



MIDCOAST
council

ANNUAL REPORT

2017-18



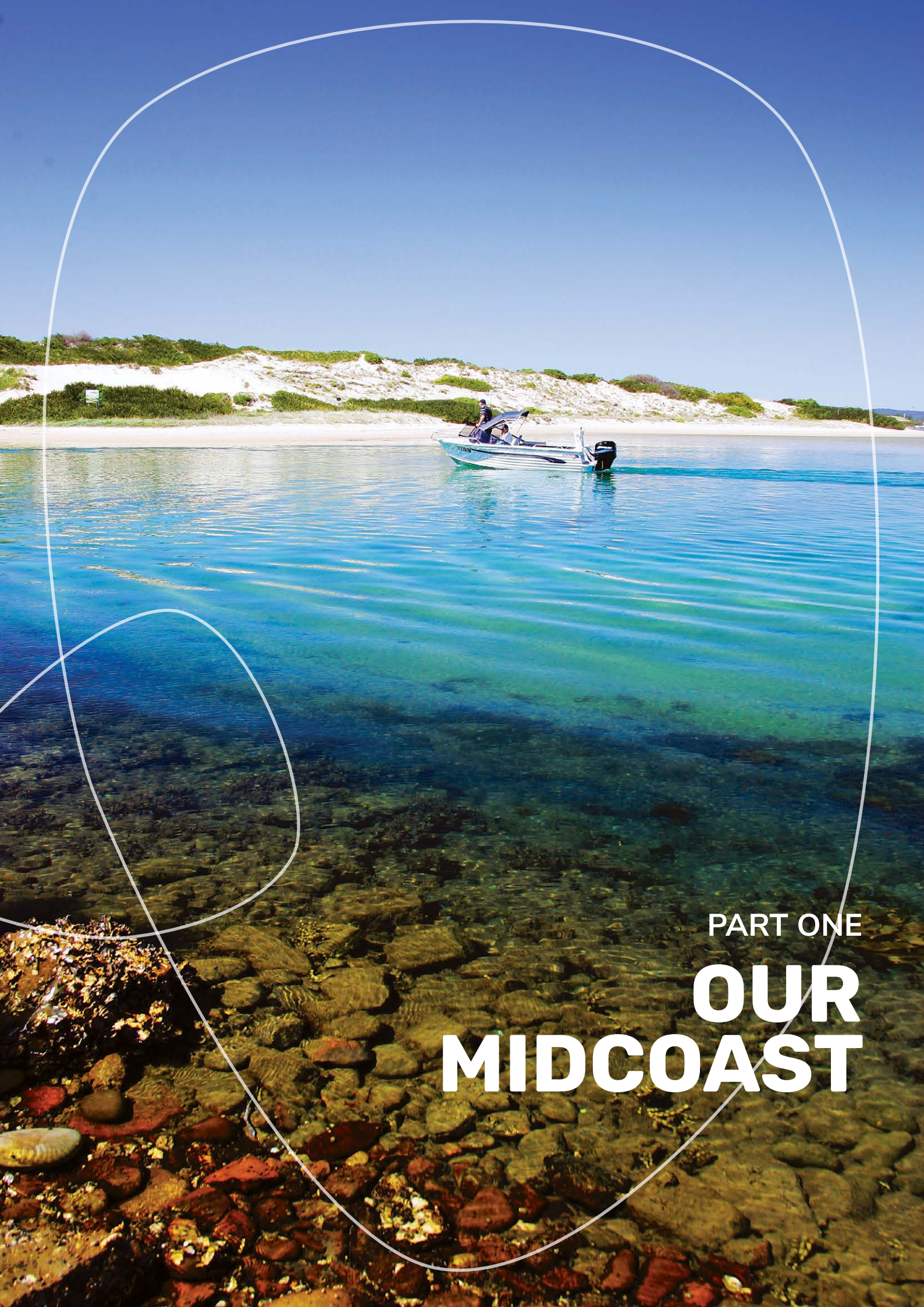
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A scenic landscape at sunset. In the foreground, there are tall, green grasses with long, thin blades. Several tall, dark, vertical stalks rise from the grass. In the background, there is a body of water, likely a bay or lake, with mountains in the distance. The sky is a mix of orange, yellow, and blue, indicating the time is either sunrise or sunset. A white, curved line is overlaid on the image, framing the text.

ACKNOWLEDGEMENT OF COUNTRY

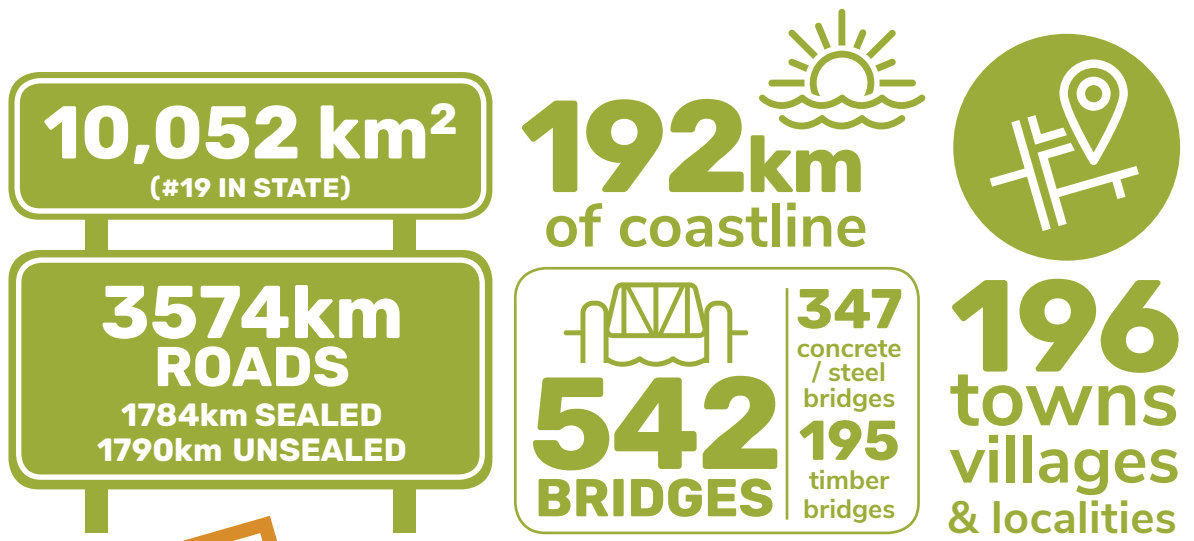
MidCoast Council acknowledges the Gathang speaking people, the custodians of the land to which this report applies. We pay our respect to all Aboriginal people of the land and to Elders past, present and future.



PART ONE

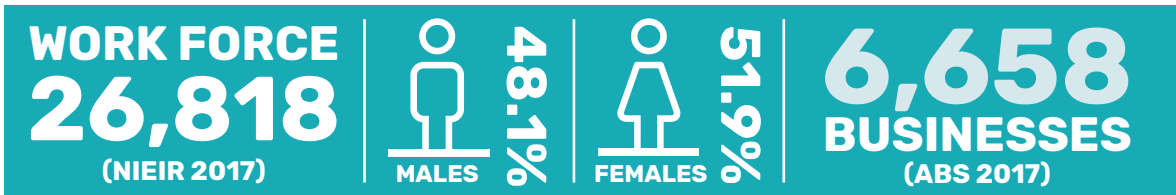
OUR MIDCOAST

OUR MIDCOAST STATISTICS



GRP \$3.6B (NIEIR 2017)

POPULATION 92,569 (ABS)



MAIN POPULATION CENTRES

TAREE, FORSTER / TUNCURRY, TEA GARDENS / HAWKS NEST, GLOUCESTER, WINGHAM, HALLIDAYS POINT, OLD BAR



45,719 DWELLINGS
(NIEIR 2017)

WATER



NO. OF PUMP STATIONS
SEWERAGE 205 & WATER 43

NO. OF TREATMENT PLANTS
SEWAGE 15 / WATER 5 / RECYCLING 9

1,387KM WATER MAINS
1,128KM SEWER MAINS

MAIN INDUSTRIES



HEALTHCARE AND SOCIAL ASSISTANCE



RETAIL TRADE



CONSTRUCTION



ACCOMMODATION & FOOD SERVICES

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

This annual report covers a time of immense change and growth within MidCoast Council and makes the achievements of the people within this organisation all the more significant.

As you will see, the 2017-18 year has been hugely successful and progressive as we have all worked hard to move forward as a stronger, more unified body.

The year began with the integration of water and sewer services into MidCoast Council, something that will continue to bring positive developments for our wider community.

This year also saw the very first group of MidCoast Councillors elected and together we have already seen many positive changes and developments for our region.

We're a diverse group of representatives and I believe we can offer a lot to our constituents over the remainder of our term.

No annual report for this region would be complete without acknowledging the enormous efforts of both our staff and our network of volunteers, all 1640 of them!

These selfless people dedicate their time, passion and skills for the betterment of the MidCoast Council area.

We could not function without them and I truly believe they are our most valued asset.

To top it off Council worked alongside the community this year to develop "MidCoast 2030: Shared Vision, Shared Responsibility", our first community strategic plan.

This collaboration outlines where we want to be and how we will get there and was guided in its development by our community.

I am proud of this Council and what we have been able to achieve in such a short period of time. We are better together.

Cr David West

Mayor



GENERAL MANAGER'S MESSAGE

The 2017-18 year has been an important time in the development of MidCoast Council.

Significantly we have developed and adopted our first community strategic plan – MidCoast 2030: Shared Vision, Shared Responsibility.

This plan is significant in several ways, the extensive consultation undertaken to develop a set of shared values with our community, and the vision it sets for our community.

These values are now integrated into our first Delivery Program and Operational Plan, and set the tone for how we deliver services to our community.

As MidCoast Council continues to develop, we are working to integrate our functions with a firm view on our organisational mission of delivering benefits for our community in a way that adds value and builds trust.

During the reporting year we have been able to secure \$50 million in State Government funding, to join with our special rate variation funding to enable us to start to deliver a \$100 million four year road improvement program from the 2018-19 year. This program will enable us to make significant progress in addressing the roads backlog in our region.

Funding for community projects to the value of more than \$3.7 million was secured and is in the process of being delivered under Strong Country Communities round one funding and the Regional Cultural Fund.

We have also endorsed several important plans for our region, including a Regional Economic Development Strategy and a Destination Management Plan.

We have started the important work of consolidating our Local Environmental Plan so we can develop a clear, consistent planning framework to guide the way we manage land use across the entire region.

In all we do, we are mindful of making decisions that cater for our community now and into the future – all while ensuring we maintain the unique characters of our existing towns, villages and rural areas

Having arrived in the MidCoast region in July to take up the position of General Manager, I am looking forward to leading the organisation into a productive 2018-19.

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.

