposits	6,449	–	3,852	–
Sale of land, planning agreement etc	–	–	192	–
Payables and borrowings relating to externally restricted assets	23,075	158,810	42,290	158,081
<b>Total payables and borrowings relating to restricted assets</b>	<b>23,075</b>	<b>158,810</b>	<b>42,290</b>	<b>158,081</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>21,561</b>	<b>42,267</b>	<b>13,784</b>	<b>40,296</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>44,636</b>	<b>201,077</b>	<b>56,074</b>	<b>198,377</b>

\$ '000	2019	2018
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**(b) 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	3,932	2,897
Funds held from a Sale of Land for Unpaid rates	–	145
<b>Total payables and borrowings</b>	<b>3,932</b>	<b>3,042</b>

**(c) Changes in liabilities arising from financing activities**

\$ '000	as at 30/6/2018			as at 30/6/2019		
	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	230,285	(7,977)	–	–	–	222,308
Government advances	366	(183)	–	–	–	183

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 11. Payables and borrowings (continued)

\$ '000	as at 30/6/2018					as at 30/6/2019
	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Finance lease liabilities	175	(92)	–	–	–	83
<b>TOTAL</b>	<b>230,826</b>	<b>(8,252)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>222,574</b>

\$ '000	as at 30/6/2017					as at 30/6/2018
	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	63,767	(19,750)	9,682	–	176,586	230,285
Government advances	487	(121)	–	–	–	366
Finance lease liabilities	263	(88)	–	–	–	175
<b>TOTAL</b>	<b>64,517</b>	<b>(19,959)</b>	<b>9,682</b>	<b>–</b>	<b>176,586</b>	<b>230,826</b>

\$ '000	2019	2018
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**(d) Financing arrangements****(i) Unrestricted access was available at balance date to the following lines of credit:**

Credit cards/purchase cards	407	169
<b>Total financing arrangements</b>	<b>407</b>	<b>169</b>

**Drawn facilities as at balance date:**

– Credit cards/purchase cards	85	23
<b>Total drawn financing arrangements</b>	<b>85</b>	<b>23</b>

**Undrawn facilities as at balance date:**

– Credit cards/purchase cards	322	146
<b>Total undrawn financing arrangements</b>	<b>322</b>	<b>146</b>

**Additional financing arrangements information****Breaches and defaults**

During the current and prior year, there were no defaults or breaches on any of the loans.

**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

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 11. Payables and borrowings (continued)

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 it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

**Finance leases**

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

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

## Note 12. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	6,484	–	6,173	–
Sick leave	139	–	139	–
Long service leave	18,078	–	16,344	–
Other Water Service Leave	33	–	197	–
<b>Sub-total – aggregate employee benefits</b>	<b>24,734</b>	<b>–</b>	<b>22,853</b>	<b>–</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	300	12,276	300	13,672
<b>Sub-total – asset remediation/restoration</b>	<b>300</b>	<b>12,276</b>	<b>300</b>	<b>13,672</b>
<b>TOTAL PROVISIONS</b>	<b>25,034</b>	<b>12,276</b>	<b>23,153</b>	<b>13,672</b>

**(a) Provisions relating to restricted assets****Externally restricted assets**

Water	3,389	–	3,318	–
Sewer	3,329	–	3,263	–
Domestic waste management	300	11,956	300	13,672
<b>Provisions relating to externally restricted assets</b>	<b>7,018</b>	<b>11,956</b>	<b>6,881</b>	<b>13,672</b>
<b>Total provisions relating to restricted assets</b>	<b>7,018</b>	<b>11,956</b>	<b>6,881</b>	<b>13,672</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 12. Provisions (continued)

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Total provisions relating to unrestricted assets</b>	<b>18,016</b>	<b>320</b>	<b>16,272</b>	<b>–</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>25,034</u></b>	<b><u>12,276</u></b>	<b><u>23,153</u></b>	<b><u>13,672</u></b>

\$ '000	2019	2018
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**(b) Current provisions not anticipated to be settled within the next twelve months**

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

Provisions – employees benefits	18,608	16,487
	<u>18,608</u>	<u>16,487</u>

**(c) Description of and movements in provisions**

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
<b>2019</b>					
At beginning of year	6,173	139	16,344	197	22,853
Additional provisions	4,622	–	2,589	–	7,211
Amounts used (payments)	(4,336)	–	(1,790)	(164)	(6,290)
Remeasurement effects	25	–	935	–	960
<b>Total ELE provisions at end of period</b>	<b>6,484</b>	<b>139</b>	<b>18,078</b>	<b>33</b>	<b>24,734</b>
<b>2018</b>					
At beginning of year	4,285	–	11,309	–	15,594
Provisions Transferred from Midcoast Water	2,231	139	5,758	79	8,207
Additional provisions	3,951	–	1,998	118	6,067
Amounts used (payments)	(4,046)	–	(1,652)	–	(5,698)
Remeasurement effects	(248)	–	(1,069)	–	(1,317)
<b>Total ELE provisions at end of period</b>	<b>6,173</b>	<b>139</b>	<b>16,344</b>	<b>197</b>	<b>22,853</b>

\$ '000	Other provisions	
	Asset remediation	Total
<b>2019</b>		
At beginning of year	13,972	13,972
Unwinding of discount	(1,470)	(1,470)
Other	74	74
<b>Total other provisions at end of period</b>	<b>12,576</b>	<b>12,576</b>
<b>2018</b>		
At beginning of year	13,921	13,921
Unwinding of discount	50	50
Other	1	1
<b>Total other provisions at end of period</b>	<b>13,972</b>	<b>13,972</b>



## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 12. Provisions (continued)

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#### **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.

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 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**

##### **Restoration**

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 12. Provisions (continued)

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Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

#### 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.

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.

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.

### Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

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#### (a) 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.

#### (b) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year, Council adopted a number of new accounting standards. The impact of the adoption and associated transition disclosures are shown below.

The Council has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2017. As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

## Notes to the Financial Statements

for the year ended 30 June 2019

**Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**

– AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the income statement. In prior year, this information was presented as part of other expenses.

– AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year.

The key changes to Council's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except Council has not restated any amounts relating to classification and measurement requirements, including impairment, which have been applied from 1 July 2018.

**Classification of financial assets**

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9, based primarily on the business model in which a financial asset is managed and its contractual cash flow characteristics are:

- measured at amortised cost
- fair value through profit or loss
- fair value through other comprehensive income – equity instruments

**Measurement of equity instruments**

All equity instruments of the Council are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 that allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) at 1 July 2018.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments, classified as fair value through other comprehensive income, are taken to the relevant reserve.

**Impairment of financial assets**

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost. This has resulted in the earlier recognition of credit loss (bad debt provisions).

**Transition adjustments**

There were no transition adjustments to reserves and retained earnings on adoption of AASB 9 at 1 July 2018.

**Note 14. Statement of cash flows - additional information**

\$ '000	Notes	2019	2018
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6(a)	38,599	34,718
<b>Balance as per the Statement of Cash Flows</b>		<b>38,599</b>	<b>34,718</b>

**(b) Reconciliation of net operating result to cash provided from operating activities**

<b>Net operating result from Income Statement</b>	36,666	29,921
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	78,250	77,041
Net losses/(gains) on disposal of assets	2,424	334
Non-cash capital grants and contributions	(8,173)	(8,300)

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 14. Statement of cash flows - additional information (continued)

\$ '000	2019	2018
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(370)	(200)
– Revaluation decrements / impairments of IPP&E direct to P&L	6,225	–
Amortisation of premiums, discounts and prior period fair valuations		
– Interest on all fair value adjusted interest free advances made by Council	10	33
Unwinding of discount rates on reinstatement provisions	(1,470)	50
Share of net (profits)/losses of associates/joint ventures using the equity method	39	(243)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	(6,427)	(14,483)
Increase/(decrease) in provision for impairment of receivables	108	(16)
Decrease/(increase) in inventories	(22)	(226)
Decrease/(increase) in other current assets	1,002	(1,148)
Increase/(decrease) in payables	(3,833)	1,141
Increase/(decrease) in accrued interest payable	(329)	1,398
Increase/(decrease) in other accrued expenses payable	2,437	81
Increase/(decrease) in other liabilities	1,239	2,806
Increase/(decrease) in provision for employee benefits	1,881	7,259
Increase/(decrease) in other provisions	74	1
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>109,731</b>	<b>95,449</b>

## (c) Non-cash investing and financing activities

Bushfire grants	–	2,847
Other dedications	1,733	335
Subdivider contributions 'in kind'	6,440	5,118
<b>Total non-cash investing and financing activities</b>	<b>8,173</b>	<b>8,300</b>

## (d) Net cash flows attributable to discontinued operations

Please refer to Note 20 for details of cash flows that relate to discontinued operations

## Note 15. Interests in other entities

\$ '000	Council's share of net income		Council's share of net assets	
	2019	2018	2019	2018
Joint ventures	(39)	243	404	443
<b>Total</b>	<b>(39)</b>	<b>243</b>	<b>404</b>	<b>443</b>

## Joint arrangements

## (i) Joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

## (a) Net carrying amounts – Council's share



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 15. Interests in other entities (continued)

\$ '000	Nature of relationship	Measurement method	2019	2018
Strategic Services Australia Ltd	Joint venture	Equity	404	443
<b>Total carrying amounts – material joint ventures</b>			<b>404</b>	<b>443</b>

## (b) Details

	Principal activity	Place of business
Strategic Services Australia Ltd	Resource sharing via commercial operations on behalf of member councils of Hunter Councils.	Thornton

## (c) Relevant interests and fair values

\$ '000	Interest in outputs		Interest in ownership		Proportion of voting power	
	2019	2018	2019	2018	2019	2018
Strategic Services Australia Ltd	8.1%	8.0%	8.1%	8.0%	8.1%	8.0%

## (d) Summarised financial information for joint ventures

\$ '000	Strategic Services Australia Ltd	
	2019	2018
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,311	5,050
Other current assets	1,606	1,738
<b>Non-current assets</b>	327	471
<b>Current liabilities</b>		
Current financial liabilities (excluding trade and other payables and provisions)	159	1,299
Other current liabilities	2,082	451
<b>Non-current liabilities</b>		
Non-current financial liabilities (excluding trade and other payables and provisions)	20	40
<b>Net assets</b>	<b>4,983</b>	<b>5,469</b>
<b>Reconciliation of the carrying amount</b>		
Opening net assets (1 July)	5,469	2,468
Profit/(loss) for the period	(486)	3,001
<b>Closing net assets</b>	<b>4,983</b>	<b>5,469</b>
<b>Council's share of net assets (%)</b>	8.1%	8.1%
<b>Council's share of net assets (\$)</b>	808	443
<b>Statement of comprehensive income</b>		
Income	5,661	7,454
Depreciation and amortisation	(111)	(177)
Other expenses	(6,036)	(6,751)
<b>Profit/(loss) from continuing operations</b>	<b>(486)</b>	<b>526</b>
Profit/(loss) from discontinued operations	–	2,475

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 15. Interests in other entities (continued)

\$ '000	Strategic Services Australia Ltd	
	2019	2018
<b>Profit/(loss) for the period</b>	<b>(486)</b>	<b>3,001</b>
<b>Total comprehensive income</b>	<b>(486)</b>	<b>3,001</b>
Share of income – Council (%)	8.1%	8.1%
Profit/(loss) – Council (\$)	(39)	243
<b>Total comprehensive income – Council (\$)</b>	<b>(39)</b>	<b>243</b>

**(i) County Councils**

County Councils as joint ventures

Council is not a member of any county councils.

**Accounting policy for joint arrangements**

The Council has determined that it has only joint ventures.

**Joint ventures:**

Interests in joint ventures are accounted for using the equity method in accordance with *AASB128 Investments in Associates and Joint Ventures*.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

## Note 16. Commitments

\$ '000	2019	2018
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**(a) Capital commitments (exclusive of GST)**

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

**Property, plant and equipment**

Buildings	8,995	11,026
Plant and equipment	1,994	457
Land Acquisitions	543	298
Contracted Works	–	75
Roads & Other Infrastructure	25,619	–
Other	3,946	237
<b>Total commitments</b>	<b>41,097</b>	<b>12,093</b>

**These expenditures are payable as follows:**

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 16. Commitments (continued)

\$ '000	2019	2018
Within the next year	41,097	4,499
Later than one year and not later than 5 years	–	7,594
<b>Total payable</b>	<b>41,097</b>	<b>12,093</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	8,467	–
Unexpended Loans	7,236	–
Future grants and contributions	12,410	208
Unexpended grants	–	27
Externally restricted reserves	5,204	7,475
Internally restricted reserves	7,780	1,383
New loans (to be raised)	–	3,000
<b>Total sources of funding</b>	<b>41,097</b>	<b>12,093</b>

## (b) Finance lease commitments

## (i) Commitments under finance leases at the reporting date are payable as follows:

\$ '000	2019	2018
Later than one year and not later than 5 years	83	175
<b>Total minimum lease payments</b>	<b>83</b>	<b>175</b>
<b>Amount recognised as a liability</b>	<b>83</b>	<b>175</b>

## (ii) Finance lease liability recognised represent:

\$ '000	2019	2018
Current liabilities	83	92
Non-current liabilities	–	83
<b>Total finance lease liabilities disclosed</b>	<b>83</b>	<b>175</b>

## (iii) General details

\$ '000	Term	Option to	Contingent	2019	2018
	(years)	purchase	rent		
	2019	2019	clauses		
			2019		
Other Equipment/Assets	1	NO	NO	83	175
<b>Total carrying value at period end</b>				<b>83</b>	<b>175</b>

## (c) Operating lease commitments (non-cancellable)

## a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 16. Commitments (continued)

\$ '000	2019	2018
Within the next year	1,064	1,007
Later than one year and not later than 5 years	2,044	2,691
Later than 5 years	–	78
<b>Total non-cancellable operating lease commitments</b>	<b>3,108</b>	<b>3,776</b>

**b. Non-cancellable operating leases include the following assets:****Conditions relating to finance and operating leases:**

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

**(d) Investment property commitments**

Non-capital expenditure on investment properties committed for at the reporting date but not recognised in the financial statements as liabilities:

Contractual obligations – other	602	516
<b>Total commitments</b>	<b>602</b>	<b>516</b>

**These expenditures are payable as follows:**

Within the next year	46	76
Later than one year and not later than 5 years	191	254
Later than 5 years	365	186
<b>Total payable</b>	<b>602</b>	<b>516</b>

**(e) Investment in joint operations – commitments**

For capital commitments and other commitments relating to investments in joint operations, refer to Note 15 (i)

## Note 17. Contingencies and other assets/liabilities not recognised

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.