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

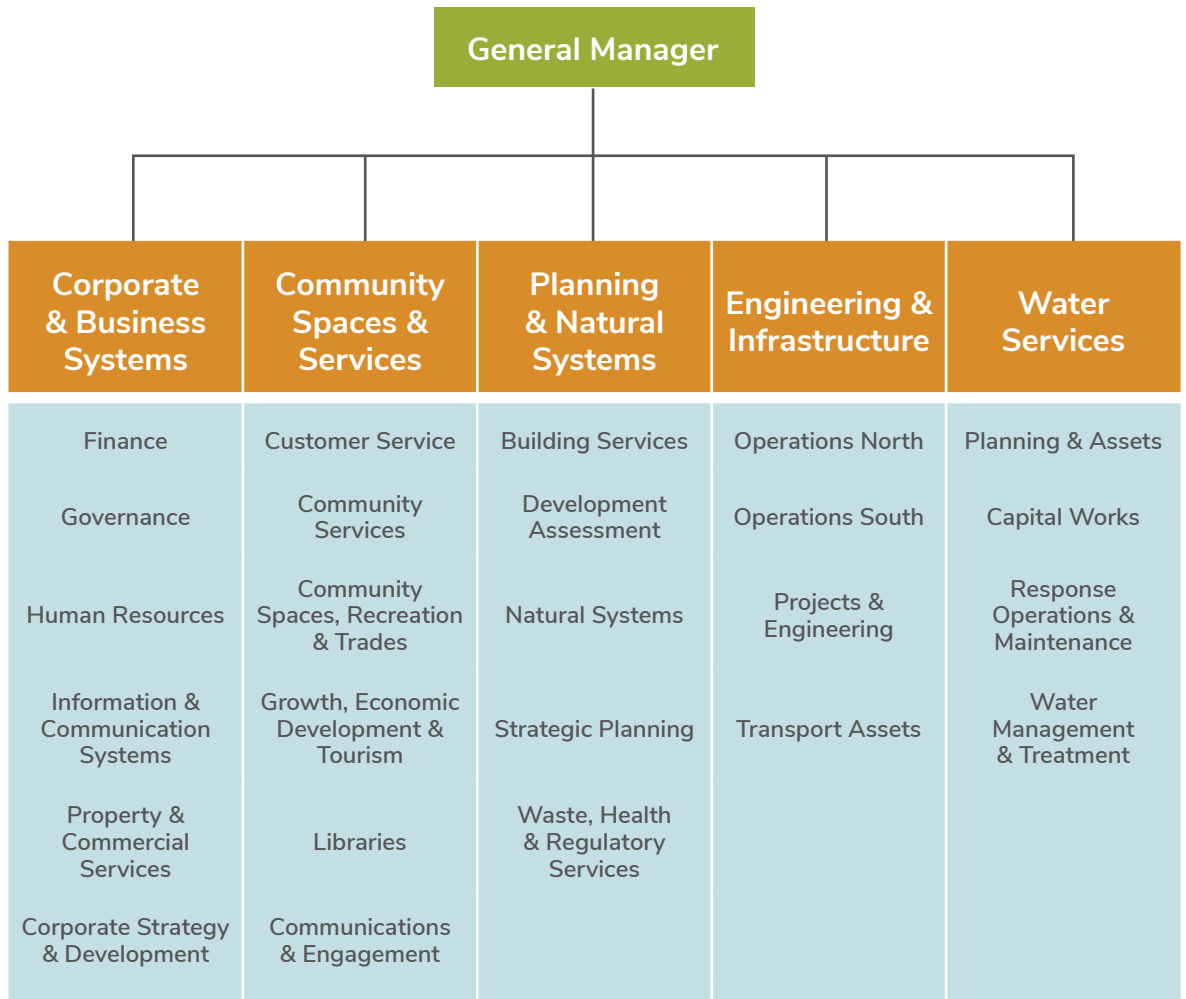
We work in partnerships towards a shared vision that provides value for money and is community focused.



STRUCTURE

Our Council is structured to best deliver infrastructure and services for the community.

The chart provides an overview of how Council's 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.

Council engages with community in an effective, timely and transparent manner to foster collaboration, cooperation and increased understanding on issues that affect community, and to ensure that community 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 Council meeting or pre Council meeting



- **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

September 2017 Council election			20 community meetings / information sessions held across the region
Work commenced to consolidate 3 LEPs			First MidCoast Community Strategic Plan completed
Regional Economic Development Strategy endorsed			First Delivery Program 2018-2021 for MidCoast Council adopted June 2018
Destination Management Plan endorsed			Integration of Water Services into MidCoast Council
Gloucester Tidy Towns successful in two Blue Star Award categories			1,640 volunteers
Completed first Workforce Strategy for MidCoast Council			49 new citizens
100% GIPA Notice of Decisions issued within statutory timeframes			\$29.2 million spent on improving our roads and bridges
New General Manager Adrian Panuccio announced			Hosted Queen's Baton Relay



PART TWO

OUR ACHIEVEMENTS

ENVIRONMENTAL FOCUS

STATE OF THE ENVIRONMENT

Located on the lower north coast of NSW (and within the NSW North Coast bioregion), the natural environment of MidCoast Council region is extraordinary.

The landscape is rich and diverse; featuring 192 km of coastline, extensive waterways and wetlands, floodplains, valleys, coastal ranges and sub-alpine mountains of the Great Dividing Range. The plants and animals in the region are significant and biologically diverse due in part to both tropical and temperate climatic influences and the immense elevation range (from 0 to about 1,580-metres above sea level). Many of the State's threatened plants and animals reside in the MidCoast Council area, including species found nowhere else in the world (like the Manning River Helmeted Turtle and the Tuncurry Midge Orchid).

The Manning, Wallis Lake, Myall and Karuah Catchments are all principally located within the MidCoast Council area providing a unique opportunity to achieve environmental outcomes at the landscape scale. Today the landscape is predominantly rural in nature, with pockets of residential, industrial and commercial land use largely located on the coast. The rural landscape is dominated by naturally-vegetated lands and supports a range of primary industries.

The MidCoast Council region depends heavily on the health of local waterways and their catchments.

The waterways form the basis of the region's economy (supporting tourism and primary production), contribute to our way of life and provide habitat for extraordinary biological systems. The region's catchments are under continued pressure from pollution and impacts associated with catchment land use, development and tourism. If unmanaged this has the potential to result in a decline in the health of our waterways.

All our local waterways are critically susceptible to environmental pressures; a Hepatitis A event in oysters in Wallis Lake in 1997, reoccurring blue-green algae in Myall Lakes and episodic fish kills are all examples of what can go wrong.

The 2017 Waterway and Catchment Report Card and accompanying report are available on the website <https://www.midcoast.nsw.gov.au/Council/Works-and-Projects/Council-Projects/Waterways-Report-Card-2017>. It provides the technical information on how the Report Card scores were calculated as well as providing more detail on the results.

Healthy waterways support our local towns and communities, they keep them thriving. They put food on our tables, support our outdoor lifestyle, local economy and provide homes for wildlife, trees and plants of every sort. With healthy waterways our communities have a healthy vibrant future.



ENVIRONMENTAL FOCUS

WATER



- 209 sewage & 33 water pump stations
- 15 sewage & 5 water treatment plants
- 10 recycled water schemes
- 1,375km of water mains
- 1,126km of sewer mains
- 9,367 megalitres of water produced during the year - equivalent to approximately 10 Olympic sized swimming pools per day
- 6,468 megalitres of wastewater treated during the year
- 40,000 water and 36,000 sewer connections
- Bootawa Dam holds 2,350 megalitres, is 29 metres deep, and has a surface area of 26ha when full water level
- Water storage: Bootawa Dam 60-70 days, Bulahdelah 180 days, Stroud 100 days,
- Water drawn from: Tea Gardens aquifer, Crawford River, Karuah River, Barrington River and Manning Riversupply, Nth Karuah from Hunter Water

Water saving measures

- chemicals rather than water for odour control
- recycled water at all STP's for process water
- reduced water flushing due to improved treatment

Energy saving measures

- Power Factor Correction all major sites
- solar
- variable speed drives
- operator education
- process review

Nabiac Water Supply Scheme

The Nabiac Water Supply scheme is a supplement water supply for the existing Manning Water System to improve overall drought security to the Midcoast area. The project has been developed and implemented over twenty years. During 2017/2018 the following works within the project were achieved:

- Completion of the installation, testing and commissioning of the Darawank Pump Station which supplies the treated water into the existing manning water system reticulation network.
- Completion of the installation of the Nabiac borefield pump stations, pumps, bore, levels and monitoring bores



ENVIRONMENTAL FOCUS

Drinking Water Quality Management System (DWQMS)

Our Drinking water quality management systems (DWQMS), demonstrate our proactive, risk based approach to managing the safety of our drinking water supplies. It is based on the Framework for Management of Drinking Water Quality under the Australian Drinking Water Guidelines (ADWG).

Council's DWQMS has recently undergone an internal annual review and a new version was adopted in June 2018. The most significant changes incorporated in the latest version of the DWQMS are the addition of Nabic water treatment plant (part of the Manning supply) and MidCoast Water now integrated into MidCoast Council. Significant progress has been made over the last 12 months on the improvement plan, including actions relating to; Gloucester and Stroud water supplies, replacement of aeration towers at Tea Gardens WTP, improved maintenance and inspection procedures at reservoirs, audit scheduling and improvements to standard operating procedures.



Other Highlights

Nabic Water Supply Scheme – Completion of the majority of the construction phase

- Water mains renewals program – Renewal works completed in Glenthorne, Taree and Wingham
- A review of Water Services' Memorandum of Understanding (MoU) with NSW Health was undertaken and resigned by both parties in April 2018
- A review of Water Services' Drinking Water Quality Management System (DWQMS) took place with a revised version being adopted in June 2018
- Replacement of the Bootawa Water Treatment Plant ozone system completed
- Draft business case completed into the investigation and design for the replacement of the Gloucester Sewage Treatment Plant
- The design for stage one of the Pacific Palms Sewage Treatment Plant progressed

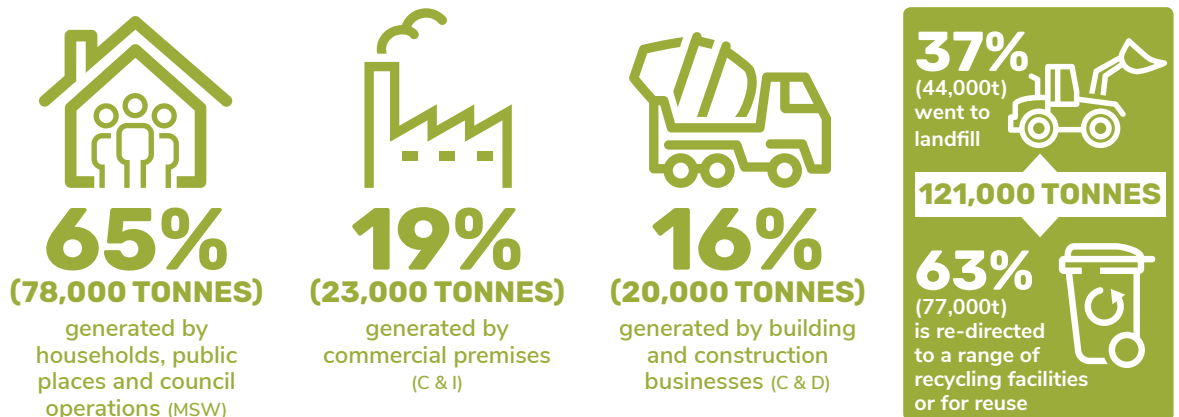
ENVIRONMENTAL FOCUS

WASTE



- Greenwaste services: 39226
- General waste services: 48061
- Recycling services: 48061
- Public litter bins: 747 litter, 140 recycling bins

COUNCIL-RUN FACILITIES RECEIVED 121,000 TONNES OF MATERIAL IN 2017/18.



The Reimagine Waste campaign has been initiated to encourage and inspire change in all sectors and communities. Programs dealing with specific waste streams include:

- Workshops and subsidised equipment to encourage composting of food waste which comprises around 34% of household waste
- Promotion for Tip Shops and Op shops to encourage reuse of second hand items
- Campaigns around slow fashion and textile reuse, to reduce the disposal of textiles which comprises about 5%
- Tours of the Material Recovery Facility at Tuncurry and general recycling education to seek to reduce contamination in the yellow recycling and green organics bins.
- Lead by example through Council Walk the talk initiatives.