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 17. Contingencies and other assets/liabilities not recognised (continued)

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

\* For 180 Point Members, Employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2018 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2018.

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 2019 was \$ 1,423,213.98. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 31 December 2018, and covers the period ended 30 June 2018.

Council's expected contribution to the plan for the next annual reporting period is \$1,357,596.36.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,748.2	100.8%
Vested Benefits	1,792.0	100.4%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$1,510,800.00 as at 30 June 2019.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 17. Contingencies and other assets/liabilities not recognised (continued)

Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

Investment return	5.75% 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.

## 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.

#### (ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 17. Contingencies and other assets/liabilities not recognised (continued)

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

**ASSETS NOT RECOGNISED****(ii) Infringement notices/fines**

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

## Note 18. 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.

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	38,599	34,718	38,599	34,718
Receivables	33,541	27,222	33,541	33,541
Investments				
– 'Held to maturity'	202,950	335,800	202,950	167,900
<b>Total financial assets</b>	<b>275,090</b>	<b>397,740</b>	<b>275,090</b>	<b>236,159</b>
<b>Financial liabilities</b>				
Payables	19,324	19,943	19,324	19,943
Loans/advances	222,491	230,651	222,491	230,651
Lease liabilities	83	175	83	175
<b>Total financial liabilities</b>	<b>241,898</b>	<b>250,769</b>	<b>241,898</b>	<b>250,769</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

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

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

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

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

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

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

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

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

The 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
<b>2019</b>				
Possible impact of a 1% movement in interest rates	836	836	(836)	(836)
<b>2018</b>				
Possible impact of a 1% movement in interest rates	637	637	(637)	(637)

## (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.



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

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.

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

## 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
<b>2019</b>						
Gross carrying amount	–	7,721	811	916	678	10,126
<b>2018</b>						
Gross carrying amount	–	6,007	847	878	701	8,433

## 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 2019 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
<b>2019</b>						
Gross carrying amount	16,939	2,649	841	216	3,522	24,167
Expected loss rate (%)	0.50%	0.50%	0.50%	0.50%	1.00%	0.57%
<b>ECL provision</b>	<b>85</b>	<b>13</b>	<b>4</b>	<b>1</b>	<b>35</b>	<b>138</b>
<b>2018</b>						
Gross carrying amount	–	17,327	72	27	2,007	19,433
Expected loss rate (%)	0.00%	0.50%	0.50%	0.50%	1.00%	0.55%
<b>ECL provision</b>	<b>–</b>	<b>87</b>	<b>–</b>	<b>–</b>	<b>20</b>	<b>107</b>

## (c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk 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.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

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 and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2019</b>							
Loans and advances	5.84%	–	33,747	110,917	180,760	325,424	222,491
Trade/other payables	0.00%	6,641	12,683	–	–	19,324	19,324
Lease liabilities	4.69%	–	83	–	–	83	83
<b>Total financial liabilities</b>		<b>6,641</b>	<b>46,513</b>	<b>110,917</b>	<b>180,760</b>	<b>344,831</b>	<b>241,898</b>
<b>2018</b>							
Loans and advances	6.16%	–	49,928	111,947	173,621	335,496	230,651
Trade/other payables	0.00%	5,499	14,444	–	–	19,943	19,943
Lease liabilities	4.69%	–	92	83	–	175	175
<b>Total financial liabilities</b>		<b>5,499</b>	<b>64,464</b>	<b>112,030</b>	<b>173,621</b>	<b>355,614</b>	<b>250,769</b>

## Loan agreement breaches

here were no occurrences of breaches to loan agreements during the reporting year.

## Note 19. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 27/06/2018 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	2019	2019	2019	
	Budget	Actual	-----	Variance -----

## REVENUES

Rates and annual charges	145,278	148,220	2,942	2% <b>F</b>
User charges and fees	40,783	53,448	12,665	31% <b>F</b>

Budgets for User Charges & Fees are based on historic trends and are subject to economic activity and other external influences outside of council's control.

Council has received additional User Charges & Fees. Additional User Charges & Fees include Water & Sewerage Services \$630k, Waste Services \$1.8 million, NDIS/Ageing \$1.1 million, State Roads \$800k, Debtors \$797k.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Material budget variations (continued)

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
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Some User Charges & Fees were originally categorised as Other Revenue in the Original Budget.

Variations to User Charges & Fees are reported to Council each quarter and budgets are revised accordingly.

<b>Interest and investment revenue</b>	<b>3,936</b>	<b>6,165</b>	<b>2,229</b>	<b>57%</b>	<b>F</b>
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Increase in interest and investment revenue is primarily associated with increase above budgeted income for Water and Sewerage investments. Council's initial budget was based on amounts historically received and did not take into account changes to the amount invested and a change in investment strategy.

<b>Other revenues</b>	<b>12,471</b>	<b>5,727</b>	<b>(6,744)</b>	<b>(54)%</b>	<b>U</b>
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Budgets for Other Revenues are based on historic trends and are subject to economic activity and other external influences outside of council's control.

Some items categorised as Other Revenues in the original budget were re-categorised as User Charges & Fees following further consideration of the nature of the income.

Variations to User Charges & Fees and Other Revenues are reported to council each quarter and budgets are revised accordingly.

<b>Operating grants and contributions</b>	<b>38,536</b>	<b>32,709</b>	<b>(5,827)</b>	<b>(15)%</b>	<b>U</b>
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Council historically does not budget for grants and contributions unless it is aware of the amounts to be received at the time of adoption of the original budget and has received appropriate confirmation.

Council uses the quarterly reporting process to include any new grants and contributions received after the initial budget process.

Grants initially budgeted as operational may be reclassified as capital upon receipt based on grant conditions imposed by the funding body.

<b>Capital grants and contributions</b>	<b>5,165</b>	<b>42,171</b>	<b>37,006</b>	<b>716%</b>	<b>F</b>
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Council historically does not budget for grants and contributions unless it is aware of the amounts to be received at the time of adoption of the original budget and has received appropriate confirmation. This results in a conservative estimate of capital grants & contributions.

Council uses the quarterly reporting process to include any new grants and contributions received after the initial budget process.

Subdivider contributions were approximately \$10 million cash and a further \$10 million in non-cash dedications. Additional capital grants made up the remainder with the most significant being the State Government grant of \$12.5 million for roads.

Grants initially budgeted as operational may be reclassified as capital upon receipt based on grant conditions imposed by the funding body.

<b>Fair value increment on investment property</b>	-	<b>370</b>	<b>370</b>	∞	<b>F</b>
<b>Joint ventures and associates – net profits</b>	-	-	-	∞	<b>F</b>

**EXPENSES**

<b>Employee benefits and on-costs</b>	<b>76,012</b>	<b>74,418</b>	<b>1,594</b>	<b>2%</b>	<b>F</b>
<b>Borrowing costs</b>	<b>13,510</b>	<b>11,960</b>	<b>1,550</b>	<b>11%</b>	<b>F</b>

Borrowing costs in Note 4 also include amortised costs for future remediation work in regard to Council's landfill sites.

Council engaged external consultants to re-evaluate the potential future cost associated with the remediation in closing Bucketts Way Landfill cells once they have reached full capacity.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Material budget variations (continued)

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----		
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The re-evaluation resulted in a reduction in the potential future costs of \$1.47 million which reduced the overall borrowing costs.

These types of movements were not included in Council's original budget.

<b>Materials and contracts</b>	55,029	51,757	3,272	6%	F
<b>Depreciation and amortisation</b>	78,959	78,250	709	1%	F
<b>Other expenses</b>	34,023	27,071	6,952	20%	F

Other Expenditure budgets are set based on historic trends and amended for current variations where known prior to adopting the original budget.

Variations will always occur with increased funded activities reported quarterly to council.

<b>Net losses from disposal of assets</b>	-	2,424	(2,424)	∞	U
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Council's original budget does not provide an estimate of movements in this item.

<b>Revaluation decrement / impairment of IPP&amp;E</b>	-	6,225	(6,225)	∞	U
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Council's original budget does not provide an estimate of movements in this item.

<b>Joint ventures and associates – net losses</b>	-	39	(39)	∞	U
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Council's original budget does not provide an estimate of movements in this item.

<b>Operating result from discontinued operations</b>	-	-	-	∞	F
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## STATEMENT OF CASH FLOWS

<b>Net cash provided from (used in) operating activities</b>	70,505	109,731	39,226	56%	F
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Variation will always occur in comparison of actual cash flow to original budgets. Original budgets are determined net of GST and Council is required to gross up the cash flow to include GST.

Council does not budget for contributions and grants unless Council is aware of the amount to be received and has sufficient information to verify that it will be received.

Any variations to Council's budget are included in the quarterly budget reports, as approved by Council but are not included in the Original adopted budget used for comparative purposes.

<b>Net cash provided from (used in) investing activities</b>	(47,287)	(97,598)	(50,311)	106%	U
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Variation will always occur in comparison of actual cash flow to original budgets. Original budgets are determined net of GST and Council is required to gross up the cash flow to include GST.

Council's budget is based on all projects being completed within the period. This generally will not occur and will result in additional funds being invested during the year. Council's budget included net investment receipts of \$8.8 million when the net result was payments of \$35 million.

Any variations to Council's budget are included in the quarterly budget reports, as approved by Council but are not included in the Original adopted budget used for comparative purposes.

<b>Net cash provided from (used in) financing activities</b>	(18,055)	(8,252)	9,803	(54)%	F
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Variation will always occur in comparison of actual cash flow to original budgets. Original budgets are determined net of GST and Council is required to gross up the cash flow to include GST.



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Material budget variations (continued)

Council's original budget included loan borrowings of \$2.882 million, however after the State Government's offer of a \$100 million dollar 50/50 road program over 5 years Council sought additional borrowings of \$8.74 million for roads and further loans for other projects including a new sand transfer station at Jimmys Beach.

Any variations to Council's budget are included in the quarterly budget reports, as approved by Council but are not included in the Original adopted budget used for comparative purposes.

## Note 20. Discontinued operation

\$ '000	2019	2018
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## (i) Discontinued operations

There were no discontinued operations during 2018/2019.

The gain on local government amalgamation arising from the dissolution of MidCoast County Council on 1 July 2017 is shown for comparative purposes only.

**Boundary adjustment**

Assets and liabilities transferred from former councils	–	778,158
Accounting policy adjustments	–	6,548

<b>Gain on local government transfer</b>	–	<b>784,706</b>
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<b><u>GAIN ON LOCAL GOVERNMENT AMALGAMATION</u></b>	–	<b><u>784,706</u></b>
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## 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
- Investment property
- Financial assets and liabilities

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

	Notes	Fair value measurement hierarchy				Total
		Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
2019						

## Recurring fair value measurements

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

2019	Notes	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	
<b>Investment property</b>	10					
Tuncurry Supermarket		30/06/19	–	16,000	–	16,000
Wallis Street Motel		30/06/19	–	2,570	–	2,570
<b>Total investment property</b>			<b>–</b>	<b>18,570</b>	<b>–</b>	<b>18,570</b>
<b>Infrastructure, property, plant and equipment</b>	9(a)					
Work In Progress		30/06/19	–	–	31,932	31,932
Plant & Equipment		30/06/18	–	–	36,855	36,855
Office Equipment		30/06/17	–	–	624	624
Furniture & Fittings		30/06/17	–	–	469	469
Computer Equipment		30/06/17	–	–	4,455	4,455
Operational Land		30/06/18	–	–	84,163	84,163
Community Land		30/06/16	–	–	74,264	74,264
Land Under Roads (pre 1/7/2008)		12/05/16	–	–	135	135
Land Improvements Non depreciable		12/05/16	–	–	20	20
Land Improvements Depreciable		12/05/16	–	–	3,677	3,677
Buildings		30/06/18	–	–	204,741	204,741
Other Structures		30/06/19	–	–	17,606	17,606
Roads		30/06/19	–	–	718,591	718,591
Bridges		30/06/19	–	–	176,943	176,943
Footpaths		30/06/19	–	–	15,021	15,021
Bulk Earthworks		30/06/19	–	–	967,378	967,378
Stormwater Drainage		30/06/15	–	–	181,560	181,560
Swimming Pools		12/05/16	–	–	3,360	3,360
Other Open Space Recreational		12/05/16	–	–	22,677	22,677
Other Infrastructure		12/05/16	–	–	–	–
Library books		30/06/17	–	–	1,433	1,433
Cemetery Assets		30/06/17	–	–	558	558
Other		30/06/17	–	–	3,016	3,016
Tip Assets		30/06/17	–	–	2,173	2,173
Quarry Assets		30/06/17	–	–	22	22
Water Network		30/06/16	–	–	448,116	448,116
Sewerage Network		30/06/16	–	–	386,981	386,981
<b>Total infrastructure, property, plant and equipment</b>			<b>–</b>	<b>–</b>	<b>3,386,770</b>	<b>3,386,770</b>