ENVIRONMENTAL FOCUS

PARKS



- 3,000ha parks and open spaces
- 750ha of mowing
- 58 full size playing fields
- 26 sporting complexes
- 81 playgrounds – with new playgrounds in Palm Grove Park, Limeburners, Gordon Smith Reserve Harrington, Nabic Oval
- Playground upgrades Billabong Park, Market Square Cundletown, Oxley Reserve Harrington, Badgers Park Old Bar
- 13 skateparks
- 66 sites with BBQ facilities
- 84 public toilet buildings
- 30 cemeteries
- 2 ocean pools
- 10 chlorinated pools
- Parks - Community consultation
- 3 x Tuncurry Recreation Precinct, 2 x Bulahdelah Skate Park, 6 x Stroud Showground Precinct

Opening of Ruprecht Playground

During October 2017 close to one hundred children and parents attended the opening of a new playground in Ruprecht Park, Taree, which was funded to improve the recreational facilities available to families who live in the local area.

The playground was a hive of activity starting with the official opening by local Biripi elder, Aunty Barbara Clarke and Mayor David West.

Young Aboriginal dancers from Chatham High School held a captive audience, as they performed a special cultural dance that acknowledged the connection that the local Biripi people have with the park.

Those who came along to the opening also enjoyed a sausage sizzle provided by the Taree Lions Club, face painting and playing on the new playground and football field.

This project is part of MidCoast Council's commitment to improving infrastructure across the region, and was funded by the NSW Government's Social Housing Community Improvement Fund (SHCIF).



ENVIRONMENTAL FOCUS

NATURAL SYSTEMS



We are well known for our natural beauty

- 58 National Parks and Reserves
- Home to World Heritage Barrington Tops
- 261km Manning River
- 200m Ellenborough Falls
- 192km coastline or 10% of the NSW coastline
- 5 coastal lakes and lagoons –Myall, Wallis, Khappinghat, Smiths and Blackhead
- 1 marine park – Port Stephens Great Lakes
- 4 wetlands – Darawank, Cattai, Minimbah Creek and Bulahdelah wetland
- 2 award winning remediated wetlands - Darawank 900 ha and Cattai 1500 ha
- 1 internationally recognised wetland - Myall Lakes

Land for Wildlife

Land for Wildlife is a voluntary program that encourages landholders to manage biodiversity and wildlife habitat on their properties, focusing on the value of bushland in maintaining healthy catchments and supporting agriculture.

In the MidCoast area there are currently 60 properties participating in the program. With properties ranging from Bulliac and Upper Landsdowne in the Manning Catchment, all the way down to Limeburners Creek and Pindimar in the Myall, there is now some 2500 hectares of land being managed by landholders for the benefit of our environment.

In the MidCoast area Karuah Great Lakes Landcare and Manning Landcare have worked together with Council over many years to provide site visits and assessments for landholders as well as stage training and field days.

In 2017/18 training sessions were held to educate landholders on the use of motion-sensitive cameras with two motion-sensing cameras also available for landholders to loan to monitor and record animal movements on their land.

ENVIRONMENTAL FOCUS

Management of aquatic weeds

Aquatic weed management remains a focus for Council with a variety of high priority weeds including Alligator Weed and Senegal tea plant infestations in the Karuah and Manning Catchments being monitored and managed where required under integrated weed management programs.

Council are strategically managing camphor laurel, a species that affects water quality through the toxicity in its leaves and outcompetes native species on riverbanks, throughout the region.

Cattai Wetlands

Cattai Wetlands is home to a diverse range of bird species, including the threatened comb-crested jacana, and the jabiru or black-necked stork, as well as other native fauna including kangaroos, wallabies and goannas, an abundance of plant species, and the endangered Giant Dragonfly. The reclaimed wetlands site is a growing tourist attraction, drawing over 6,000 visitors over the past twelve months.

Cattai Wetlands now boasts a new bird hide that helps visitors keep a watchful eye on over 180 different species of birds.

Construction of the bird hide was driven by on-going requests from local birdwatchers.



ENVIRONMENTAL FOCUS

Coastal Zone Management Plans (CZMPs)

Beaches, headlands, littoral rainforests, dunes, creeks and estuaries are all key assets of the MidCoast coastline. Locals and visitors alike flock to these places to enjoy swimming, walking, surfing and many other recreational and relaxation activities.

The beaches vary from urbanised environments like Blackhead or Forster, to long strips of natural coastline like Harrington Beach, Crowdy Bay, Nine Mile Beach and Treachery / Yagon Beach extending down to Hawks Nest.

The key assets of the coastline are the heart of the coastal villages which have their own unique beach cultures and local economies with the impressive coastline as the natural backdrop.

Our focus during 2017/18 has been to have CZMPs in place and commence the actions contained in each of the plans.

Great Lakes Coastal Zone Management Plan (GL CZMP)

The Great Lakes CZMP was certified by NSW Minister for the Environment, the Hon Gabrielle Upton on 16 November 2017, noting the plan comprehensive, practical and adaptive. Council adopted the plan 20 December 2017.

The GL CZMP is focused on actions over the next 5 - 10 years to manage known risks and improve our ability to manage future risks.

In most cases existing assets may not be at risk until well into the future. Monitoring to record the response of beaches to storms may be all that is necessary for now. Other actions to build the resilience of the beaches include enhancing dune vegetation to capture sand that may otherwise be blown off the beach. Captured sand provides a sacrificial buffer when storm erosion occurs.

Manning Valley Coastal Zone Management Plan (MV CZMP)

Office of Environment and Heritage advised Council on 17 April 2018 that the Manning Valley CZMP January 2018 had been Certified (excluding Old Bar / Manning Point)

The Manning Valley CZMP is focused on actions over the next 5 - 10 years to management known risks and improve our ability to manage future risks.

Actions range from monitoring the response of beach during storm events and enhancing dune vegetation, through to identifying assets that can be repaired, replaced, relocated or removed, should they be impacted by coastal processes in the future.



ECONOMIC RESPONSIBILITY

ROADS

3,574KM
1,784KM SEALED
1790KM UNSEALED

542 BRIDGES
 351 concrete / steel bridges
 191 timber bridges

PATCHING: 55,762 SQM
TABLE DRAIN MAINTENANCE: 1,521KM
RESHEET: 244,934 SQM

GRADED 1,832KM of unsealed

RESEAL 507,946 SQM

The \$30M Roadcare Program consists of \$16M savings and the \$14M Stronger Communities Funding delivered over 4 years. The program has continued in 2017/18 with the following projects completed during the year:

Road Resealing Program - \$4.75M

Bridges - \$1.5M

Including:

Bulga Bridge

Roads Rehabilitation Projects - \$4.25M



Road resealing projects include:

Gloucester - \$270K	Forster/Tuncurry - \$114K
Barrington Street	Breckenridge Street
Scone Road	Bent Street
Taree - \$222K	Lake Street
Bushland Drive	Nabiac - \$5K
Wingham - \$154K	Farnell Street
Farqhar Street	Coomba Park - \$29K
Wynter Street	Coomba Road
Manning Point - \$270K	Seal Rocks - \$40K
Manning Point Road	Seal Rocks Road
Lansdowne - \$535K	Tinonee - \$450K
Lansdowne Road	The Bucketts Way

Rehabilitation projects include:

Taree - \$1M
 Pulteney Street

Forster - \$600K
 Hadley Street

Hallidays Point - \$730K
 Blackhead Road

Gloucester - \$170K
 Bowman Farm Road

Bulahdelah - \$400K
 Booral Road

ECONOMIC RESPONSIBILITY

Special Rate Variation

\$1.628M collected, quarantined and allocated to roads.

\$50M state funding announced 31 May 2018 by NSW Premier Gladys Berejiklian

Council welcomed this funding announcement from the State Government, on behalf of the community, and when combined with \$50M from Council, will see a \$100 million road program for the region which will make significant inroads to address a "generational backlog of roadworks" over the next four years.

The funding is being matched by Council, through the already approved special rate variation, to deliver a huge \$100 million road package to the community.

In 2018-19 the \$100 million roads program will kick off. Projects include:

- Old Bar Road - \$3.1M
- The Lakes Way - \$4.0M
- Thunderbolts Way - \$3.0M
- Stroud Hill Road - \$3.5M
- Gloucester Road - \$3.7M
- Avalon Road - \$1.5M
- Bucketts Way - \$1.5M
- Timber bridge replacements - \$1.585M

Improving our road network is a priority

\$29.2 MILLION SPENT ON OUR ROADS

Including:

\$1.7M

RESHEETING OUR UNSEALED NETWORK

\$4.75M

RESEALING OUR URBAN, RURAL AND REGIONAL ROADS

\$128K

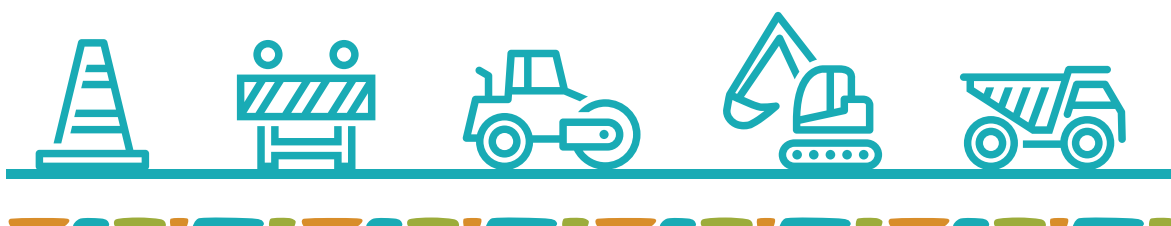
SHARED PATHS

\$17.5M

REHABILITATION AND CONSTRUCTION ON OUR URBAN, RURAL AND REGIONAL ROADS.

\$2.4M

BRIDGE, CULVERT AND STORMWATER IMPROVEMENTS



ECONOMIC RESPONSIBILITY



Pulteney Street

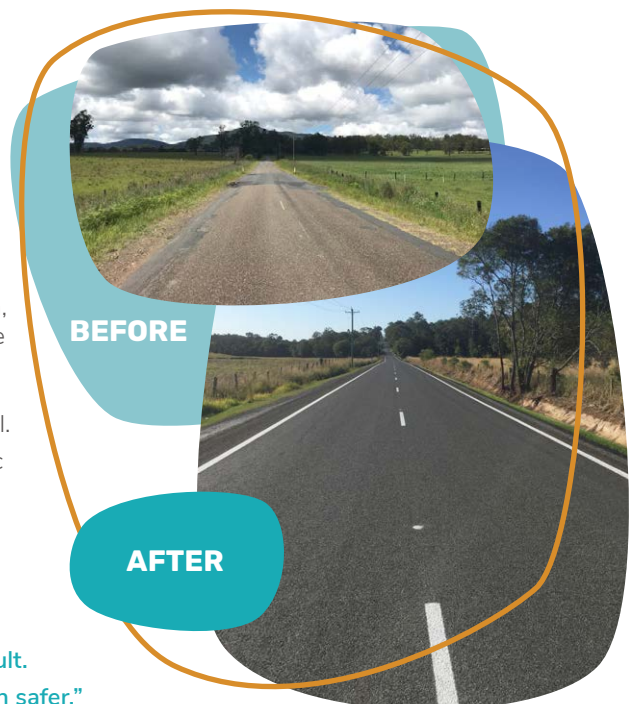
Commencing April 2018, works were undertaken on the split-level section between Albert and Wynter Streets.

- Major works within a busy section in Taree's CBD, involving a full reconstruction of both lanes, as well as replacing driveways, footpaths in front of businesses, stairs and median islands, and improving roadside drainage.
- Completed ahead of schedule despite unsuitable material encountered causing major issues.
- Pedestrian traffic maintained on both sides of the street for the duration of the works, with minimal disruption to retail trading.
- Through vehicular traffic maintained in one-direction, and parking maintained on one side of the street, for the duration of the works.
- The result has been a marked improvement of the visual amenity of the area, along with a smoother, safer driving surface that will cater for CBD traffic for years to come.

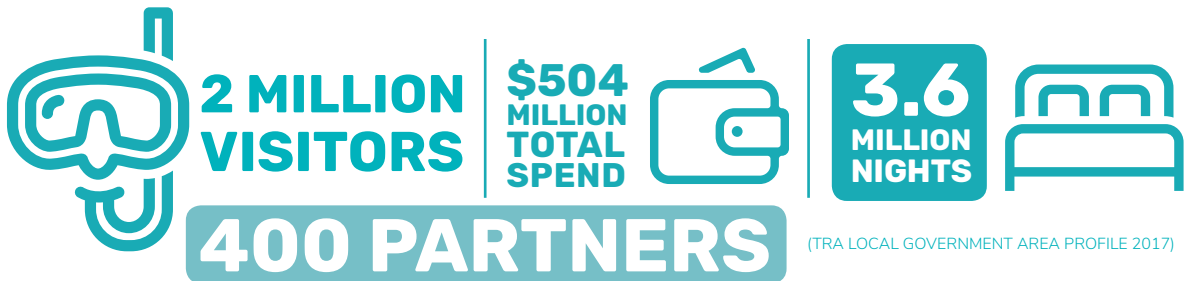
Gloucester Road reconstruction works

- 1km stretch targeted for safety improvement works, February – April 2018.
- Works started at Bo Bo Creek Bridge and continued south towards The Bucketts Way.
- Scope of works included pavement reconstruction, drainage improvements including subsoil drainage construction, tree removal, widening of lanes, delineation installation, warning signage, and applying a 7mm primer and two coat bitumen seal.
- Work was undertaken during the day under traffic control, with two-way traffic resuming after hours to ensure minimal disruption.
- The result – a vastly improved stretch of road designed for smoother and safer travel for the local community.

“Thanks to Council's road crews for an amazing result. It looks great and makes driving home at night much safer.”



ECONOMIC RESPONSIBILITY TOURISM



GROSS REGIONAL PRODUCT - 19.2% OF MIDCOAST GRP
(MIDCOAST DMP, 2017)

Tourism

- Development & endorsement of the MidCoast Destination Management Plan
- Establishment of the first combined annual MidCoast Tourism Partnership Program
- 95,532 people through doors of MidCoast Council regional Visitor Information Centres
- 7,680 Industry E-newsletters opened
- 70,508 Facebook fans
- 366,928 Facebook engagement (likes, shares and comments)
- 117,501 Instagram likes
- 3,095 Instagram comments
- 6.5% Instagram engagement
- 888,821 website clicks



Economic Development

- Council endorsed the MidCoast Regional Economic Development Strategy (REDS)
- Expansion of the Vibrant Spaces initiative into all town centres, removing fees and red tape for businesses

\$100,000 Tourism Demand Driver Infrastructure Grant for the development of a Great Lakes Great Walk feasibility study and masterplan.



ECONOMIC RESPONSIBILITY

PROPERTY AND PLANNING



Gloucester Saleyards

Sales will continue to happen on a fortnightly basis in Gloucester following a review of sale arrangements at the yards where Council decided to 'open up' sale days to other agents.

The review of the saleyard facilities was undertaken to ensure they are managed in a fair and equitable manner and to maximise numbers through the facility and the benefit to the community.

We believe this will provide increased competition and diversity of selling approaches which will lead to a better outcome for both sellers and buyers in the area. This will also provide the Gloucester Saleyards the opportunity to build upon existing saleyard numbers and have the opportunity to become a leading saleyard market in the area.



ECONOMIC RESPONSIBILITY

Forster Main Beach Masterplan

The Draft Masterplan has been developed over 12 months of extensive community engagement, including on-site events at Main Beach drawing over 750 people, and numerous workshops with special interest groups and local businesses.

The Forster Main Beach Precinct Master Plan proposes to revitalise the area for the benefit of the community and its visitors. The revitalisation of Main Beach seeks to meet the needs of the existing community but also consider the needs of the future community.

This masterplan is a 30 year strategy and provides a starting point in the precinct's revitalisation. A masterplan provides the framework to guide future planning, research and design - an essential tool in the funding process, as it articulates a shared community vision.



Forster Civic Precinct Project

Forster's Civic Precinct project is well advanced, with the planning proposal being approved by the NSW Department of Planning and Environment (August 2017) and conditional approval of the development application by the Joint Regional Planning Panel (JRPP) on 20 September 2017.

A development agreement has been entered into between Enyoc and Council for the design and construction of community facilities, which include a modern library space, new visitor information centre and flexible community space. The agreement also allows for the residual of the site to be developed by Enyoc for commercial purposes, over several stages, which include facilities such as seniors living apartments, retail shops, supermarket, hotel and a gymnasium.

The JRPP resolved that separate development consent should be sought for a proposed cinema, nightclub and child care centre, which was not granted approval as part of the recent approval.

Construction is due to commence in January 2019.

ECONOMIC RESPONSIBILITY

Acquisition of the former Masters site (2 Biripi Way, Taree)

At an extraordinary meeting of Council on Thursday 2 November 2017, Council resolved to purchase the former Masters site as a strategic land acquisition.

The site comprises an area of approximately 3.7ha consisting of a modern high clearance warehouse facility (9,910 sq. metres) with polished concrete floors, fully air conditioned and 281 car parking spaces and associated infrastructure.

While this purchase is a commercial opportunity, Council is investigating the use of the site as a single headquarters for MidCoast Council.

Proposed office relocation to Biripi Way, Taree

As part of our aim to deliver further efficiencies and streamline our operations, the opportunity to consolidate our administrative functions in Taree and Forster into one single location is currently being considered.

The site under investigation for this purpose is the former Masters building on Biripi Way, Taree. We purchased the site in December 2017 as an opportunity to gain efficiencies by centralising 350 staff currently located across three sites in Taree and Forster.

On 20 December 2017 Councillors endorsed a gateway process for the management of the project. This five stage process means findings at each of the five stages in the process have to be formally reviewed and assessed by Councillors, who then make a decision on whether the project moves forward to the next stage.

Investigations have looked at the option of refurbishing our existing buildings to establish a campus model, where staff would be moved to bring teams together.

While it's estimated the fit-out costs of the Biripi Way site will be more than the campus model, our modelling has shown that in the long term we will deliver lower operating costs and greater efficiencies to our community as a result of a centralised office arrangement.

Council's website is updated regularly as this project steps through the gateway process.



SOCIAL COMMITMENT

Stronger Communities

\$1 million was set aside from the Stronger Communities Fund to help kickstart projects proposed by not-for-profit community groups that provide a benefit and meet an identified need within the community. The funding was delivered over the 2016-17 and 2017-18 financial years. Over 150 applications across two rounds of funding were received, with \$1.07 million allocated to assist 36 groups.

Summary of projects funded in both round 1 and 2.

Round 1: \$508,195

- Fourteen projects were completed and acquitted
- Two projects delayed due to difficulty in obtaining the appropriate approvals, but scheduled for completion within timeframes
- One project was unable to be delivered. In line with the Department of Premier and Cabinet advice, these funds have been added to the Donations pool for distribution through an open, competitive funding round

Round 2: \$499,480

- Thirteen projects were completed
- Three projects are on track and progressing well
- The commencement of one project was delayed while awaiting the necessary approvals
- Completion of two projects was delayed due to availability of tradespeople and supplies, but are due to be completed by December 2018.



Projects included

Pacific Palms Surf Life Saving Club

\$12,000 to construct a concrete path at Elizabeth Beach between the clubhouse and beach access track and installation of bike racks adjacent to the beach access. The new path also links with access to an outdoor shower. The path has improved access for visitors to the beach and improved the safety of the area.

Taree Athletic Club

\$20,000 to refurbish the canteen in order to comply with WHS and Food Standards.

SOCIAL COMMITMENT

Bucketts Way Neighbourhood Group

\$50,000 to upgrade an existing commercial training kitchen for delivery of the Meals on Wheels service in Gloucester, and additional VET training in hospitality and commercial cookery for Year 11 and 12 students. The Blueprint Kitchen is now providing meals for the vulnerable while training young people. These young people will finish school with a Cert III in hospitality, and will be immediately employable. The Blueprint Kitchen is also open to the public and is a great spot to drop in for a cup of coffee or lunch.



Coomba Aquatic Club

\$40,000 as a contribution to the construction of a boatshed with an upper level observation deck. The boatshed stores all the club's boats for sailing and junior sailing, two dragon boats for the Wallis Spirit Dragons and nine special Hansa-class boats for Great Lakes Sailability (disability sailing). The upper level deck provides a great vantage point for parents, the community, carers and event organisers to observe the activity during events which increases passive involvement and enhances overall safety.



Local Heritage Fund 2017-18

- In 2017-18, the Local Heritage Fund provided a 'helping hand' to landowners of heritage items who are often faced with higher costs to maintain their heritage place. The funds are jointly provided by Council and the NSW Government to undertake local heritage restoration works.
- This year 15 projects were completed and resulted in over \$125,000 heritage works being undertaken, generated by the \$30,000 of funds provided.
- Projects included painting of the old Cundletown Bakery (photograph to the left), repairs to the verandah of the Parsonage in Taree and replacing steps to the St Paul's Anglican Church in Gloucester.



MYAT (Manning Youth Action Team)

- Delivery of three Live n Loud events (Art Gallery, Manning Entertainment Centre & Library) and Summerfest. The group were involved in the planning and implementation of all of these events. Over 300 people attend and up to 30 young people were given the opportunity to perform on stage as either soloists, duos or bands.
- The group was successful in receiving Indent funding to support the implementation of the events.
- Representation at State level activities including the NSW Youth Parliament and NSW Youth Week Forum.
- The group made the trip to Sydney for the Vivid light show and to participate in the Feedback Music Conference.

SOCIAL COMMITMENT

Donations

We delivered Rates and Fixed Donations of approximately \$115,000 in 2017-18. The program is under review, with a new Donations Policy being developed in 2018-19.

Volunteers

Volunteers help expand and enhance services and provide an important link to our community. We recognise and value the enormous contribution volunteers make to the community and remain indebted to them for their generous donation of time, skill, experience and dedication.

TOTAL VOLUNTEERS 1640



"I've also learnt so much and gained so much knowledge through being here - I'm not a nurse or anything, but you learn so much here watching the MidCoast Assist staff and learning how to assist the people you are with. I also love the good company of these older people - they are living in the moment and that's a good lesson for us in today's world - it's so entertaining, the jokes they tell - it's just so much fun."

Vicki Richards
MidCoast Assist
Volunteer

SOCIAL COMMITMENT

MidCoast Assist - Quality Service Delivery

- MidCoast Assist delivered around 110,000 hours of service to more than 800 clients and participants.
- MidCoast Assist's Disability Services successfully completed Third Party Verification against the NSW Disability Service Standards during the year.
- MidCoast Assist, the new brand for our ageing and disability services business unit, was released in 2017-18. The brand was designed in consultation with key stakeholders and embodies our service values and strengths.



Manning Entertainment Centre

- Total ticket sales 22,961
- 65 productions
- 93 performances

\$1.63 million announced for Manning Entertainment Centre projects from Round 1 of the NSW Government's Regional Cultural Fund. Funding will be used towards upgrading the PA system in the current theatre and designing and building a new, versatile theatre space at the Centre.

Manning Regional Art Gallery

- 18,017 visitors
- 15 exhibitions
- 156 public programs

Create NSW Annual program funding \$20,000, Regional Cultural Fund through Create NSW, \$80,000 for the Manning Regional Art Gallery Revitalisation project.



It has been 30 years since a dedicated community group lobbied and fundraised hard to create the magnificent Manning Entertainment Centre that originally housed the Manning Regional Art Gallery.