2018	Notes	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	
<b>Recurring fair value measurements</b>						
<b>Investment property</b>	10					
Tuncurry Supermarket		30/06/18	–	16,000	–	16,000
Wallis Street Motel		30/06/18	–	2,200	–	2,200
<b>Total investment property</b>			<b>–</b>	<b>18,200</b>	<b>–</b>	<b>18,200</b>
<b>Infrastructure, property, plant and equipment</b>	9(a)					
Work In Progress		30/06/18	–	–	55,354	55,354
Plant & Equipment		30/06/18	–	–	36,386	36,386

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

2018	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
Office Equipment		30/06/17	–	–	983	983
Furniture & Fittings		30/06/17	–	–	504	504
Computer Equipment		30/06/17	–	–	5,264	5,264
Operational Land		30/06/18	–	–	84,163	84,163
Community Land		30/06/16	–	–	74,264	74,264
Land Under Roads (pre 1/7/2008)		12/05/16	–	–	126	126
Land Improvements Non depreciable		12/05/16	–	–	20	20
Land Improvements Depreciable		12/05/16	–	–	3,505	3,505
Buildings		30/06/18	–	–	206,657	206,657
Other Structures		12/05/16	–	–	17,812	17,812
Roads		30/06/15	–	–	947,439	947,439
Bridges		30/06/15	–	–	207,087	207,087
Footpaths		30/06/15	–	–	20,036	20,036
Bulk Earthworks		30/06/15	–	–	226,157	226,157
Stormwater Drainage		30/06/15	–	–	132,518	132,518
Swimming Pools		12/05/16	–	–	3,555	3,555
Other Open Space Recreational		12/05/16	–	–	20,051	20,051
Other Infrastructure		12/05/16	–	–	80,640	80,640
Library books		30/06/17	–	–	1,579	1,579
Cemetery Assets		30/06/17	–	–	250	250
Other		30/06/17	–	–	2,302	2,302
Tip Assets		30/06/17	–	–	2,608	2,608
Quarry Assets		30/06/17	–	–	25	25
Water Network		30/06/16	–	–	423,206	423,206
Sewerage Network		30/06/16	–	–	387,567	387,567
<b>Total infrastructure, property, plant and equipment</b>			<b>–</b>	<b>–</b>	<b>2,940,058</b>	<b>2,940,058</b>

Note that capital WIP is not included above since it is carried at cost.

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

The following transfers occurred between level 1 and level 2 fair value hierarchies during the year:

Council's policy for determining transfers between fair value hierarchies is:

– at the end of the reporting period.

If there are any transfers relating to level 1 and level 2 fair valuation hierarchy, details will be set out below:

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

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

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

#### Investment property

Council obtains an independent fair valuation of its investment property on an annual basis at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

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The valuations used for the period ending 30 June 2019 were as follows:

#### Tuncurry Supermarket

The valuation was obtained from Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Registered Valuer No. 2144.

The current use of the Tuncurry property is considered to be its highest and best use. The capitalisation of net income was the primary method used to determine the fair value and the rate per square metre of the building as a check method.

#### Wallis Street Motel, Forster

The valuation was obtained from First State Property Valuers, AAPI, Registered Valuer Number 19471.

The Wallis Street Motel, Forster property was valued using a direct comparison approach relying upon sales of comparable properties with adjustments for differences.

The valuation techniques utilised Level 2 inputs.

The observable inputs included current rental income, rent reviews, capitalisation rate, price per square metre, direct comparison of the sales evidence, zoning, planning controls, land area, configuration and sale data of comparable properties.

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### Art Works

Council currently owns individual Artworks comprising paintings, drawings, etchings, pottery, engravings, photographs and sculptures. The value of the collection has been determined through engaging external experts, the Art Gallery's trained staff and the original cost.

The valuations were completed using the replacement cost approach and market value in accordance with AASB 116. The replacement value was determined by the price the items could be purchased from a reputable dealer, gallery or retail outlet.

This asset class is categorised as Level 3 as some of the inputs mentioned above used to value these assets required significant professional judgement and are unobservable. Valuation techniques remained unchanged during the reporting period.

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### Cemetery Assets

Assets in this class comprise improvements to our cemeteries including columbarium walls, concrete beams and plinths. This asset class is valued at cost less depreciation and reported at fair value. Other inputs include remaining useful life, condition and residual value which require professional judgement to assess.

Cemetery assets are reviewed on a regular basis for evidence of change in condition/value.

This asset class is categorised as Level 3 as some of the inputs mentioned above used to value these assets required significant professional judgement and are unobservable. Valuation techniques remained unchanged during the reporting period.

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### Plant, Office & Computer Equipment, Furniture & Fittings

Plant, Office & Computer Equipment and Furniture & Fittings are valued at cost. Typical examples of assets within these classes are as follows:

Plant & Equipment: Trucks, Motor Vehicles, Street Sweepers, Earthmoving and other heavy equipment.

Office Equipment: Scanners, PABX, GPS Mappers and other equipment.



## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

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Computer Equipment: Computers, Monitors, Software and other equipment.

Furniture & Fittings: Workstations, Office fit out and other fittings.

The key unobservable inputs to the valuation of these assets are the useful and remaining useful life and any residual value that may be applicable. All assets in these classes are deemed to be Level 3 inputs. The asset class is reviewed and adjusted each year for any impairment.

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#### Operational Land

Council obtains an independent fair valuation of its operational land every 5 years. The last full revaluation was on the 30 June 2018.

The last valuation obtained was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Registered Valuer No. 2144.

The valuations were determined by establishing the nature of the asset, characteristics important to market participants, the appropriate market & valuation premise.

Given that some of the valuation techniques used are unobservable, the land is classified as Level 3.

Council obtains new independent valuations every five years. Any assets acquired between valuations are recorded at cost and deemed to reflect level 3.

There has been no change to the valuation process during the reporting period.

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#### Community Land

Valuations of all Council's Community Land and Council managed land were based on the land values provided by the Valuer-General. These are the same values used for rating purposes. The last valuation obtained by Council is July 2016.

As these rates were not considered to be observable market evidence they have been classified as Level 3 inputs.

There has been no change to the valuation process during the reporting period.

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#### Land Under Roads

Council has elected to recognise land under roads in accordance with AASB 1051. Council has used the "Englobo" valuation method for land under roads.

This requires an average Site Value (SV) across the Council area on a \$ per m2 to be calculated.

The site value is "the value of the underlying land assuming that any existing improvements have not been made.

Adjustment factors for 65% and 25% respectively have been applied for Englobo value. Land under roads acquired is recognised in accordance with AASB 116 - Property, Plant and Equipment.

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

Given the unobservable characteristics of valuing land under roads they have been classified as Level 3.

There has been no change to the valuation process during the reporting period.

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#### Land Improvements - Depreciable

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

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This asset class comprises land improvements such as foreshore improvements, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves. 'Land Improvements' were valued in-house using the cost approach.

Inputs such as estimates of pattern of consumption, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

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#### **Buildings Non Specialised & Specialised**

Council obtains an independent fair valuation of all buildings, both specialised and non-specialised every 5 years. The last full revaluation was on the 30 June 2018.

The last valuation obtained was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Registered Valuer No. 2144.

The valuation was determined by establishing the nature of the asset, characteristics important to market participants, the appropriate market & valuation premise. Having maximised the level of valuation input the adopted technique deemed appropriate for Non Specialised and Specialised Buildings was predominately the cost approach and as such these assets were all classified as having been valued using Level 3 valuation inputs.

The key unobservable inputs include the replacement cost, remaining useful life and condition rating.

Council obtains new independent valuations every five years, any assets acquired between valuations are recorded at cost.

Council engaged its valuer to provide a sample valuation of properties to determine if a full revaluation was warranted. Council's valuer was of the opinion that a revaluation was not warranted.

There has been no change to the valuation process during the reporting period.

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#### **Other Structures, Other Open Space & Recreation Assets, Swimming Pools & Other Assets**

Council obtains an independent fair valuation of all the above asset classes every 5 years. The last full revaluation was on the 12 May 2016.

The last valuation obtained was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Registered Valuer No. 2144.

Some assets within the recreation area, such as playground equipment were valued by Kico Playground Services while other assets have been valued in house using original cost and condition ratings from inspections to determine an approximate value.

The valuation was determined by establishing the nature of the asset, characteristics important to market participants, the appropriate market & valuation premise. Having maximised the level of valuation input the adopted technique deemed appropriate for these assets was predominately the cost approach and as such these assets were all classified as having been valued using Level 3 valuation inputs.

The key unobservable inputs include the replacement cost, remaining useful life and condition rating.

Council obtains new independent valuations every five years. Any assets acquired between valuations are recorded at cost.

There has been no change to the valuation process during the reporting period.

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#### **Library Books**

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

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Library Books 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 items.

The carrying amount of these assets is deemed to approximate the fair value without any material discrepancy due to the nature of the items.

The key unobservable inputs include the replacement cost, remaining useful life and condition rating and as such they have been classified as Level 3 inputs.

There has been no change to the valuation process during the reporting period.

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#### Landfill Remediation

Council operates landfills for the management of waste throughout the local government area.

Closure of a landfill will involve a wide range of activities including final capping of the landfill, site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

An evaluation of the cost associated with the closure of the landfills was performed and a yearly tip remediation expense created to cover the future expenditure of closing the Buckets Way landfill.

The key unobservable inputs are the discount factor, timing and any escalation in costs and future environmental issues and as such the asset has been classified as level 3.

There has been no change to the valuation process during the reporting period.

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#### Infrastructure Assets

Infrastructure assets represent the bulk of Council's assets and comprise roads, bridges, footpaths, cycle ways, kerb & guttering, roundabouts and drainage.

Infrastructure assets generally have long useful lives and as there is no ready market for their sale determining an appropriate fair value requires the use of considerable unobservable inputs.

All of Council's infrastructure assets are valued in house, using a methodology which generally follows the IPWEA (NSW) Roads Fair Valuation Guide.

The following components are included in the valuation process:

- Sealed Roads Surface (flexible seal and asphalt)
- Sealed Roads Pavement
- Unsealed Roads Pavement
- Formation/Earthworks
- Roundabouts
- Kerb & Gutter
- Footpaths and Cycle Ways
- Ancillary Assets (signs, guard fencing, line marking)
- Bridges (timber and concrete)
- Drainage (pipes, culverts, Gross Pollutant Traps and Constructed Wetlands)

Standard replacement costs were developed for each of the asset components using achieved unit rates of like assets recently constructed by Council.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

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The useful life of assets was determined by using data from sample assets within the component types and the remaining useful life for roads were determined from a condition assessment by Council officers and independent contractors using multi laser profilometry and video and visual surveys.

As no detailed condition data was available for drainage assets the remaining useful lives was estimated on the initial construction date of the asset.

The key unobservable inputs are the unit rates, residual values, useful life and remaining useful life and as such the asset has been classified as level 3.

The last full in house revaluation was conducted in 2015. Council elected to revalue all infrastructure assets, except drainage on the 30 June 2019.

A revaluation of drainage assets will be conducted on the 30 June 2020.

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#### Work In Progress

Assets within the category of work in progress are incomplete.

The assets are valued at cost but disclosed as fair value in the notes. Upon completion they will be transferred to the asset class that best fits the asset and subject to the valuation process for that asset class.

The key unobservable include type of asset, unit rate and as such they have been classified as level 3.

There has been no change to the valuation process during the reporting period.

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#### Sewer & Water Network Infrastructure

This asset class comprises of sewer pressure reticulation mains, rising mains, gravity mains, vent shafts, sewer manholes, and water mains, water meters.

Sewer Manholes are an integral part of the sewer services. The lifetime of concrete manholes is considered to be between 35 and 50 years with any defects in the manhole usually identified only a few years prior to replacement.

The pipes may have a lifespan of 30 - 70 years depending on environmental conditions. Pipes retain no residual value as once failure occur the pipes or section of pipe will be replaced. The time to replace is a short span of time as leaks and breaks become more frequent and it usually indicates serious structural problems with the pipe and replacement is inevitable.

The useful life of sewer and water mains varies according to pipe material for example Ductile Iron Cement Lined (DICL) and Vitrified Clay (VC) may reach 100 years in service. Asbestos Cement (AC) has been revised to 45 years according to WSAA standards. The material being transported has an effect on useful life and sewer rising mains are subject to fluctuations in exposure to corrosive materials and oxygen hence will experience shorter time in service than gravity mains. The ground conditions also have an effect on useful life and acid sulphate soils will corrode the exterior of the pipe. The residual value is set at zero as discussed above. The 'cost approach' using level 3 inputs was used to value the sewer and water infrastructure asset class. There has been no change to the valuation process during the reporting period.