SOCIAL COMMITMENT

MidCoast Libraries

11 libraries

- 1,021 events held, with total attendance of 11,711
- 387,251 visits across all library service points
- 686,810 loans across all service points
- 62,331 internet hours used in total
- 37,392 wifi log-ins
- 30,834 loans of e-resources

Library – expanded collection

In 2017-18 our libraries allocated over \$350,000 to new material and a further \$78,000 to electronic and online resources. This led to a significant increase in new titles across all formats, also contributing to new titles for the refurbished Gloucester Library.

Gloucester Library integration and refurbishment

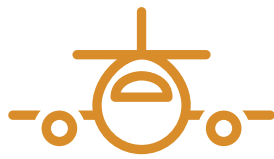
2017/18 was a huge and important year for Gloucester Library. The Library transferred the entire collection across from Newcastle Regional Library to MidCoast Libraries. This was followed by the most significant renovation of Gloucester Library since it was first established. The renovations were possible through a successful grant application of \$172,658. The project will be completed in 2018-19.



'I love this library so much. It has awesome books and is really lovely. One day I might be running a library.'

SOCIAL COMMITMENT

Airport



**28 FLIGHTS
PER WEEK**



**11,000
PASSENGERS
PER YEAR**



**10 PRIVATE
HANGARS**



**2 PLANE
MANUFACTURING
/ REPAIR
BUSINESSES**



**1 SKYDIVING
BUSINESS**

FlyPelican takes off in Taree

It was great news for the MidCoast community as FlyPelican commenced direct flights between Taree and Sydney early in 2018.

FlyPelican is a Newcastle-based independent regional airline that operates a fleet of 19 seat pressurised British Aerospace Jetstream 32 aircraft. The partnership with Pelican Airlines, operating as FlyPelican, is a win for the local community.

Based on the needs of both business and personal travellers, as well as local medical facilities, it was Council's objective to resume direct flights to and from Sydney, removing the need to land in Newcastle and reducing overall travel time.



SOCIAL COMMITMENT

Vibrant Spaces

The Vibrant Spaces Initiative was permanently implemented across the MidCoast region in July 2017.

The aim is to give businesses the opportunity to creatively utilise footpaths, free of charge, in order to boost business and create main street vibrancy.

It proved highly successful, with significant increases in sales and store foot traffic reported by those who participated. The initiative was rolled out in Wingham, Old Bar and Harrington.

Town centres of Taree, Wingham, Old Bar, Harrington, Bulahdelah, Gloucester, Tea Gardens, Hawks Nest, Pacific Palms and Stroud are part of the Vibrant Spaces program. Not only does the initiative benefit local businesses by increasing foot traffic, sales and their ability to effectively advertise, it will also create vibrancy in our town centres allowing for street stalls, busking, footpath cafes and much more.



Dogs and the Pound

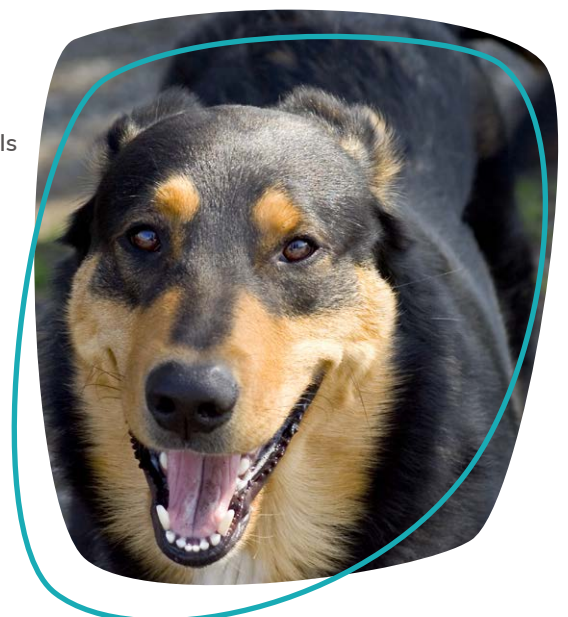
Leash free zones allow dogs to exercise off the lead so they can 'burn off' excess energy in a safe environment without being a nuisance to the general public.

They also provide an important socialisation experience with other dogs. There are three designated dog parks, located in Taree, Tuncurry and Gloucester. There are also a number of leash-free areas across the region.

Council works very closely with animal welfare agencies to rehome as many dogs as possible, and has rehoming representatives visiting the pound multiple times each week.

In 2017-18

- 154 dogs were collected
- 141 dog attacks were investigated
- 1,012 requests investigated regarding nuisance animals
- 94 requests responded to regarding livestock on the road
- 324 dogs/cats processed through the pound and of these:
 - rehomed 189
 - released 85 dogs/cats to owners
 - euthanased 50, most of these animals not suitable for rehoming



SOCIAL COMMITMENT

Food premises inspections

Council ensures compliance with relevant health standards and legislation which helps to ensure that residents and visitors to the area can enjoy a healthy and safe environment.

We conduct regular inspections of various premises and installations related to the control of disease caused by legionella. Inspections are also carried out on septic systems and public swimming pools and spas. The primary aim of these inspections is to ensure that food sold is safe to consume.

Our officers inspect food businesses once or twice each year. These inspections are required by NSW laws. No prior warning is given.

During an inspection the following is assessed:

- food handling practices
- cleanliness of the premises
- cleanliness of equipment and appliances
- the way food is stored
- temperature control
- personal hygiene
- pest control
- whether the food shop fit-out complies

In addition to the inspections we:

- Held two free Food Safety Seminars (Gloucester and Taree) with 53 participants;
- Produced and distributed two (biannual) food safety newsletters, distributed to all of our registered food businesses;
- Provided all registered food businesses with an annual food safety calendar



CIVIC LEADERSHIP

OUR MISSION

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



20 COMMUNITY MEETINGS DURING THE YEAR



49 NEW CITIZENS

WEBSITE: 1.1 MILLION PAGE VIEWS

371,160

user sessions from 169,189 individual users

[56.5% returning 43.5% new]



FOLLOWERS INCREASED BY 36% TO 5,328
PAGE LIKES INCREASED BY 33% TO 5,269



308 MEDIA RELEASES DISTRIBUTED

Water services integrated into MidCoast Council

NSW Minister for Environment, Local Government and Heritage, the Hon. Gabrielle Upton MP, approved the proposal to dissolve MidCoast Water and move its functions into MidCoast Council in June 2017.

The announcement followed the resolutions made by both MidCoast Water and MidCoast Council in December 2016.

After carefully considering the proposal and the representations received during the public consultation process, Minister Upton recommended to the Governor that the proposal be implemented without modification on and from 1 July 2017.

After careful consideration of the options for the future delivery of water and sewer services to the MidCoast community, the proposal outlined staff and operational efficiencies estimated at over \$3 million per year, achieved through the integration of functions, which will ultimately deliver cost savings for the community.

MidCoast Water had successfully provided quality water-related services to our community for 20 years, and as part of MidCoast Council, we continue to focus on the delivery of drinking water and the protection of our environment.

Some of the benefits include harmonising corporate support functions such as technology and communications to deliver appreciable savings and benefits.

CIVIC LEADERSHIP

First MidCoast Council elections

On 9 September 2017 MidCoast Council held its first election, electing eleven Councillors to govern the Council. Council was then responsible for electing the Mayor and Deputy Mayor.

The first Council meeting was held 2pm Wednesday 27 September 2017 at the Taree Administration Office.

Cr David West was elected Mayor by his peers to serve a two-year term as Mayor and Cr Katheryn Smith was elected as Deputy Mayor for a one-year term

We continue to work closely with our new Council to ensure that our plans and decisions reflect the strategic priorities for the MidCoast area now and into the future.

Throughout the year Council meetings are held where the decisions are made that guide the organisation. Council meetings are open to the public and everyone is welcome to attend.



Councillor attendance at meetings for the period 1 July 2017 – 30 June 2018

	Ordinary Meeting	Extra Ordinary Meetings	Strategic Committee Meeting
Total number of meetings	9	6	7
Cr Bell	8	4	6
Cr Christensen	9	4	6
Cr Epov	9	6	7
Cr Fowler	7	5	7
Cr Hutchinson	9	5	4
Cr Keegan	8	5	5
Cr McWilliams	7	5	7
Cr Pontin	7	4	6
Cr Roberts	7	5	7
Cr Smith	9	6	7
Cr West	9	6	7

CIVIC LEADERSHIP

\$100 million package to improve roads across MidCoast

MidCoast Council welcomed the announcement in May 2018 by the State Government of a funding package that will see a \$100 million road program for the region, making significant inroads into addressing a “generational backlog of roadworks”.

The Premier Gladys Berejiklian, Deputy Premier and Minister for Regional NSW John Barilaro, the Minister for Roads and Freight Melinda Pavey, and the Member for Myall Lakes Stephen Bromhead announced a \$50 million roads funding package while in Forster for a community cabinet meeting.

MidCoast Council will match the funding to deliver a huge \$100 million road package to the community. Council’s contribution is fully funded by the already approved special rate variation.

The package is aimed to improve the safety and drivability of local roads.

MidCoast Mayor, Cr David West, said funding of this magnitude does not come about without genuine goodwill and cooperation.

“It is a truly significant moment for the MidCoast community - this injection of funds will take us a long way to address a generational backlog of roadworks which could not have been achieved without the generosity of the State Government and the foresight of MidCoast Council to successfully raise funds through a special rate variation which was supported by the local community,” Cr West said.

Funding the maintenance and renewal of the road network across the region was identified as a significant challenge very early in the formation of MidCoast Council.



New General Manager was announced for MidCoast Council



Mayor, Cr David West, announced Adrian Panuccio had been appointed as the new General Manager of MidCoast Council.

The appointment followed a comprehensive recruitment process, which saw three shortlisted candidates interviewed by Councillors at an extraordinary meeting on Monday 28 May 2018.

CIVIC LEADERSHIP

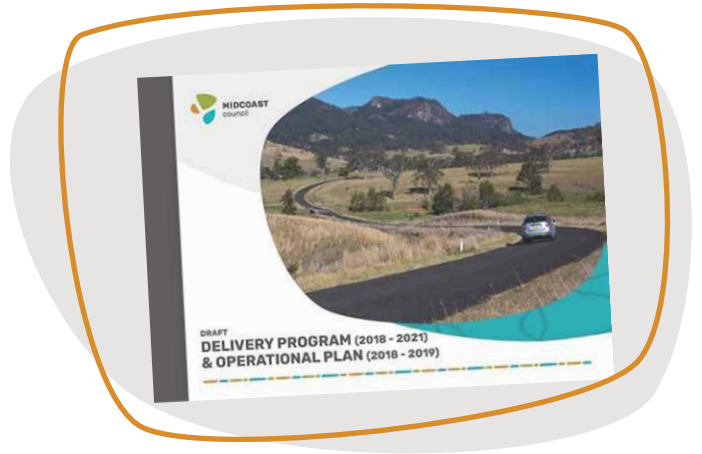
Council's future plans

Delivery Program & Operational Plan

The first MidCoast Council Delivery Program and Operational Plan outlines projects that focus on improving the region's road transport network, enhancing accessibility, supporting local businesses, and building vibrancy and improved streetscapes.

The Operational Plan represents MidCoast Council's commitment to delivering against community expectations and desires, as identified in the recently adopted Community Strategic Plan. As well as detailing actions and projects linked to the five core values from the Community Strategic Plan, it includes the annual budget, a proposed schedule of fees and charges, and Council's statement of revenue policy.

Council is committed to delivering value for money for the community, and to be transparent about how and where funds will be expended.