## Notes to the Financial Statements

for the year ended 30 June 2019

## 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	Work in progress	Plant and equipment	Office equipment	Furniture and fittings	Computer equipment	Operational land	Community land	Water network	Sewerage network
<b>2018</b>									
<b>Opening balance</b>	17,920	25,242	1,187	605	1,104	45,515	73,269	–	–
Transfers from/(to) another asset class	(28,131)	804	417	–	–	294	150	–	–
Purchases (GBV)	34,775	7,353	–	22	2,507	261	845	1,925	26
Disposals (WDV)	(8)	(1,025)	(20)	(11)	–	–	–	(268)	(131)
Depreciation and impairment	–	(6,165)	(601)	(300)	(538)	–	–	(13,085)	(14,063)
FV gains – other comprehensive income	–	5,011	–	–	–	15,115	–	8,640	7,953
Transfer from Midcoast Water 1/7/2017	30,798	5,166	–	188	2,191	22,978	–	425,994	393,782
<b>Closing balance</b>	<b>55,354</b>	<b>36,386</b>	<b>983</b>	<b>504</b>	<b>5,264</b>	<b>84,163</b>	<b>74,264</b>	<b>423,206</b>	<b>387,567</b>
<b>2019</b>									
<b>Opening balance</b>	55,354	36,386	983	504	5,264	84,163	74,264	423,206	387,567
Transfers from/(to) another asset class	–	1,768	–	165	26	–	–	27,681	3,336
Purchases (GBV)	18,416	5,054	32	18	326	–	–	5,049	4,152
Disposals (WDV)	(202)	(1,143)	–	–	–	–	–	(1,171)	(783)
Depreciation and impairment	–	(5,210)	(391)	(218)	(1,161)	–	–	(13,214)	(13,312)
FV gains – other comprehensive income	–	–	–	–	–	–	–	6,565	6,021
Transfer from Midcoast Water 1/7/2017	(41,636)	–	–	–	–	–	–	–	–
<b>Closing balance</b>	<b>31,932</b>	<b>36,855</b>	<b>624</b>	<b>469</b>	<b>4,455</b>	<b>84,163</b>	<b>74,264</b>	<b>448,116</b>	<b>386,981</b>

\$ '000	Buildings	Roads	Bridges	Footpaths stormwater earthworks	Other structure infrastructure	Open space swimming pools	Other asset classes	Total
<b>2018</b>								
<b>Opening balance</b>	151,400	929,667	206,965	378,649	96,843	21,767	10,090	<b>1,960,223</b>
Transfers from/(to) another asset class	719	16,941	2,840	160	3,744	1,207	855	–
Purchases (GBV)	1,211	23,137	730	2,480	569	2,318	713	<b>78,872</b>
Disposals (WDV)	(104)	–	–	–	(2)	(131)	(9)	<b>(1,709)</b>
Depreciation and impairment	(7,899)	(22,865)	(3,448)	(2,578)	(2,702)	(1,555)	(1,242)	<b>(77,041)</b>

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

\$ '000	Buildings	Roads	Bridges	Footpaths stormwater earthworks	Other structure infrastructure	Open space swimming pools	Other asset classes	Total
FV gains – other comprehensive income	23,405	–	–	–	–	–	–	60,124
Transfer from Midcoast Water 1/7/2017	37,925	559	–	–	–	–	8	919,589
<b>Closing balance</b>	<b>206,657</b>	<b>947,439</b>	<b>207,087</b>	<b>378,711</b>	<b>98,452</b>	<b>23,606</b>	<b>10,415</b>	<b>2,940,058</b>
<b>2019</b>								
<b>Opening balance</b>	206,657	947,439	207,087	378,711	98,452	23,606	10,415	2,940,058
Transfers from/(to) another asset class	5,497	(246,257)	(48,084)	376,321	(79,992)	(428)	1,600	41,633
Purchases (GBV)	1,192	29,299	2,771	4,570	299	731	363	72,272
Disposals (WDV)	(416)	–	–	–	(69)	(30)	–	(3,814)
Depreciation and impairment	(8,189)	(26,287)	(3,332)	(2,788)	(1,077)	(1,727)	(1,344)	(78,250)
FV gains – other comprehensive income	–	14,397	18,501	407,145	(7)	3,885	–	456,507
Transfer from Midcoast Water 1/7/2017	–	–	–	–	–	–	–	(41,636)
<b>Closing balance</b>	<b>204,741</b>	<b>718,591</b>	<b>176,943</b>	<b>1,163,959</b>	<b>17,606</b>	<b>26,037</b>	<b>11,034</b>	<b>3,386,770</b>

#### c. 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 (30/6/19)	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Plant and equipment	36,855	Cost Approach	Useful life Residual value Asset condition
Office equipment	624	Cost Approach	Useful life Residual value Asset condition
Furniture and fittings	469	Cost Approach	Useful life Residual value Asset condition
Computer equipment	4,455	Cost Approach	Useful life Residual value Asset condition

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
Community land	84,163	Land value as supplied by Valuer-General	Land value may not reflect market value
Operational land	74,264	Market Value /Cost Approach	Varies significantly from asset to asset Methods used by external valuers may include unobservable inputs
Land under roads	135	Price Per Square Metre	Area of Council rateable land
Land improvements depreciable	3,677	Discount factors Cost Approach	Area of Council road pattern Useful life Residual value Asset condition
Buildings specialised and non-specialised	204,741	Cost Approach	Useful life Residual value Asset condition
Other structures	17,606	Cost Approach	Methods used by external valuers may include unobservable inputs Useful life Residual value Asset condition
Other open space and recreational assets	22,677	Cost Approach	Useful life Residual value Asset condition
Swimming pools	3,360	Cost Approach	Useful life Residual value Asset condition
Other assets	3,016	Cost Approach	Useful life Residual value Asset condition
Library books	1,433	Cost Approach	Useful life Residual value Asset condition
Landfill remediation	2,173	Cost Approach	Cost Assessment Discount Rates Environmental Issues Future costs
Roads	718,591	Cost Approach	Useful life Residual value Asset condition Unit rate methodology

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

\$ '000	Fair value (30/6/19)	Valuation technique/s	Unobservable inputs
Earthworks	967,378	Cost Approach	Useful life Residual value Asset condition Unit rate methodology
Bridges	176,943	Cost Approach	Useful life Residual value Asset condition Unit rate methodology
Footpaths	15,021	Cost Approach	Useful life Residual value Asset condition Unit rate methodology
Stormwater drainage	181,560	Cost Approach	Useful life Residual value Asset condition Unit rate methodology
Work in progress	31,932	Cost Approach	Incomplete work Useful life Residual value Asset condition Unit rate methodology
Other infrastructure	–	Cost Approach	Useful life Residual value Asset condition Unit rate methodology
Water network assets	448,116	Cost Approach	Useful life Asset condition Unit rate methodology
Sewerage network assets	386,981	Cost Approach	Useful life Asset condition Unit rate methodology
Cemetery assets	558	Cost Approach	Useful life Residual value Asset condition Unit rate methodology
Quarry assets	22	Cost Approach	Useful life Residual value Asset condition Unit rate methodology



Notes to the Financial Statements  
for the year ended 30 June 2019

Note 21. Fair Value Measurement (continued)

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**d. The valuation process for level 3 fair value measurements**

See notes contained with Note 4 b (above).

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement (continued)

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#### (5) Highest and best use

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 22. Related Party Transactions

#### (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	2019	2018
<b>Compensation:</b>		
Short-term benefits	1,369	1,958
Post-employment benefits	107	145
<b>Total</b>	<b>1,476</b>	<b>2,103</b>

#### (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	Ref	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
\$ '000						
<b>2019</b>						
Employee expenses relating to close family members	1	81	–		–	–
Property rental from grazing lease	2	5	–		–	–
<b>2018</b>						
Employee expenses relating to close family members	1	146	–	Local Government (NSW) award	–	–
Property rental from grazing lease	2	5	–	Annual grazing license – weekly rental	–	–

1 Close family members of Council's KMP are employed by MidCoast Council under current Council award on an arms length basis. There is 1 close family member of KMP currently employed by Council.

2 1 KMP has an annual grazing lease over Council property which is used for agistment of cattle with rental paid on a week to week basis.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 22. Related Party Transactions (continued)

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### Note 23. Events occurring after the reporting date

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The MidCoast Council local government area has been significantly impacted by the recent NSW bushfires which commenced on 17 October 2019. These bushfires have been covered by a Government Bushfire Emergency Declaration from that time until 21 January 2020.

As a result of these fires some Council assets have sustained fire damage and are being assessed with the majority of asset damage values anticipated to be covered by insurance. Details of the impacted assets are as follows:

- Rainbow Flat fire station (building destroyed)
- Waste Management facility at Bucketts Way (partial damage for aeration floor, loss of some minor assets including 2.3km of fencing, water and leachate pipes, 6 landfill lids)
- approximately 100 water meters with digital reading capability
- building on the Lakes Way (heat damage to façade)
- approx. 220m of boardwalk at Cattai Wetlands
- Water Treatment plant assets at Lantana Crossing, Darawank, North Tuncurry, Old Bar, Failford and Nabitac (minor fire damage including fencing, security and minor assets)

MidCoast Council communities have been significantly impacted with in excess of 120 homes destroyed and many other structures, property and animals destroyed, damaged or injured. Council is involved in the recovery process which covers many areas including fee relief and concessions with respect to water usage and waste charges.

Considerable quantities of waste resulting from the fires will need to be appropriately disposed and Council is working with the EPA to ensure that hazardous waste is correctly handled and managed. This large quantity of waste will impact Council's waste budget and on available landfill area. This impact will be assessed during the 2019/2020 financial period as more information is at hand.



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 23. Events occurring after the reporting date (continued)

Council has received \$1m grant funding from the Federal Government to assist in the disaster recovery process and will continue to evaluate and provide required services and assistance.

The ongoing drought which has seen the both the Manning River and Barrington River cease flowing and some additional water usage for the fire events have impacted significantly on Council's water supply levels and Council is currently operating at level 4 water restrictions. A number of capital expenditure decisions to provide alternate water sources and a reduction in water usage will impact on Council's water fund for 2019/2020. These capital expenditure decisions include the implementation of a temporary saltwater desalination plant, additional bores at the Nabiac Acquifer and the trucking of water into Gloucester.

## Note 24. 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 30/6/2018						as at 30/6/2019	
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000		Cash	Non-cash					
Drainage	370	–	–	6	–	–	376	–
Roads	5,464	1,539	–	87	–	–	7,090	–
Parking	298	384	–	5	–	–	687	–
Open space	3,028	678	–	47	(274)	33	3,512	559
Community facilities	2,354	739	–	33	(436)	–	2,690	–
Other	762	447	–	14	–	–	1,223	–
Rec & Community Facilities	119	17	–	2	(14)	–	124	–
Surf Life Saving	56	54	–	1	–	(33)	78	(60)
Bushfire facilities	228	150	–	4	–	–	382	–

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 24. Statement of developer contributions (continued)

\$ '000	as at 30/6/2018						as at 30/6/2019		
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)	
		Cash	Non-cash						
Administration building	469	207	–	8	–	–	684	–	
GLW Admin	121	88	–	2	–	–	211	–	
Parking Tea Gardens	–	–	–	–	–	–	–	(499)	
Other – Surf Life Saving Hawks Nest	36	1	–	1	–	–	38	–	
Other - environmental	689	140	–	10	(70)	–	769	–	
Bridges	103	13	–	2	–	–	118	–	
Central Library	439	51	–	5	–	–	495	–	
Library Book stocks	122	15	–	1	–	–	138	–	
Aquatic Centre	44	19	–	1	–	–	64	–	
Plan Preparatory	(2)	1	–	–	–	–	(1)	–	
Rural Fire Fighting	757	87	–	11	–	–	855	–	
Section 94 Officer	240	18	–	3	–	–	261	–	
MP Community Centre	347	20	–	5	(55)	–	317	–	
Other - Finance	2	30	–	1	–	–	33	–	
Other - Finance - contra	(2)	–	–	–	–	–	(2)	–	
<b>S7.11 contributions – under a plan</b>	<b>16,044</b>	<b>4,698</b>	<b>–</b>	<b>249</b>	<b>(849)</b>	<b>–</b>	<b>20,142</b>	<b>–</b>	
<b>S7.12 levies – under a plan</b>	<b>75</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>76</b>	<b>–</b>	
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>16,119</b>	<b>4,698</b>	<b>–</b>	<b>250</b>	<b>(849)</b>	<b>–</b>	<b>20,218</b>	<b>–</b>	
S7.11 not under plans	265	60	–	2	(24)	–	303	–	
S64 contributions	11,617	5,413	–	174	(5,413)	–	11,791	–	
<b>Total contributions</b>	<b>28,001</b>	<b>10,171</b>	<b>–</b>	<b>426</b>	<b>(6,286)</b>	<b>–</b>	<b>32,312</b>	<b>–</b>	

### S7.11 Contributions – under a plan

#### CONTRIBUTION PLAN (former Gloucester Sire Council)

Roads	361	84	–	6	–	–	451	–
Parking	7	–	–	–	–	–	7	–

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 24. Statement of developer contributions (continued)

\$ '000	as at 30/6/2018						as at 30/6/2019	
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Rec & Community Facilities	119	17	–	2	(14)	–	124	–
<b>Total</b>	<b>487</b>	<b>101</b>	<b>–</b>	<b>8</b>	<b>(14)</b>	<b>–</b>	<b>582</b>	<b>–</b>
<b>CONTRIBUTION PLAN - FORSTER DISTRICT (former Great Lakes Council)</b>								
Drainage	370	–	–	6	–	–	376	–
Roads	1,051	816	–	17	–	–	1,884	–
Parking	233	384	–	4	–	–	621	–
Open space	1,188	571	–	21	(47)	33	1,766	60
Community facilities	1,423	582	–	18	(343)	–	1,680	–
Surf Life Saving	–	33	–	–	–	(33)	–	(60)
<b>Total</b>	<b>4,265</b>	<b>2,386</b>	<b>–</b>	<b>66</b>	<b>(390)</b>	<b>–</b>	<b>6,327</b>	<b>–</b>
<b>CONTRIBUTION - GREAT LAKES WIDE (former Great Lakes Council)</b>								
Community facilities	113	34	–	2	–	–	149	–
Bushfire facilities	228	150	–	4	–	–	382	–
Administration building	469	207	–	8	–	–	684	–
GLW admin	121	88	–	2	–	–	211	–
<b>Total</b>	<b>931</b>	<b>479</b>	<b>–</b>	<b>16</b>	<b>–</b>	<b>–</b>	<b>1,426</b>	<b>–</b>
<b>CONTRIBUTION PLAN - TEA GARDENS / HAWKS NEST (former Great Lakes Council)</b>								
Roads	65	16	–	1	–	–	82	–
Parking	58	–	–	1	–	–	59	–
Open space	271	18	–	4	–	–	293	499
Community facilities	108	6	–	2	–	–	116	–
Parking Tea Gardens	–	–	–	–	–	–	–	(499)
Other – Surf Life Saving Hawks Nest	36	1	–	1	–	–	38	–
<b>Total</b>	<b>538</b>	<b>41</b>	<b>–</b>	<b>9</b>	<b>–</b>	<b>–</b>	<b>588</b>	<b>–</b>
<b>CONTRIBUTION PLAN - ROAD HAULAGE (former Great Lakes Council)</b>								
Roads	287	41	–	5	–	–	333	–
<b>Total</b>	<b>287</b>	<b>41</b>	<b>–</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>333</b>	<b>–</b>
<b>CONTRIBUTION PLAN - RURAL ROADS BULADHDELAH, STROUD &amp; RURAL OPEN SPACE (former Great Lakes Council)</b>								

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 24. Statement of developer contributions (continued)

\$ '000	as at 30/6/2018						as at 30/6/2019		
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)	
		Cash	Non-cash						
Roads	327	88	–	6	–	–	421	–	
Open space	92	18	–	1	(27)	–	84	–	
<b>Total</b>	<b>419</b>	<b>106</b>	<b>–</b>	<b>7</b>	<b>(27)</b>	<b>–</b>	<b>505</b>	<b>–</b>	
<b>CONTRIBUTION PLAN - THE BRANCH LANE (former Great Lakes Council)</b>									
Roads	99	–	–	1	–	–	100	–	
<b>Total</b>	<b>99</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>100</b>	<b>–</b>	
<b>CONTRIBUTION PLAN - COOMBA RD &amp; SHALLOW BAY RD (former Great Lakes Council)</b>									
Roads	172	6	–	2	–	–	180	–	
<b>Total</b>	<b>172</b>	<b>6</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>180</b>	<b>–</b>	
<b>CONTRIBUTION PLAN - DURALIE COAL (former Great Lakes Council)</b>									
Roads	317	70	–	5	–	–	392	–	
Community facilities	710	117	–	11	(93)	–	745	–	
Other – environmental	689	140	–	10	(70)	–	769	–	
Bridges	103	13	–	2	–	–	118	–	
<b>Total</b>	<b>1,819</b>	<b>340</b>	<b>–</b>	<b>28</b>	<b>(163)</b>	<b>–</b>	<b>2,024</b>	<b>–</b>	
<b>CONTRIBUTION PLAN - 2001 PLAN GREATER TAREE (former Greater Taree City Council)</b>									
Open space	200	28	–	3	(200)	–	31	–	
Surf Life Saving	56	21	–	1	–	–	78	–	
Central Library	439	51	–	5	–	–	495	–	
Library Book stocks	122	15	–	1	–	–	138	–	
Aquatic Centre	44	19	–	1	–	–	64	–	
Plan Preparatory	(2)	1	–	–	–	–	(1)	–	
Rural Fire Fighting	387	45	–	6	–	–	438	–	
Section 94 Officer	240	18	–	3	–	–	261	–	
Other	14	13	–	1	–	–	28	–	
<b>Total</b>	<b>1,500</b>	<b>211</b>	<b>–</b>	<b>21</b>	<b>(200)</b>	<b>–</b>	<b>1,532</b>	<b>–</b>	
<b>CONTRIBUTION PLAN 2001 PLAN TAREE (former Greater Taree City Council)</b>									
Roads	281	65	–	4	–	–	350	–	

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 24. Statement of developer contributions (continued)

\$ '000	as at 30/6/2018			Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/6/2019	
	Opening Balance	Contributions received during the year					Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	161	12	–	2	–	–	175	–
Rural Fire Fighting	154	21	–	3	–	–	178	–
Other	6	–	–	–	–	–	6	–
<b>Total</b>	<b>602</b>	<b>98</b>	<b>–</b>	<b>9</b>	<b>–</b>	<b>–</b>	<b>709</b>	<b>–</b>
<b>CONTRIBUTION PLAN - 2001 PLAN WINGHAM (former Greater Taree City Council)</b>								
Roads	698	14	–	11	–	–	723	–
Open space	81	8	–	2	–	–	91	–
Rural Fire Fighting	(78)	–	–	(2)	–	–	(80)	–
<b>Total</b>	<b>701</b>	<b>22</b>	<b>–</b>	<b>11</b>	<b>–</b>	<b>–</b>	<b>734</b>	<b>–</b>
<b>CONTRIBUTION PLAN - 2001 HALLIDAYS POINT (former Greater Taree City Council)</b>								
Roads	(28)	276	–	3	–	–	251	–
Open space	760	16	–	10	–	–	786	–
Rural Fire Fighting	170	17	–	2	–	–	189	–
MP Community Centre	69	17	–	1	–	–	87	–
<b>Total</b>	<b>971</b>	<b>326</b>	<b>–</b>	<b>16</b>	<b>–</b>	<b>–</b>	<b>1,313</b>	<b>–</b>
<b>CONTRIBUTION PLAN - 2010 PLAN OLD BAR (former Greater Taree City Council)</b>								
Roads	1,114	23	–	15	–	–	1,152	–
Open space	113	–	–	2	–	–	115	–
Rural Fire Fighting	43	2	–	–	–	–	45	–
MP Community Centre	229	3	–	3	(55)	–	180	–
Other - Finance	–	30	–	1	–	–	31	–
<b>Total</b>	<b>1,499</b>	<b>58</b>	<b>–</b>	<b>21</b>	<b>(55)</b>	<b>–</b>	<b>1,523</b>	<b>–</b>
<b>CONTRIBUTION PLAN - 2001 PLAN HARRINGTON (former Greater Taree City Council)</b>								
Roads	720	40	–	11	–	–	771	–
Open space	162	7	–	2	–	–	171	–
Rural Fire Fighting	81	2	–	2	–	–	85	–
MP Community Centre	49	–	–	1	–	–	50	–
Other – Finance	2	–	–	–	–	–	2	–
Other – Finance – contra	(2)	–	–	–	–	–	(2)	–



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 24. Statement of developer contributions (continued)

\$ '000	as at 30/6/2018						as at 30/6/2019	
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
<b>Total</b>	<b>1,012</b>	<b>49</b>	<b>–</b>	<b>16</b>	<b>–</b>	<b>–</b>	<b>1,077</b>	<b>–</b>
<b>CONTRIBUTION PLAN NUMBER 2016</b>								
Other	742	434	–	13	–	–	1,189	–
<b>Total</b>	<b>742</b>	<b>434</b>	<b>–</b>	<b>13</b>	<b>–</b>	<b>–</b>	<b>1,189</b>	<b>–</b>

## S7.12 Levies – under a plan

**CONTRIBUTION PLAN OLD BAR (former Greater Taree City Council)**

General Purpose	75	–	–	1	–	–	76	–
<b>Total</b>	<b>75</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>76</b>	<b>–</b>

## S7.11 Contributions – not under a plan

**(former Gloucester Shire Council - Duralie)**

Other	108	60	–	–	(24)	–	144	–
<b>Total</b>	<b>108</b>	<b>60</b>	<b>–</b>	<b>–</b>	<b>(24)</b>	<b>–</b>	<b>144</b>	<b>–</b>

**(former Great Lakes Council)**

Roads	157	–	–	2	–	–	159	–
<b>Total</b>	<b>157</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>159</b>	<b>–</b>

## S64 contributions

**Former MidCoast Water Contributions**

Water and Sewerage Contributions	11,617	5,413	–	174	(5,413)	–	11,791	–
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Notes to the Financial Statements  
for the year ended 30 June 2019

Note 24. Statement of developer contributions (continued)

	as at 30/6/2018			as at 30/6/2019				
	Opening Balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000		Cash	Non-cash					
Total	11,617	5,413	–	174	(5,413)	–	11,791	–

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 25. Financial result and financial position by fund

\$ '000	General <sup>1</sup> 2019	Water 2019	Sewer 2019
<b>Income Statement by fund</b>			
<b>Income from continuing operations</b>			
Rates and annual charges	95,826	13,614	38,780
User charges and fees	21,949	28,051	3,448
Interest and investment revenue	4,170	365	1,630
Other revenues	2,392	1,720	1,615
Grants and contributions provided for operating purposes	31,751	497	461
Grants and contributions provided for capital purposes	34,569	3,852	3,750
<b>Other income</b>			
Fair value increment on investment property	370	–	–
<b>Total income from continuing operations</b>	<b>191,027</b>	<b>48,099</b>	<b>49,684</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	56,937	9,032	8,449
Borrowing costs	1,550	5,903	4,507
Materials and contracts	38,016	6,800	6,941
Depreciation and amortisation	49,775	14,373	14,102
Other expenses	16,373	5,168	5,530
Net losses from the disposal of assets	443	1,178	803
Revaluation decrement /impairment of IPPE	6,225	–	–
Share of interests in joint ventures and associates using the equity method	39	–	–
<b>Total expenses from continuing operations</b>	<b>169,358</b>	<b>42,454</b>	<b>40,332</b>
<b>Operating result from continuing operations</b>	<b>21,669</b>	<b>5,645</b>	<b>9,352</b>
<b>Net operating result for the year</b>	<b>21,669</b>	<b>5,645</b>	<b>9,352</b>
<b>Net operating result attributable to each council fund</b>	21,669	5,645	9,352
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	(12,900)	1,793	5,602

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.

## Statement of Financial Position by fund

**ASSETS****Current assets**

Cash and cash equivalents	21,033	10,628	6,938
Investments	93,200	8,750	55,750
Receivables	18,685	8,333	6,523
Inventories	4,889	258	2
Other	806	–	–
<b>Total current assets</b>	<b>138,613</b>	<b>27,969</b>	<b>69,213</b>

**Non-current assets**

Investments	45,250	–	–
Inventories	1,674	–	–

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 25. Financial result and financial position by fund (continued)

\$ '000	General <sup>1</sup> 2019	Water 2019	Sewer 2019
Infrastructure, property, plant and equipment	2,469,287	502,263	415,220
Investments accounted for using the equity method	404	–	–
Investment property	18,570	–	–
<b>Total non-current assets</b>	<b>2,535,185</b>	<b>502,263</b>	<b>415,220</b>
<b>TOTAL ASSETS</b>	<b>2,673,798</b>	<b>530,232</b>	<b>484,433</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	15,054	2,058	2,212
Income received in advance	2,801	507	507
Borrowings	11,893	4,281	5,323
Provisions	18,316	3,389	3,329
<b>Total current liabilities</b>	<b>48,064</b>	<b>10,235</b>	<b>11,371</b>
<b>Non-current liabilities</b>			
Borrowings	54,201	85,578	61,298
Provisions	12,276	–	–
<b>Total non-current liabilities</b>	<b>66,477</b>	<b>85,578</b>	<b>61,298</b>
<b>TOTAL LIABILITIES</b>	<b>114,541</b>	<b>95,813</b>	<b>72,669</b>
<b>Net assets</b>	<b>2,559,257</b>	<b>434,419</b>	<b>411,764</b>
<b>EQUITY</b>			
Accumulated surplus	2,068,270	417,869	396,445
Revaluation reserves	490,987	16,550	15,319
<b>Council equity interest</b>	<b>2,559,257</b>	<b>434,419</b>	<b>411,764</b>
<b>Total equity</b>	<b>2,559,257</b>	<b>434,419</b>	<b>411,764</b>

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.

## Details of individual internal loans for the year ended 30 June 2019

(in accordance with s410(3) of the *Local Government Act 1993*)

## Note 26(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2019	Indicator 2019	Prior period 2018	Benchmark
<b>1. Operating performance ratio</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>2,813</b>	<b>1.14%</b>	1.90%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>246,269</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>210,913</b>	<b>73.12%</b>	76.43%	>60.00%
Total continuing operating revenue <sup>1</sup>	<b>288,440</b>			

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 26(a). Statement of performance measures – consolidated results (continued)

\$ '000	Amounts 2019	Indicator 2019	Prior period 2018	Benchmark
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	<b>91,891</b>	<b>5.39x</b>	8.61x	>1.50x
Current liabilities less specific purpose liabilities	<b>17,037</b>			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>93,023</b>	<b>2.81x</b>	2.80x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>33,052</b>			
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>				
Rates, annual and extra charges outstanding	<b>11,152</b>	<b>7.17%</b>	6.28%	<10.00%
Rates, annual and extra charges collectible	<b>155,468</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<b>196,549</b>	<b>11.89 mths</b>	10.72 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	<b>16,535</b>			

(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets, and net loss of interests in joint ventures and associates.

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates



Notes to the Financial Statements

for the year ended 30 June 2019

Note 26(b). Statement of performance measures – by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2019	2018	2019	2018	2019	2018	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(4.19)%</b>	(0.65)%	<b>6.70%</b>	2.19%	<b>13.90%</b>	10.89%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>64.33%</b>	69.60%	<b>89.92%</b>	84.70%	<b>90.60%</b>	93.82%	>60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>3.87x</b>	8.61x	<b>4.09x</b>	0.83x	<b>8.61x</b>	3.43x	>1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>3.85x</b>	2.26x	<b>2.10x</b>	3.21x	<b>2.32x</b>	4.78x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>5.99%</b>	4.89%	<b>7.68%</b>	6.18%	<b>9.78%</b>	9.88%	<10.00%
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>10.27 mths</b>	8.98 mths	<b>8.03 mths</b>	∞	<b>23.75 mths</b>	∞	>3.00 mths
Payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 26a above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**MidCoast Council**

To the Councillors of the MidCoast Council

## Opinion

I have audited the accompanying financial statements of MidCoast Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been presented, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

## Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Jan-Michael Perez  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 March 2020  
SYDNEY



Councillor David West  
Mayor  
MidCoast Council  
PO BOX 450  
FORSTER NSW 2358

Contact: Jan-Michael Perez  
Phone no: 02 9275 7115  
Our ref: D2004230/1759

30 March 2020

Dear Mayor West

**Report on the Conduct of the Audit  
for the year ended 30 June 2019  
MidCoast Council**

I have audited the general purpose financial statements (GPFS) of MidCoast Council (the Council) for the year ended 30 June 2019 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2019 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

### **Delays in finalising the 30 June 2019 financial statement audit**

Delays were encountered during the finalisation phase of the audit. Council were in the process of implementing its new enterprise wide information technology system commencing 1 July 2019. In addition, unforeseen external events beyond the control of Council occurred during the final phase of audit which resulted in a re-direct of Council resources and subsequent deferment and re-schedule of agreed site visits to complete field work.