ENGAGEMENT

Engagement activities during 2017-18

- Over 900 people at Tuncurry Pool repurposing
- Harrington Playground (phase 1)
- Design of Mountain Park Bulahdelah
- Gloucester Library
- Wingham Revitalisation
- Destination Management Plan
- Regional Economic Development Strategy
- Forster Civic Precinct
- Forster Main Beach masterplan
- Forster Library
- Coolongolook, Wootton and Coomba Community Plans

Community Strategic Plan

- 2,161 visits to CSP website page
- 5,983 views of CSP videos
- 2,000+ emails with stakeholders
- 507 participant in online survey
- Workshops, pop up stalls, presentations



CIVIC LEADERSHIP

Community meetings

During 2017-18 there were two rounds of 10 meetings across the region. The community update meetings, have been held regularly in 10 locations across the region. They provide residents with the opportunity to meet and hear from members of Council's management team and elected Councillors.



With the pace of life busier than ever, these meetings make it easier for people who can't necessarily get to the Ordinary Council meetings. By visiting a host of locations Council allows community members the chance for a regular catch-up in their own neighbourhoods, on current projects, local issues, as well as hearing about Council's future plans. Residents in each local community also received an update specifically with Council news on their local area.

One of our objectives for these meetings is to meet and hear from a broad cross-section of our community, and those people who don't regularly interact with Council.

Tuncurry Pool making a big splash

MidCoast Council had a strong response from the community over the repurposing of Tuncurry Pool at Fazio Park.

The feedback on this project was mainly positive, with themes emerging for what the space should look like. Suggestions came from young and old, with ideas such as a children's educational bike track, outdoor gym equipment, imaginative landscaping, connected pathways along the foreshore, more shade and the creation of a party zone with barbeques and tables.

Many people felt that the repurposing of the pool is a real opportunity to build on Tuncurry's existing quality facilities to create a bespoke recreation precinct for everyone to utilise.



Input was sought for new Forster Library

When MidCoast Council was planning the development of the internal design for the new Forster Library and community space seeking community feedback was essential.



An information session was held at the Forster Administration building to brief the community on the design process for the fit-out of the new library, and gain some feedback from people attending the meeting that the core elements for the design of the space are in-line with what the community had told us was important to them.

We were also seeking expressions of interest for community members with special knowledge of library operations to nominate for a reference group to provide input as the design and fit-out process unfolds over the life of the project.

CIVIC LEADERSHIP CUSTOMER FOCUSED

Council website provides single online hub

Content from all three former council sites was collated in one central hub with the new MidCoast Council branding applied. Previously, the website had been set up with links to the three Councils former sites. This brought everything together in the one place and now means the improved single website is more user friendly and makes accessing information easier for the general community.

The new website introduced the 'in my neighbourhood' feature, an interactive map and location system allowing website visitors to see what's happening in and around their local area. Accessibility was also improved for people looking for outdoor facilities, Council buildings, events, consultations and improvement works in that neighbourhood.

Early in 2018 functionality of the website was expanded to include text to voice functionality across the Council website, as well as the library and ageing and disability services sites.

The text to voice technology is designed to give visitors to Council websites a better online experience, removing barriers and providing equal access to content for people with diverse abilities. As well as assisting those with literacy difficulties or reduced vision, a click of a button makes content available for anyone looking for a simpler way to access digital content on the go.



Bringing customer service together

Water Services customer service functions moved to Forster and Taree Council offices in April 2018, providing a single point of service for all council and water services.



Customers are now able to carry out their water and sewer enquiries at the Council offices in Breese Parade Forster and Pulteney Street Taree. The customer service points at both Water Services offices (Muldoon Street Taree and Breese Parade Forster) closed at 1pm on Thursday 29 March, to begin the move.

The move was the first step in providing the community with one service point for all Council enquiries, and is one of 20 major integration projects MidCoast Council is undertaking to provide more effective and efficient services to the community.

CIVIC LEADERSHIP

Sustainable path forward for roads & environment

In July 2017 IPART announced approval for a Special Rate Variation (SRV) for the MidCoast region that provided the platform for Council to address one of the local community's highest priorities, its roads and bridges.

The IPART determination provided for an approved cumulative increase of 27.3% over four years including the annual rate peg. The SRV came into effect from 1 July 2017 with a 10% increase in Year 1 which includes a region-wide environmental levy. The following three years will have a further 5% annual increase. This approval replaced special variations that were in place in each of the three previous local government areas for 2017-18 - Gloucester Shire (13%), and environmental levies for Great Lakes (6%) and Greater Taree (5%).

This was a significant and positive step forward, and came as a result of working closely with the Government and our community to develop a strategy for addressing the long-standing underfunding of assets.

With roads and bridges representing 76% of the total value of MidCoast Council's \$3.3billion asset base (excluding Water Services assets), they have remained an on-going challenge. The SRV allows Council to fund an identified \$5million annual shortfall in renewal funding for roads, and start to reduce the asset backlog estimated at \$180 million.

The community will see a marked improvement in the condition of local roads and bridges over the next few years with high-use assets being worked into our road funding program as a priority, and an increase in our renewal program will assist in maximising the life of our roads, preventing the ongoing decline of our transport network.

The approved SRV includes an environmental component, providing certainty in funding for the region's natural assets across the entire catchment area. Through consultation with the community, environment was also highlighted as an important priority, benefiting our lifestyle, business, tourism and the protection of the region for future generations.



CIVIC LEADERSHIP

Working in partnership with businesses

Sponsors were announced in December 2017 for one of the Manning Valley's favourite family events, Club Taree "Fireworks on the Foreshore", setting the scene for a colourful celebration to welcome the New Year.



It's an annual tradition that has been shared by generations of local families, ringing in the New Year on the banks of the Manning River and enjoying a dazzling display of fireworks over the water. With support from local businesses, including gold sponsor Club Taree, this year will be no exception and the community can expect a cracker celebration.

Club Taree was joined by silver-level sponsors Taree Auto Group, 2RE radio and Max FM, and Ironwood Australia and JR Richards & Sons as supporters.

This type of event would not be possible without the support from local businesses. It's through our local businesses offering their support, particularly given the importance of New Year's Eve celebrations to the local community, that brings people together in a positive and celebratory atmosphere, and it's what makes our sense of community so strong.

Queen's Baton Relay made its way to MidCoast

The Queen's Baton Relay travelled through Tuncurry and Forster on Friday 2 February 2018.

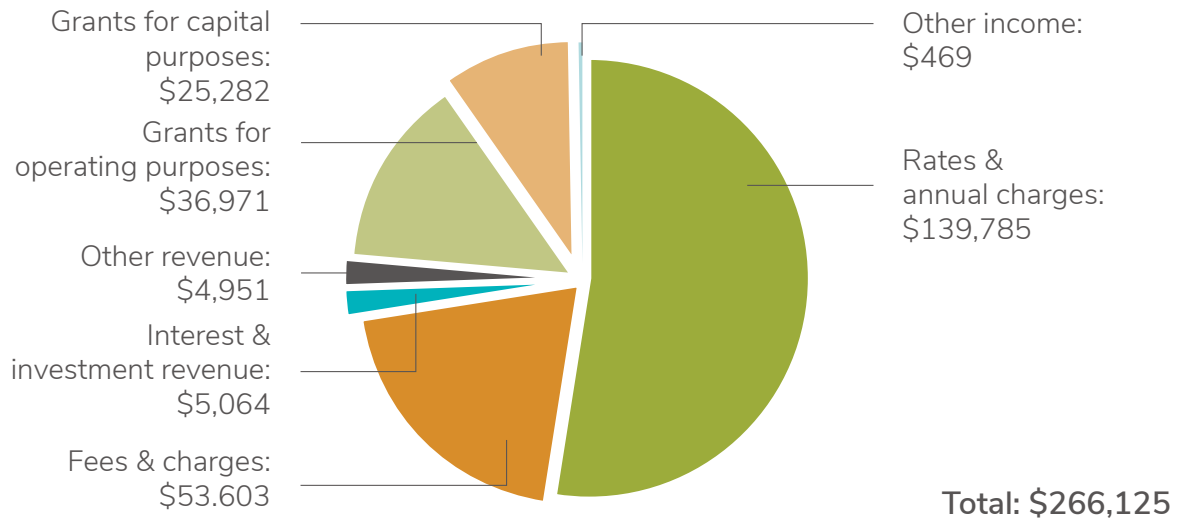
The baton, which carried a message from Her Majesty Queen Elizabeth II, left Buckingham Palace in March 2017. It was the longest relay in the history of the Commonwealth Games, passing through every nation and territory of the Commonwealth on its way to the 2018 Gold Coast games.

It was an exciting event for the local region and offered our community a once-in-a-lifetime opportunity to be part of a long-standing Commonwealth Games tradition. It was great to see the community out to witness the excitement, and cheer on our sixteen local batonbearers.

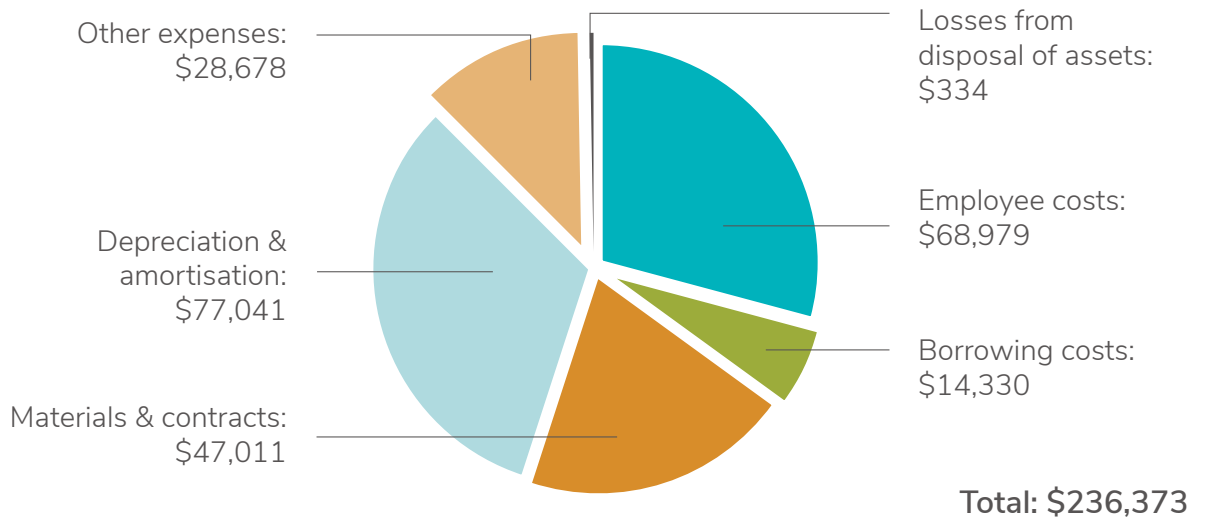


FINANCIAL OVERVIEW

Income \$'000



Expenses \$'000



FUNDING OPPORTUNITIES

Of the funding opportunities available to MidCoast Council, those that were announced in the 2017-18 financial year include:

REGIONAL CULTURAL FUND

The Regional Cultural Fund aims to strengthen regional arts, screen, culture and heritage, and revitalise local communities through strategic investment.

MidCoast Council was successful in receiving funds for the following projects:

Manning Entertainment Centre Design New Studio Theatre Space.....	\$20,959
Manning Entertainment Centre Build New Theatre Space.....	\$1,550,000
Upgrade PA system Manning Entertainment Centre.....	\$58,393
Manning Regional Art Gallery.....	\$80,000
	\$1,709,352

STRONGER COUNTRY COMMUNITIES FUND ROUND ONE

The Stronger Country Communities Fund was established by the NSW Government to help deliver local infrastructure projects to regional communities.

The objective of the fund is to provide the kind of infrastructure that improves the lives of local residents.