Extensions to the financial statement lodgement dates were sought by Council and granted by the Office of Local Government up to 31 March 2020.



## INCOME STATEMENT

### Operating result

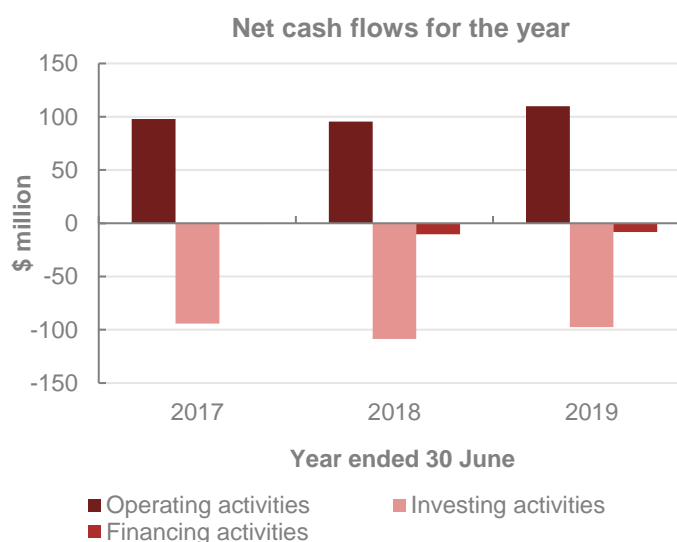
	2019	2018	Variance
	\$m	\$m	%
Rates and annual charges revenue	148.2	142.5	↑ 4.0
Grants and contributions revenue	74.9	59.7	↑ 25.5
Operating result for the year	36.7	29.9	↑ 9.2
Net operating result before capital grants and contributions	(5.5)	4.6	↓ 218.7

Council's operating result (\$36.7 million, including the effect of depreciation and amortisation expense of \$78.3 million) was \$6.7 million higher than the 2017–18 result. This year's result is primarily driven by an increase in rates and annual charges of \$5.7 million and an increase in grants and contributions provided for capital purposes totalling \$16.9 million.

The net operating result before capital grants and contributions of deficit \$5.5 million was \$10.1 million lower than the 2017–18 result. Driving this result were higher increases in employee benefits and on-costs of \$5.5 million; increased materials and contracts expenditure of \$4.9 million and a write-down of assets totalling \$6.2 million.

## STATEMENT OF CASH FLOWS

- Cash inflows from operating activities rose largely due to \$8.3 million increase in rates and annual charges and \$6.4 million increase in grants and contributions
- Cash outflows from investing activities decreased by \$10.9 million mainly due to lower spending on infrastructure, property, plant and equipment.
- Financial activities cashflows activities decreased by \$2.0 million due to increase in repayment of borrowings and advances.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	163.8	125.2	Externally restricted cash and total cash and investments increased primarily due to \$8.4 million increase in water supplies and \$12.1 million increase in sewerage services.
Internal restrictions	69.7	75.8	
Unrestricted	8.1	1.6	
<b>Cash and investments</b>	<b>241.6</b>	<b>202.6</b>	

Externally restricted cash and investments are restricted in their use by externally imposed requirements. These generally include unspent development contributions and specific purpose grants, unexpended loans and domestic waste charges.

Internally restricted cash and investments have been restricted in their use by resolution or policy of the Council to reflect forward plans and identified programs of works. These totalled \$69.7 million and their purpose is disclosed in Note 6(c) of the financial statements.

The Council's unrestricted cash and investments amounted to \$8.1 million, which is available to provide liquidity for day to day operations.

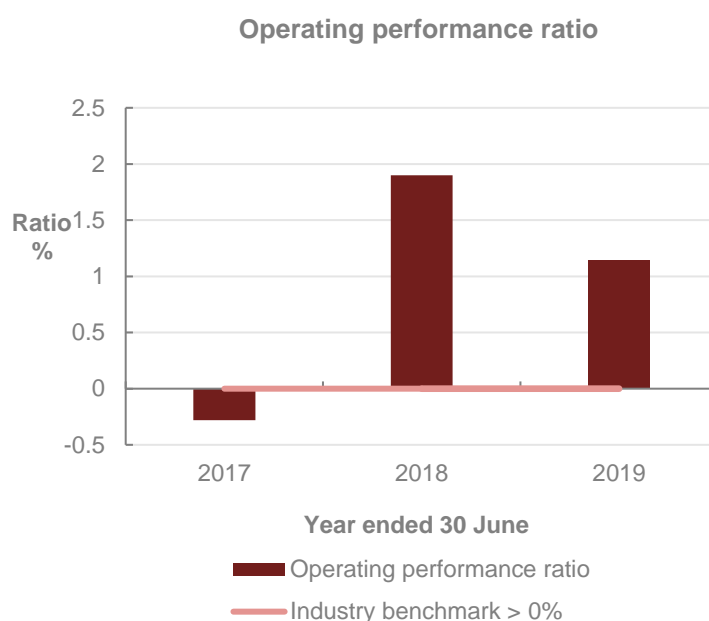
## PERFORMANCE

### Operating performance ratio

The council's operation performance ratio of 1.14 per cent this financial year was above the industry benchmark.

The increase in the ratio is due to higher revenue from rates and annual charges in the current year.

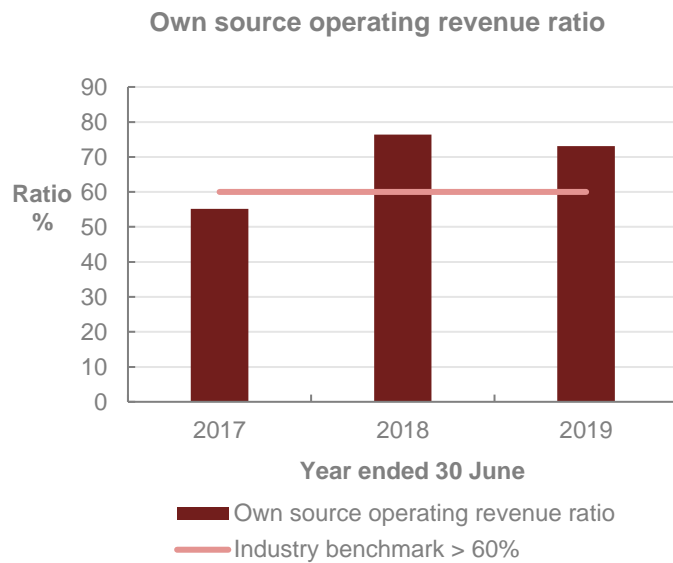
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater than zero per cent.



## Own source operating revenue ratio

The Council's own source operating revenue ratio has exceeded the OLG benchmark over the last two years.

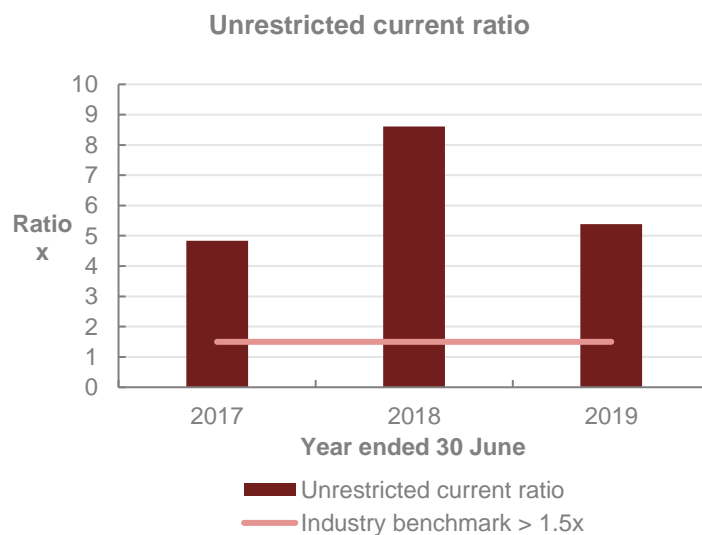
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.



## Unrestricted current ratio

The Council has exceeded the industry benchmark for the last three years indicating Council has sufficient liquid assets to meet its short-term obligations as and when they fall due.

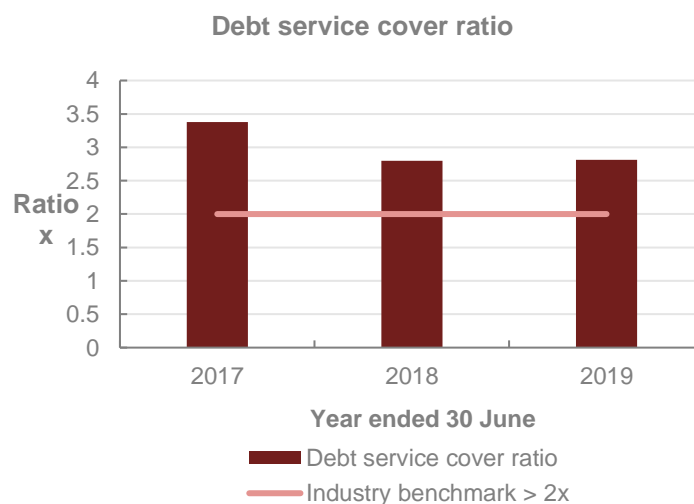
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.



## Debt service cover ratio

Council's debt service cover ratio has exceeded the industry benchmark for the last three years.

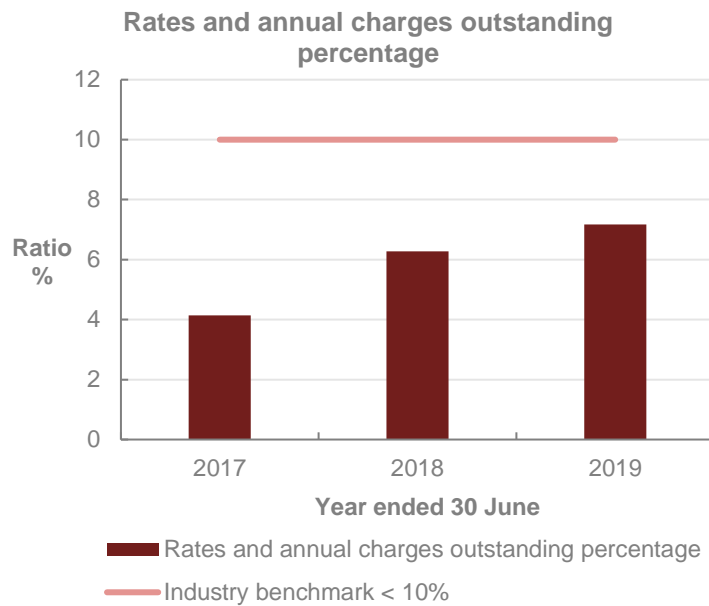
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.



## Rates and annual charges outstanding percentage

Council's rates and annual charges outstanding ratio is 7.17 per cent in 2019, which is below the industry benchmark of less than 10 per cent.

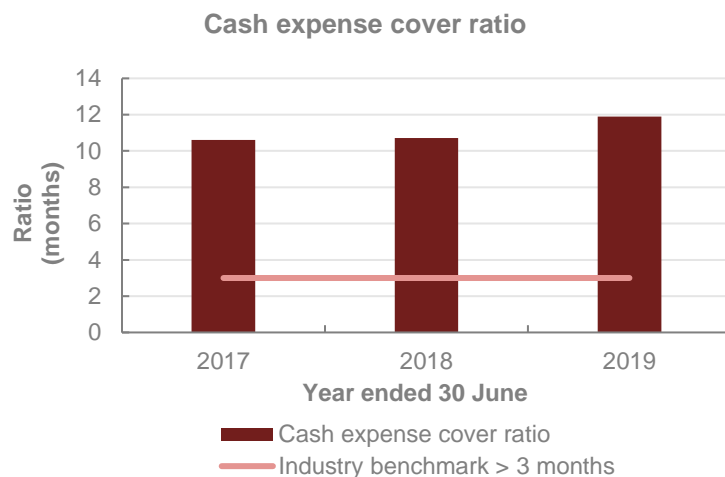
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 10 per cent for regional and rural councils.



## Cash expense cover ratio

Council continues to exceed the benchmark as set out by the former Office of Local Government.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by the former OLG is greater than three months.



## Infrastructure, property, plant and equipment renewals

Infrastructure, property, plant and equipment renewals for 2018–19 totalled \$65 million in 2018–19 compared with \$47.3 million in the previous year. The increase in renewal expenditure was mainly driven by higher renewals in capital works in progress \$18.1 million (\$15.0 million in 2017–18), roads \$25.7 million (\$18.9 million in 2017–18) and stormwater / water supply and sewerage network of \$9.8 million (\$2.7 million in 2017–18)

## OTHER MATTERS

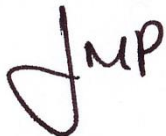
### New accounting standards implemented

Application period	Overview
<b>AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'</b>	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none"><li>• a simplified model for classifying and measuring financial assets</li><li>• a new method for calculating impairment</li><li>• a new type of hedge accounting that more closely aligns with risk management.</li></ul> <p>The revised AASB 7 includes new disclosures as a result of AASB 9.</p> <p>Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 13.</p>

### Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Jan-Michael Perez  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Mr Adrian Panuccio, General Manager  
Mr Stephen Coates, Chair of Audit, Risk and Improvement Committee  
Mr Tim Hurst, Chief Executive of the Office of Local Government



# MidCoast Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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## Special Purpose Financial Statements

for the year ended 30 June 2019

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(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

### 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).

## MidCoast Council

### Special Purpose Financial Statements

for the year ended 30 June 2019

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#### 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.

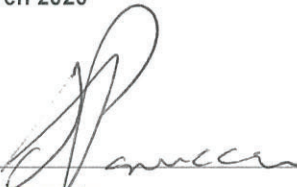
Signed in accordance with a resolution of Council made on 25 March 2020.



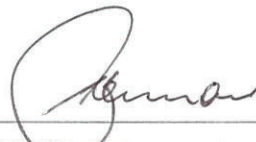
David West  
Mayor  
25 March 2020



Claire Pontin  
Councillor  
25 March 2020



Adrian Panuccio  
General Manager  
25 March 2020



Philip Brennan  
Responsible Accounting Officer  
25 March 2020

## Income Statement – Water Supply Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
<b>Income from continuing operations</b>		
Access charges	13,614	11,912
User charges	27,329	26,504
Fees	722	1,072
Interest	365	282
Grants and contributions provided for non-capital purposes	497	486
Other income	1,720	174
<b>Total income from continuing operations</b>	<b>44,247</b>	<b>40,430</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	9,032	8,866
Borrowing costs	5,903	6,329
Materials and contracts	6,800	5,583
Depreciation, amortisation and impairment	14,373	14,291
Water purchase charges	74	–
Loss on sale of assets	1,178	284
Calculated taxation equivalents	255	256
Debt guarantee fee (if applicable)	899	944
Other expenses	5,094	4,193
<b>Total expenses from continuing operations</b>	<b>43,608</b>	<b>40,746</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>639</b>	<b>(316)</b>
Grants and contributions provided for capital purposes	3,852	6,729
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>4,491</b>	<b>6,413</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>4,491</b>	<b>6,413</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(176)	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>4,315</b>	<b>6,413</b>
<b>Plus opening retained profits</b>	412,224	–
<b>Accumulated Surplus Transferred From Midcoast Water</b>	–	404,739
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	255	256
– Debt guarantee fees	899	944
<b>Less:</b>		
– Corporate taxation equivalent	176	–
– Tax equivalent dividend paid	–	(128)
<b>Closing accumulated surplus</b>	<b>417,869</b>	<b>412,224</b>
<b>Return on capital %</b>	1.3%	1.2%
<b>Subsidy from Council</b>	88	7,243
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	4,315	6,413
Less: capital grants and contributions (excluding developer contributions)	(3,852)	(6,729)
<b>Surplus for dividend calculation purposes</b>	<b>463</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>232</b>	<b>–</b>

## Income Statement – Sewerage Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
<b>Income from continuing operations</b>		
Access charges	38,780	37,434
User charges	3,007	2,984
Liquid trade waste charges	55	25
Fees	386	642
Interest	1,630	1,022
Grants and contributions provided for non-capital purposes	461	451
Other income	1,615	161
<b>Total income from continuing operations</b>	<b>45,934</b>	<b>42,719</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	8,449	8,901
Borrowing costs	4,507	4,923
Materials and contracts	6,941	5,568
Depreciation, amortisation and impairment	14,102	14,897
Loss on sale of assets	803	107
Calculated taxation equivalents	202	204
Debt guarantee fee (if applicable)	667	725
Other expenses	5,530	3,669
<b>Total expenses from continuing operations</b>	<b>41,201</b>	<b>38,994</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>4,733</b>	<b>3,725</b>
Grants and contributions provided for capital purposes	3,750	2,335
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>8,483</b>	<b>6,060</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>8,483</b>	<b>6,060</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(1,302)	(1,024)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>7,181</b>	<b>5,036</b>
<b>Plus opening retained profits</b>	387,093	–
<b>Accumulated surplus transfer</b>	–	380,215
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	202	204
– Debt guarantee fees	667	725
– Corporate taxation equivalent	1,302	1,024
<b>Less:</b>		
– Tax equivalent dividend paid	–	(111)
<b>Closing accumulated surplus</b>	<b>396,445</b>	<b>387,093</b>
<b>Return on capital %</b>	<b>2.2%</b>	<b>2.1%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>2,416</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	7,181	5,036
Less: capital grants and contributions (excluding developer contributions)	(3,750)	(2,335)
<b>Surplus for dividend calculation purposes</b>	<b>3,431</b>	<b>2,701</b>
<b>Potential dividend calculated from surplus</b>	<b>1,716</b>	<b>1,350</b>



## Income Statement – Midcoast Assist

for the year ended 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
<b>Income from continuing operations</b>		
Fees	6,463	–
Grants and contributions provided for non-capital purposes	882	–
<b>Total income from continuing operations</b>	<b>7,345</b>	<b>–</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	4,811	–
Materials and contracts	1,793	–
Depreciation, amortisation and impairment	126	–
Other expenses	497	–
<b>Total expenses from continuing operations</b>	<b>7,227</b>	<b>–</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>118</b>	<b>–</b>
Grants and contributions provided for capital purposes	161	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>279</b>	<b>–</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>279</b>	<b>–</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(32)	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>247</b>	<b>–</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments Payroll	(264)	–
– Corporate taxation equivalent	32	–
<b>Add:</b>		
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>15</b>	<b>–</b>
<b>Return on capital %</b>	<b>33.1%</b>	<b>0.0%</b>

## Statement of Financial Position – Water Supply Business Activity

as at 30 June 2019

\$ '000	2019	2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	10,628	6,719
Investments	8,750	4,250
Receivables	8,333	7,762
Inventories	258	258
<b>Total current assets</b>	<b>27,969</b>	<b>18,989</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	502,263	504,025
<b>Total non-current assets</b>	<b>502,263</b>	<b>504,025</b>
<b>TOTAL ASSETS</b>	<b>530,232</b>	<b>523,014</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	2,058	3,031
Income received in advance	507	–
Borrowings	4,281	16,616
Provisions	3,389	3,318
<b>Total current liabilities</b>	<b>10,235</b>	<b>22,965</b>
<b>Non-current liabilities</b>		
Borrowings	85,578	77,840
<b>Total non-current liabilities</b>	<b>85,578</b>	<b>77,840</b>
<b>TOTAL LIABILITIES</b>	<b>95,813</b>	<b>100,805</b>
<b>NET ASSETS</b>	<b>434,419</b>	<b>422,209</b>
<b>EQUITY</b>		
Accumulated surplus	417,869	7,485
Accumulated Surplus Transferred From Midcoast Water	–	404,739
Revaluation reserves	16,550	9,985
<b>TOTAL EQUITY</b>	<b>434,419</b>	<b>422,209</b>

## Statement of Financial Position – Sewerage Business Activity

as at 30 June 2019

\$ '000	2019	2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,938	21,445
Investments	55,750	25,000
Receivables	6,523	5,643
Inventories	2	2
<b>Total current assets</b>	<b>69,213</b>	<b>52,090</b>
<b>Non-current assets</b>		
Investments	–	2,000
Infrastructure, property, plant and equipment	415,220	420,686
<b>Total non-current assets</b>	<b>415,220</b>	<b>422,686</b>
<b>TOTAL ASSETS</b>	<b>484,433</b>	<b>474,776</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	2,212	2,630
Income received in advance	507	–
Borrowings	5,323	5,923
Provisions	3,329	3,263
<b>Total current liabilities</b>	<b>11,371</b>	<b>11,816</b>
<b>Non-current liabilities</b>		
Borrowings	61,298	66,569
<b>Total non-current liabilities</b>	<b>61,298</b>	<b>66,569</b>
<b>TOTAL LIABILITIES</b>	<b>72,669</b>	<b>78,385</b>
<b>NET ASSETS</b>	<b>411,764</b>	<b>396,391</b>
<b>EQUITY</b>		
Accumulated surplus	396,445	387,093
Revaluation reserves	15,319	9,298
<b>TOTAL EQUITY</b>	<b>411,764</b>	<b>396,391</b>

Statement of Financial Position – Midcoast Assist  
as at 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	537	–
Receivables	484	–
Inventories	16	–
<b>Total current assets</b>	<b>1,037</b>	<b>–</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	357	–
<b>Total non-current assets</b>	<b>357</b>	<b>–</b>
<b>TOTAL ASSETS</b>	<b>1,394</b>	<b>–</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	207	–
Income received in advance	220	–
Provisions	378	–
<b>Total current liabilities</b>	<b>805</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>805</b>	<b>–</b>
<b>NET ASSETS</b>	<b>589</b>	<b>–</b>
<b>EQUITY</b>		
Retained earnings	15	–
Other reserves	574	–
<b>TOTAL EQUITY</b>	<b>589</b>	<b>–</b>

## Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

### Note 1. Significant Accounting Policies

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A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 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

###### Water Services

The provision of Water Services throughout the Midcoast Council region.

###### Sewerage Services

The provision of Sewerage Services throughout the MidCoast Council region.

###### MidCoast Assist

Council provides Ageing and Disability Services to its community as a National Disability Insurance Scheme provider.

Council declared at a Council Meeting held on 26 June 2019 that MidCoast Assist was to be considered as a Category 1 business activity.

###### Strategic Services Australia Limited



## Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

### Note 1. Significant Accounting Policies (continued)

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Council determined at a Council Meeting held on 26 June 2019 that it would no longer consider its involvement in Strategic Services Australia to constitute a business activity. It continues to be reported as a joint venture within the General Purpose Financial Report.

*Strategic Services Australia Limited has been established to improve the quality and efficiency of local government services throughout the Hunter Region via resource sharing.*

*One such service is the establishment of a Record Repository Centre for the use of Member Councils and to outsource this service to other organisations.*

#### 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 \$692,000 of combined land values attracts 0%. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$850,000.

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 DoI – Water 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.

## Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

### Note 1. Significant Accounting Policies (continued)

Since the taxation equivalent is notional – that is, it is payable to Council as the ‘owner’ of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 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. A rate of 1% has been used in relation to the 2018/2019 financial period.

#### (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**

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**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 1.32% at 30/6/19.

#### (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:

**Notes to the Special Purpose Financial Statements**  
for the year ended 30 June 2019

**Note 1. Significant Accounting Policies (continued)**

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- 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).

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.



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**MidCoast Council**

To the Councillors of the MidCoast Council

## Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of MidCoast Council's (the Council) declared business activities, which comprise the Income Statement of each declared business activity for the year ended 30 June 2019, the Statement of Financial Position of each declared business activity as at 30 June 2019, Note 1 Significant accounting policies for the business activities declared by Council, and the Statement by Councillors and Management.

The declared business activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity
- Midcoast Asist.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared business activities as at 30 June 2019, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code).

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

## Basis for Opinion

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

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

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

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

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

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

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

## **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

## **Other Information**

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

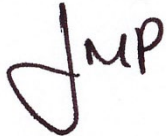
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate,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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.



My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'JMP', is located in the left margin of the page.

Jan-Michael Perez  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 March 2020  
SYDNEY

# MidCoast Council

SPECIAL SCHEDULES  
for the year ended 30 June 2019

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**Special Schedules**

for the year ended 30 June 2019

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## Permissible income for general rates

\$ '000		2019/20				2018/19			
		Great Lakes	Greater Taree	Gloucester	MidCoast Council	Great Lakes	Greater Taree	Gloucester	MidCoast Council
<b>Notional general income calculation <sup>1</sup></b>									
Last year notional general income yield	a	36,026	33,876	5,858	75,760	34,160	32,054	5,561	71,775
Plus or minus adjustments <sup>2</sup>	b	101	288	19	408	133	178	15	326
<b>Notional general income</b>	<b>c = a + b</b>	<b>36,127</b>	<b>34,164</b>	<b>5,877</b>	<b>76,168</b>	<b>34,293</b>	<b>32,232</b>	<b>5,576</b>	<b>72,101</b>
<b>Permissible income calculation</b>									
Special variation percentage	d	5.00%	5.00%	5.00%		5.00%	5.00%	5.00%	
Plus special variation amount	h = d x (c + g)	1,806	1,708	294	3,808	1,715	1,612	279	3,606
<b>Sub-total</b>	<b>k = (c + g + h + i + j)</b>	<b>37,933</b>	<b>35,872</b>	<b>6,171</b>	<b>79,976</b>	<b>36,008</b>	<b>33,844</b>	<b>5,855</b>	<b>75,707</b>
Plus (or minus) last year's carry forward total	l	–	–	1	1	–	21	4	25
Less valuation objections claimed in the previous year	m	(21)	(11)	–	(32)	(3)	–	–	(3)
<b>Sub-total</b>	<b>n = (l + m)</b>	<b>(21)</b>	<b>(11)</b>	<b>1</b>	<b>(31)</b>	<b>(3)</b>	<b>21</b>	<b>4</b>	<b>22</b>
<b>Total permissible income</b>	<b>o = k + n</b>	<b>37,912</b>	<b>35,861</b>	<b>6,172</b>	<b>79,945</b>	<b>36,005</b>	<b>33,865</b>	<b>5,859</b>	<b>75,729</b>
Less notional general income yield	p	37,945	35,858	6,168	79,971	36,026	33,876	5,858	75,760
<b>Catch-up or (excess) result</b>	<b>q = o – p</b>	<b>(33)</b>	<b>3</b>	<b>4</b>	<b>(26)</b>	<b>(21)</b>	<b>(11)</b>	<b>1</b>	<b>(31)</b>
Plus income lost due to valuation objections claimed	r	33	–	–	33	21	11	–	32
<b>Carry forward to next year <sup>6</sup></b>	<b>t = q + r + s</b>	<b>–</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>1</b>

(1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

(2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.

(6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



**INDEPENDENT AUDITOR'S REPORT**  
**Special Schedule - Permissible income for general rates**  
**MidCoast Council**

To the Councillors of MidCoast Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of MidCoast Council (the Council) for the year ending 30 June 2020.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code), and is in accordance with the books and records of the Council.