MidCoast Council was successful in receiving funds for the following projects:

Wingham Rugby League Football Club.....	\$511,245
Forster Main Beach Precinct.....	\$200,000
Wingham Riverside Reserve	\$102,880
Cundletown Soldiers Memorial Hall Upgrade.....	\$108,160
Equal Access Playground Fotheringham's Park (Livvis' Place).....	\$239,087
Manning Aquatic Leisure Centre	\$201,841
Great Lakes Aquatic Centre.....	\$120,000
Little Street Forster	\$100,000
Providence Park Tea Gardens.....	\$155,000
Northern Villages.....	\$190,624
- Coopernook Hall works	
- Hannam Vale Playground	
- Harrington Dog Park and Foreshore works	
Gloucester Park	\$110,000

\$2,038,837



PART THREE

STATUTORY REPORTING

2017-18 Statutory Reporting

The following Statutory reports are required under the Local Government Act 1993, Local Government (General) Regulation 2005, REG 2017 and other NSW Government Acts. The relevant clause is highlighted with each report.

Within 5 months after the end of (financial) year, prepare a report as to Councils 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 the achievements from 1 July 2017 through to 30 June 2018 are included in Part 2 of this report. A detailed report was presented to Council, 22 August 2018 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 subsequently adopted an associated Delivery Program and Operational Plan. As the CSP is in its initial year of implementation, it is not possible to comment on Council's achievements in implementing the long term plan. Achievements will be reported in a future annual report as per the Act.

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 were presented at the 31 October 2018 Ordinary Meeting of Council and are 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

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)

\$1.628 million collected, quarantined and allocated to roads.

\$50 million state funding announced 31 May 2018 by NSW Premier Gladys Berejiklian

Council welcomed this funding announcement from the State Government, on behalf of the community, and when combined with \$50 million from Council, will see a \$100 million road program for the region which will make significant inroads to address a "generational backlog of roadworks," over the next four years.

The funding is being matched by Council, through the already approved special rate variation, to deliver a huge \$100 million road package to the community.

Environmental levy

Funding Program	Project	Amount Funding Received	Council Contribution (ESR)	Total Project Cost
NSW Boating Now Program	Boat Ramp Upgrades – Bohnock, Harrington, Taree West, Cundletown	\$666,594	\$222,199	\$888,793
NSW Rescuing our Waterways Program	Harrington Backchannel Dredging	\$183,750	\$183,750	\$367,500
NSW Rescuing our Waterways Program	Farquhar Inlet Dredging	\$162,500	\$162,500	\$325,000
NSW Rescuing our Waterways Program	Tuncurry Channel Dredging	\$147,200	\$147,200	\$294,400
NSW Fish Habitat Action Grants	Kangaroo Point Mangrove Restoration Project	\$66,011	\$20,925	\$86,936
NSW Fish Habitat Action Grants	Lower Lansdowne River Riverbank Restoration Project	\$13,400	\$0	\$13,400
NSW Fish Habitat Action Grants	Scott's Creek Fish Habitat Improvement Project	\$33,815	\$5,600	\$39,415
NSW Coast & Estuary Grants Program	Cost Benefit Analysis - Big Swamp Project	\$25,000	\$25,000	\$50,000
NSW Coast & Estuary Grants Program	Evaluate threats & risks to the health of the Manning River Estuary	\$135,600	\$135,600	\$271,200
Environmental Trust Restoration Program	South Forster Squirrel Glider Project	\$92,800	\$60,000	\$152,800
Local Land Services - Manning Great Lakes Estuary and Marine Program	Minimbah Pest & Weed Control	\$20,000	\$15,000	\$35,000
Local Land Services - Manning Great Lakes Estuary and Marine Program	Marine Discovery Program	\$2,800	\$0	\$2,800
		\$1,549,470	\$977,774	\$2,527,244

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

Environmental report is referenced in Part 2 of the Annual Report.

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>	\$20,561.66
Authority of General Manager <i>Local Government (General) Regulation 2005 Clause 131 (6)</i>	\$14,375.72
Ratable properties now exempt from Rates <i>Local Government Act 1993 Section 555 - 558</i>	\$47,608.72
Pensioner Rate Reductions <i>Local Government Act 1993 Section 575(2)</i>	\$4,751,987.28
Concealed Leak Applications <i>Clause 132 Local Government (General) Regulation 2005</i>	\$139,260.78

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 2017-18 no overseas travel was undertaken by the Mayor or Councillors.

Two MidCoast Assist support staff attended an eight day Pacific Islands Cruise between 23/11/17 - 2/12/17 with clients under an NDIS plan.

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 and is reviewed annually.

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 Clause 217(1)(a1) of the Local Government Act 1993 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.

Total costs \$ 294,347.73

Allowances

Mayoral allowance	\$31,965.07
Elected member allowance	\$166,436.38
Expenses (as per below)	\$95,946.28

Expenses

Dedicated office equipment	\$12,614.00	Interstate travel & accommodation	\$1,648.44
Telephone & internet expenses	\$6,909.77	Overseas travel & accommodation	\$0.00
Printing & stationery	\$307.77	Mayoral vehicle	\$7,859.56
Accommodation	\$1,263.94	Personal accident insurance	\$6,737.94
Conferences & seminars	\$17,561.21	Sustenance	\$7,267.52
Training	\$2,310.00	Partner's expenses	\$0.00
Travel	\$31,466.13	Child Care expenses	\$0.00

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 2017-18.

Contractor	Details	Value
Origin Energy	Electricity Supply - Large Sites, Water Services	\$4,000,000pa
AGL	Electricity Supply - Small Sites, Water Services	\$800,000 pa
Bridge Works (Aust) Pty Ltd	Design & Construction Bulga Creek & Bobin Creek Bridges	\$1,613,400
Panel: Various Contractors	Minor Civil Works Tender	Schedule of Rates
Commonwealth Bank	Supply of Banking Services	\$420,000
Eire Constructions	Pulteney Street Reconstruction - Albert St to Wynter St Taree	\$1,390,970
Panel: Various Contractors	Supply of Guardrail Panel Contract	Schedule of Rates
Panel: Various Contractors	Traffic Control Services Panel Contract	Schedule of Rates
CCB Envico Pty Ltd	Design & Construction of Sand Replenishment Infrastructure from Winda Woppa Spit to Jimmy's Beach	\$4,000,000

Montlaur Project Services	Project manager - MCC Office Investigation	\$162,000 + disbursements
Sea Slips Pontoons & Products Pty Ltd	Construction of Marine Facilities at Tea Gardens	\$369,000
Stowe Australia Pty Ltd	Darawank Pump Station - Low Voltage Electrical	\$771,000
Hunter H2O Holdings Pty Ltd	Commission NABIAC Water Treatment Plant	\$203,000
Your Automate Pty Ltd	NABIAC Water Supply System - SCADA & PLC Integration contract	\$189,864
Cardno (NSW/ACT) Pty Ltd	Piezometers Installation at Bootawa Dam	\$176,973
Veolia Water Australia Pty Ltd	Maintenance scheduling for Sewage Treatment Plants	\$165,241
Ausroads Systems Pty Ltd	Horizontal Discharge Road Patching Unit	\$370,870
Newcastle Mower Superstore	Replacement of 5 Mowers	\$166,655
Mavin Hino	Replacement of 6 Trucks	\$717,724
Stowe Australia Pty Ltd	Tender, electrical works for NABIAC Water Scheme	\$848,419

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

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

Matter	Court	Cost	Status
Ruttley - Trip & Fall Incident	District Court of NSW	\$12,500	Matter settled
Patterson - Public Liability	District Court of NSW	\$25,000	Matter settled
Bliss O'Brien - Public Liability	District Court of NSW	\$25,000	Ongoing
Christopher Goonan - Public Liability	District Court of NSW	\$25,000	Ongoing
Cox, Arndell and Rowan - Public Liability	District Court of NSW	\$12,500	Ongoing
Indy Henderson - Coronial Inquest	Coroners Court	\$12,500	Awaiting Coroners Recommendation - \$12,500 paid to date
Renee Holborn - Public Liability	District Court of NSW	\$12,500	Matter settled
Monovasio - Development Application	Land & Environment Court	Nil	Matter settled
Sciberras - Development Application	Land & Environment Court	\$1,461.10	Matter settled
Pacific Rim Accommodation Group - Development Application	Land & Environment Court	\$14,680.61	Matter settled
LDF Enterprises (Tea Gardens Farm Pty Ltd) - Unauthorised Works	Land & Environment Court	\$33,684.01	Court orders in place – compliance inspections required
Heatscape - Unlawful building works	Court Appeals	\$300	Matter settled – pursuing costs

Watts - Development Application	Land & Environment Court	\$15,142.80	Matter settled
Rutkowski - Development Application	Land & Environment Court	\$7,571.18	Matter settled
Wilson - Development Application	Land & Environment Court	\$17,985.76	Finalised Sept 2018
Gateway Lifestyle Investments - Development Application	Land & Environment Court	\$20,363.61	Matter settled
Australian Native Landscapes - Development Application	Land & Environment Court	\$11,817.04	Matter settled
Boomerang & Blueys Residents Group - CZMP Matter	Land & Environment Court	\$55,546.27	Ongoing
MCC v Lee	Local Court	\$19,804.39	Ongoing
MCC v Niard Pty Ltd	Local Court	\$6,723.70	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

Grant type	Amount
Event Support	\$58,136
Community Grants	\$109,186
Surf Club Grants	\$20,000
Rates Donations	\$36,813
Stronger Communities Grants (State Government Program)	\$499,480
Total	\$723,597

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 which are currently being reviewed by Council. 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

Hunter Councils

MidCoast Council is a member of Hunter Councils, which owns and operates Hunter Records Storage. Hunter Records Storage complies with the State Records Act 1998 and provides for specialised and professional storage for inactive Council files. Use of this off-site storage facility frees up expensive filing cabinet and office space on-site and allows additional space for storing active records. MidCoast Council utilises Hunter Councils' cost effective training division, which is tailored specifically for Local Government. The commercial arm of Hunter Councils, 'Hunter Councils Inc' operates Regional Procurement. Utilising tender processes and commercial arrangements, this group establishes supply agreements on behalf of member Councils, saving money and resources. Hunter Councils also set up collaborative arrangements for key Local Government issues. Council participates in the quarterly meeting of the Information Technology Group.

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

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 Joint Organisation (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
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 – SSA/GMAC	General Managers from Hunter JO	General Manager
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

This year we implemented a new Equal Employment Opportunity (EEO) Management Plan, the *EEO Management Plan 2018-2021*.

The EEO related activities over the 17-18 year included:

- Development and implementation of our EEO and Anti-Discrimination Policy
- Development of our EEO Management Plan (implemented in early 2018-19), includes designation of an EEO Coordinator
- Development and implementation of our Conflict Resolution Policy
- Review of Corporate Induction Program
- Planning of Respectful Workplace Training (being rolled out to all staff in 2018-19)
- Incorporation of EEO accountabilities into all position descriptions
- Training of HR staff in EEO matters in relation to recruitment and training
- Application for funding in the Elsa Dixon Aboriginal Employment Program (notified as successful in 2018-19)
- Enforcement of our Code of Conduct
- Incorporation of EEO principles into HR policies and procedures
- Use of Apprenticeship and Traineeship Programs

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	\$417,683.47
<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	\$33,473.16
<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	\$3,843.37
<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>	\$1,183,920.50
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>	\$112,833.55
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>	\$3,801

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

Natural Systems stormwater projects during 2017-18

- Stormwater/catchment management plan for Racecourse Creek catchment at Old Bar
- Commenced design and subsequent refurbishment of Townsend Street, Forster
- Stormwater quality improvement device maintenance
- Planning/design Dunns Creek stormwater quality improvement project

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 \$40,000 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
Off leash areas provided in the council area <i>16.2(f) Guidelines</i>	Total of three leash free areas – Taree, Tuncurry and Gloucester

In addition to the above, during the year:

- 154 dogs were collected
- 141 dog attacks were investigated
- 1,012 requests investigated regarding nuisance animals
- 94 requests responded to regarding livestock on the road
- 324 dogs/cats processed through the pound and of these:
 - rehomed 189
 - released 85 dogs/cats to owners
 - euthanised 50 most of these animals not suitable for rehoming

Report on capital works projects.