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.



## Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2019'.

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in black ink, appearing to read 'JMP', is positioned to the left of the printed name and title.

Jan-Michael Perez  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 March 2020  
SYDNEY

## Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance <sup>a</sup>	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
<b>(a) Report on Infrastructure Assets - Values</b>												
<b>Buildings</b>	Other Buildings	12,275	12,275	1,859	1,553	73,721	107,192	17.1%	45.4%	28.2%	9.2%	0.1%
	Council Offices/Administration Centres	–	–	852	1,433	30,207	54,964	7.2%	46.9%	45.9%	0.0%	0.0%
	Council Public Halls	2,132	2,132	410	95	10,101	23,752	6.2%	29.1%	49.1%	14.0%	1.6%
	Council Works Depots	430	430	228	478	5,752	11,502	10.5%	48.9%	33.8%	5.1%	1.7%
	Cultural/Community Facilities	1,707	251	1,744	208	74,626	147,220	9.7%	57.8%	30.0%	2.5%	0.0%
	Libraries	264	264	332	107	10,334	14,004	62.4%	19.4%	15.4%	2.8%	0.0%
	<b>Sub-total</b>	<b>16,808</b>	<b>15,352</b>	<b>5,425</b>	<b>3,874</b>	<b>204,741</b>	<b>358,634</b>	<b>13.4%</b>	<b>48.7%</b>	<b>32.7%</b>	<b>5.0%</b>	<b>0.2%</b>
<b>Other structures</b>	Other structures Not Included In Buildings	51	51	211	432	17,606	27,305	45.9%	35.9%	16.1%	1.3%	0.8%
	<b>Sub-total</b>	<b>51</b>	<b>51</b>	<b>211</b>	<b>432</b>	<b>17,606</b>	<b>27,305</b>	<b>45.9%</b>	<b>35.9%</b>	<b>16.1%</b>	<b>1.3%</b>	<b>0.8%</b>
<b>Roads</b>	Sealed roads	70,312	70,312	11,448	6,536	641,482	1,098,885	15.7%	43.4%	23.0%	12.4%	5.5%
	Unsealed roads	7,732	7,732	3,559	5,215	10,713	86,811	2.7%	38.3%	25.0%	30.8%	3.2%
	Bridges	14,218	14,218	2,008	501	176,944	310,155	12.7%	33.2%	34.2%	8.3%	11.6%
	Footpaths/Cycleways	2,130	2,130	547	85	15,022	29,911	27.0%	36.1%	16.5%	9.2%	11.2%
	Kerb & Guttering	11,126	11,126	218	194	66,397	136,705	15.9%	22.7%	31.0%	27.1%	3.3%
	Bulk earthworks	–	–	–	–	967,378	967,378	100.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>105,518</b>	<b>105,518</b>	<b>17,780</b>	<b>12,531</b>	<b>1,877,933</b>	<b>2,629,845</b>	<b>46.1%</b>	<b>24.9%</b>	<b>16.3%</b>	<b>8.7%</b>	<b>4.0%</b>
<b>Water supply network</b>	Water Supply Network	48,178	48,178	19,615	15,584	448,116	790,212	46.0%	29.0%	14.0%	9.0%	2.0%
	<b>Sub-total</b>	<b>48,178</b>	<b>48,178</b>	<b>19,615</b>	<b>15,584</b>	<b>448,116</b>	<b>790,212</b>	<b>46.0%</b>	<b>29.0%</b>	<b>14.0%</b>	<b>9.0%</b>	<b>2.0%</b>
<b>Sewerage network</b>	Sewerage Network	32,925	32,925	16,067	17,535	386,981	716,742	49.0%	32.0%	12.0%	5.0%	2.0%
	<b>Sub-total</b>	<b>32,925</b>	<b>32,925</b>	<b>16,067</b>	<b>17,535</b>	<b>386,981</b>	<b>716,742</b>	<b>49.0%</b>	<b>32.0%</b>	<b>12.0%</b>	<b>5.0%</b>	<b>2.0%</b>
<b>Stormwater drainage</b>	Stormwater Drainage	5,714	5,714	–	1,235	181,560	291,840	15.5%	47.1%	29.3%	7.8%	0.3%
	<b>Sub-total</b>	<b>5,714</b>	<b>5,714</b>	<b>–</b>	<b>1,235</b>	<b>181,560</b>	<b>291,840</b>	<b>15.5%</b>	<b>47.1%</b>	<b>29.3%</b>	<b>7.8%</b>	<b>0.3%</b>
<b>Open space / recreational assets</b>	Swimming pools	70	70	1,646	1,365	3,363	9,531	6.0%	6.0%	75.0%	13.0%	0.0%
	Other Recreational/Open Space Assets	2,319	2,319	7,819	8,204	22,674	39,572	41.7%	34.9%	18.4%	4.1%	0.9%
	<b>Sub-total</b>	<b>2,389</b>	<b>2,389</b>	<b>9,465</b>	<b>9,569</b>	<b>26,037</b>	<b>49,103</b>	<b>34.8%</b>	<b>29.3%</b>	<b>29.4%</b>	<b>5.8%</b>	<b>0.7%</b>
<b>TOTAL - ALL ASSETS</b>		<b>211,583</b>	<b>210,127</b>	<b>68,563</b>	<b>60,760</b>	<b>3,142,974</b>	<b>4,863,681</b>	<b>42.1%</b>	<b>29.8%</b>	<b>17.4%</b>	<b>7.8%</b>	<b>2.9%</b>

## Report on Infrastructure Assets - Values (continued) as at 30 June 2019

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(a) Required maintenance is the amount identified in Council's asset management plans.

### Infrastructure asset condition assessment 'key'

1	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior period 2018	Benchmark
<b>Infrastructure asset performance indicators (consolidated) *</b>				
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>				
Asset renewals <sup>2</sup>	41,147	58.84%	38.25%	>=100.00%
Depreciation, amortisation and impairment	69,926			
<b>Infrastructure backlog ratio <sup>1</sup></b>				
Estimated cost to bring assets to a satisfactory standard	211,583	6.73%	8.83%	<2.00%
Net carrying amount of infrastructure assets	3,142,974			
<b>Asset maintenance ratio</b>				
Actual asset maintenance	60,760	88.62%	72.91%	>100.00%
Required asset maintenance	68,563			
<b>Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	210,127	4.32%	5.41%	
Gross replacement cost	4,863,681			

(\*) All asset performance indicators are calculated using classes identified in the previous table.

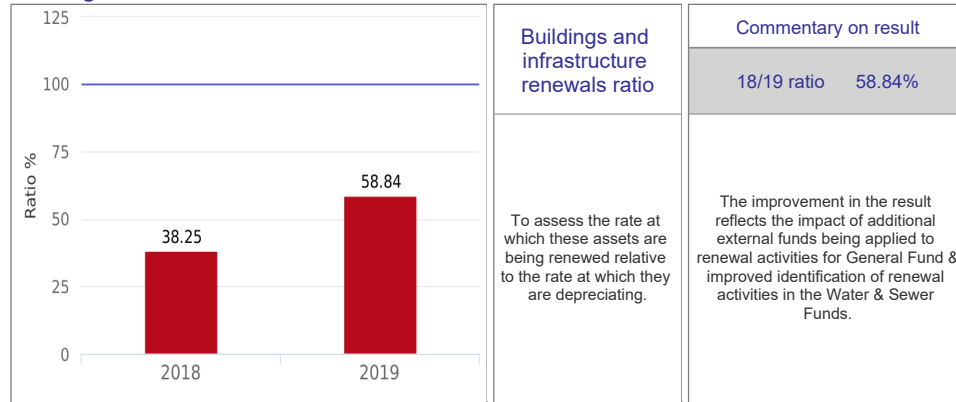
(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.



Report on Infrastructure Assets (continued)  
as at 30 June 2019

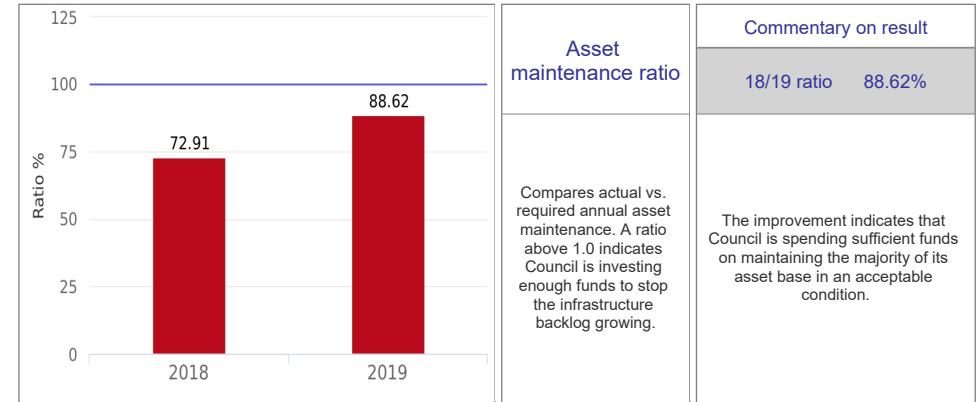
**Buildings and infrastructure renewals ratio**



<b>Buildings and infrastructure renewals ratio</b>	<b>Commentary on result</b>
	18/19 ratio 58.84%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	The improvement in the result reflects the impact of additional external funds being applied to renewal activities for General Fund & improved identification of renewal activities in the Water & Sewer Funds.

Benchmark: —  $\geq 100.00\%$  ■ Ratio achieves benchmark  
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

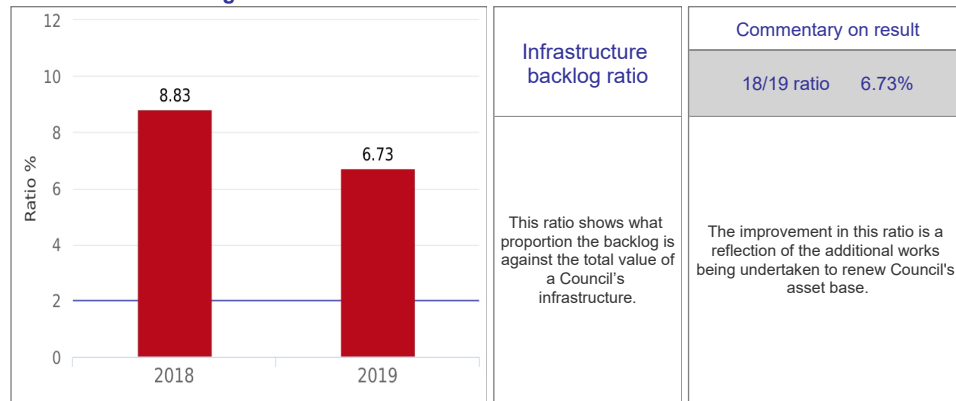
**Asset maintenance ratio**



<b>Asset maintenance ratio</b>	<b>Commentary on result</b>
	18/19 ratio 88.62%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	The improvement indicates that Council is spending sufficient funds on maintaining the majority of its asset base in an acceptable condition.

Benchmark: —  $> 100.00\%$  ■ Ratio achieves benchmark  
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

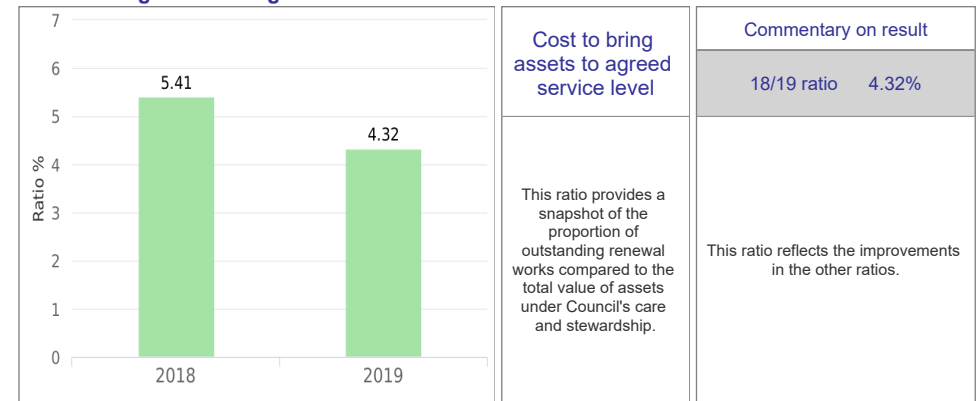
**Infrastructure backlog ratio**



<b>Infrastructure backlog ratio</b>	<b>Commentary on result</b>
	18/19 ratio 6.73%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	The improvement in this ratio is a reflection of the additional works being undertaken to renew Council's asset base.

Benchmark: —  $< 2.00\%$  ■ Ratio achieves benchmark  
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

**Cost to bring assets to agreed service level**



<b>Cost to bring assets to agreed service level</b>	<b>Commentary on result</b>
	18/19 ratio 4.32%
This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.	This ratio reflects the improvements in the other ratios.

Report on Infrastructure Assets (continued)  
as at 30 June 2019

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2019	2018	2019	2018	2019	2018	
<b>Infrastructure asset performance indicators (by fund)</b>							
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>							
Asset renewals <sup>2</sup>							
Depreciation, amortisation and impairment	<b>77.59%</b>	59.61%	<b>33.64%</b>	12.15%	<b>22.75%</b>	0.18%	>=100.00%
<b>Infrastructure backlog ratio <sup>1</sup></b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>5.65%</b>	6.34%	<b>10.75%</b>	14.06%	<b>8.51%</b>	15.12%	<2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>84.06%</b>	72.77%	<b>79.45%</b>	65.36%	<b>109.14%</b>	82.37%	>100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>3.84%</b>	4.03%	<b>6.10%</b>	7.94%	<b>4.59%</b>	8.36%	

(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.