Capital Expenditure Guidelines

For 2017-18 there was no capital expenditure review.

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 that:

- Carers make a valuable contribution to the community;
- Carers’ health and wellbeing is important;
- Carers are diverse and have individual needs within and beyond their caring role; and
- Carers are partners in care.

These principles are supported by the Home Care Common Standards and NSW Disability Services Standards with which MidCoast Assist complies.

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 2017-18 financial year was the first year of the four-year plan, and the “Disability Inclusion Action Plan Progress Report 2017-18” provided below, outlines progress made during the year.

The focus of first-year activities within the DIAP is awareness raising and education. Subsequent years of the Plan 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 2017-18

Strategy 1: Positive community attitudes and behaviours

Area for Action	Status update
<p>Communication Modelling of inclusive behaviours by council staff</p>	<ul style="list-style-type: none"> • Community Services prepared an internal education program for staff which kicked off at the end of May 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 following the merger. 'Who is MidCoast?' is a 3-phase project: <ul style="list-style-type: none"> - Phase 1: raising general awareness of the demographics of the LGA; - Phase 2: providing more detail of the people with disability demographic and prevalence of different disabilities; and - 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.
<p>Council staff awareness of the needs of people with disability</p>	<ul style="list-style-type: none"> • In November 2017 the NSW Government announced the 'Everyone Can Play in NSW' initiative, which included a commitment to introduce guidelines to support the planning, design and management of inclusive play spaces. The Manager of Community Services represented MidCoast Council on the State Government advisory group providing advice on development of these guidelines. • The Manning Entertainment Centre now accepts companion cards for all shows, allowing carers to accompany people with a disability without the need to pay for their seat.

Strategy 2: Creating liveable communities

Area for Action	Status update
Footpaths	<ul style="list-style-type: none"> • The transport section has submitted a number of funding applications totalling \$2.7 million for improved footpath and cycleway access at the following sites: <ul style="list-style-type: none"> – Taree CBD and suburbs; – Manning River Drive from Taree Recreation Grounds to Cundletown; – Blackhead Road between Diamond Beach Road and High Street, Black Head; – Kingfisher Avenue from Singing Bridge to Ibis Avenue, Hawks Nest; – Pebbly Beach to Hadley Street, Forster; – Point Road Cycleway, Tuncurry; and – Boundary Street from Thunderbolts Way to Philip Street. Philip Street from Boundary Street to Church Street, Gloucester. • Works completed during the year include: <ul style="list-style-type: none"> – \$30,000 kerb ramp improvements in Pulteney Street, Taree; – two new accessible parking spaces in Victoria Street, Taree; – footpath improvements in Taree in Commerce Street between Victoria and Albert Street, and Manning Street from Victoria Street to the River; – upgrade of footpaths across the LGA, but particularly outside Holy Name School in Forster and in Old Bar; – kerb ramp in Manning Street to complement an existing accessible parking space; and – accessible parking in Chatham Avenue outside Chatham Primary School.
Accessible housing	<ul style="list-style-type: none"> • In an effort to encourage construction of granny flats to enable older people and people with disability to remain living independently but still have support close by, Water Services conducted a pilot project which involved waiving of fees. This has now been included permanently in the Equivalent Tenement Policy. The new policy results in Section 64 contribution savings of \$7,500 to \$15,000 for families. • The planning section proposed changes to the Great Lakes Local Environmental Plan (LEP) to encourage the development of liveable housing for all ages and all abilities, and provide more flexibility for development of land in urban release areas. The Australian Liveable™ Housing Guidelines assist in home design and certification of residences for a lifetime of living, including families with small children, people with temporary injuries, ageing baby boomers and people with disability. Recommendations will be incorporated into a new MidCoast LEP, due for completion by 2021. • The post-merger priority is to review how these provisions may be applied across the MidCoast. This work is being undertaken as part of the Housing Strategy, due for completion in early 2019.
Accessible buildings	<ul style="list-style-type: none"> • The Gloucester Library is currently undergoing refurbishment. Key features of the enhanced facility include: <ul style="list-style-type: none"> – electronic doors;

	<ul style="list-style-type: none"> - lower shelving; - relocatable shelving to enhance access pathways as required and enhanced access for all-purpose events; - accessible door handles; - a meeting room/quiet space; and - lower returns slot, and bag counter. <ul style="list-style-type: none"> • Council areas within the civic precinct will be compliant with the requirements of the National Construction Code (BCA) and relevant parts of accessibility requirements of AS 1428.1 Design for access and mobility - Part 1 General requirements, including: <ul style="list-style-type: none"> - 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.
<p>Accessible recreational facilities</p> <p>Accessible green space</p>	<ul style="list-style-type: none"> • pontoons at boat-launching facilities at Tuncurry, Forster and Pacific Palms have been upgraded with the provision of grab handles, to provide easier access from boat to jetty.  <ul style="list-style-type: none"> • A partnership with Club Forster's Blue Water Fishing Club and external funding enabled planning to be finalised for an upgrade to the fish-cleaning tables at the Forster Boat Harbour boat ramp. The project will include accessible tables, shade cover and improved drainage. • Extensive planning for the extension of the Memorial Drive Boardwalk in Forster has been completed, and approvals obtained. The project is now 'shovel ready' in order to apply for external funding for implementation. • Plans were finalised for Livvi's Place - an inclusive play space in Fotheringham Park in Taree, and briefing provided to Council on 20 June 2018. This project involves partnerships with the Touched by Olivia Foundation, and a number of Council departments

	<p>(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.</p> <ul style="list-style-type: none"> • In a partnership with the Lions Club, outdoor fitness equipment targeting the older population was installed at Forster Break Water. • In a partnership with the Rotary Club, an accessible outdoor fitness station was installed at Gloucester District Park. • The children's playground in Nabiac has been relocated to the tennis court/swimming pool precinct and a kids' bike track has been installed, providing improved access for children and parents, and making this recreation precinct more inclusive. • Activities at Billabong Park in Gloucester are being upgraded to ensure they are more accessible. • Council is participating in the "<i>Naturally Accessible Project</i>", aiming to increase opportunities for people with disability to access and use existing track infrastructure in natural areas. Naturally Accessible is a new approach to improving access for people with disability through information, rather than infrastructure. • As part of the development of the Rural Strategy the planning section is looking at rural tourism opportunities - including inclusive (or accessible) tourism and opportunities for carer respite facilities and other alternative options within rural and environmental areas. Accessible tourism is the ongoing endeavour to ensure tourist destinations, products and services are accessible to all people, regardless of their physical limitations, disabilities or age. It encompasses publicly and privately-owned tourist locations and is predicted to make up 25% of the tourism market by 2020. Council has received enquiries for these activities but they are currently somewhat limited by current LEP provisions. Recommendations will be incorporated into a new MidCoast LEP, due for completion by 2021.
<p>Accessible beaches</p> <p>Accessible green space</p>	<p>The Main Beach area is proposed as an accessible precinct, with the Main Beach masterplan providing the following improvements:</p> <ul style="list-style-type: none"> • accessible ramps at both ends of the beach for people in wheel chairs and the less mobile members of the community; • replacement of the existing non-compliant ramps with accessible ramps for disabled access is proposed for the ocean baths. The new ramps will connect, via an accessible path, to the toilets/change rooms and accessible parking spaces on North Street; • new toilet and change facility at the Bullring and in the Surf Life Saving Club (SLSC) which will include accessible toilets; • the SLSC and underground carpark will be accessible building/structures and will include lifts; • the existing promenade will be widened and replaced with a safer trafficable surface to improve movement between the two anchors of the Precinct – the SLSC and the Bullring; • access to the beach from the promenade will be improved (replacing the existing wall), in the form of large sitting stairs and platforms (this is not accessible access but general improved access); • three options for accessible parking, drop-off areas and usable space have been presented to the community for feedback.

	<p>Accessibility parking numbers are proposed to be increased in all approaches and Approach 1 provides the most accessible parking, proposed to be clustered at the two anchors. Accessible parking is also proposed within the future parking station.</p> <ul style="list-style-type: none"> • passenger drop-off areas at the beach and cafes are important, particularly during peak seasons when there are no parking spaces in the Precinct and the alternatives are too far away. Approach 1 has the most generous drop area and can also accommodate buses. Approach 2 is significantly smaller but improves on current arrangements. Approach 3 has no drop-off parking; • increased usable open space to provide more opportunities for activities, and assist people to move around within the precinct. Approach 1 provides the greatest amount of open space. Approach 2 provides a moderate amount, while Approach 3 provides a nominal increase; • improved pedestrian network by filling in gaps within the pedestrian network with footpaths; and • improved links to Pilot Hill, the break water and Second Head Reserve.
Public toilet and shower facilities	<ul style="list-style-type: none"> • Accessibility is a driver for upgrades to public amenities and this is reflected in the fact that all upgrades comply with Australian Standard 1428.1-2009 being design for access and mobility. Areas that have been improved across the LGA include: <ul style="list-style-type: none"> - upgrades at Derbert Reserve at Smiths Lake and Rotary Park in Taree; - plans completed for improvements at Little Street Forster, Main Beach Forster, Stroud Showground, Providence Park Tea Gardens and Wingham Brush Riverside; - design finalised for new amenities block at Fotheringham Park, to complement the Livvi's Place inclusive play space was finalised and funding obtained for lift-and-change equipment. The amenities block will include two accessible toilets as well as the lift-and-change facility; - grant applications were submitted to upgrade amenities at Old Bar Beach, Pebbly Beach Forster and Gloucester Cemetery; - letters of Support provided for grant applications for Black Head Surf Life Saving Club, Great Lakes Sailing Club, Valley Industries, Manning Valley Netball for improved amenities; - Manning Aquatic Leisure Centre amenities are being upgraded in the second half of 2018 and will include accessible amenities; - grant applications were submitted for upgrades to Aub Ferris Oval Clubhouse at Nabiac, Wingham Cricket Clubhouse, Gloucester Recreation Ground, Bulahdelah Showground, Boronia Park Forster and the carparks at Ormsby House in Taree and Hawks Nest Community Hall; - Tea Gardens Hawks Nest Surf Life Saving Club is due to commence building works soon and will provide five cubicles, one of which will be accessible (currently there are none); - accessible toilet at the Taree Library was improved in response to feedback, by the addition of a mirror and more accessible fittings; and

	<ul style="list-style-type: none"> – the MC1 Project (council software upgrades) will include a building inspection results section which will allow for needs-based priority list to be created.
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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"> • Development of Council's Workforce Strategy was completed. The new Strategy values diversity in the workforce, raising awareness of the value of workforce that includes a range of cultures and abilities.

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"> • Readspeaker is now 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. • Water Services staff relocated to the council administration buildings in Taree and Forster, which facilitates access for the community to a single location. • 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. • A new weighbridge at Tea Gardens Waste Transfer Station has been installed, making trips to the tip easier for people with disability. • Residents can report illegal dumping online, eliminating the need to visit a council office, or make a phone call; • A new Waste Transfer Station and Community Recycling Centre were opened at Tuncurry, enhancing facility accessibility. • The new Forster / Tuncurry Men's Shed was opened, providing an accessible facility for members. • A mobile Community Recycling Centre was implemented. This trailer is now available to visit remote communities to assist them with disposal of problematic waste such as paint, gas bottles, oil and batteries. • Library Services continues to invest in and enhance its other services, including: <ul style="list-style-type: none"> – a significant collection of large-print and audio books; – home library lending service, delivering books to people who have difficulty leaving their homes; – substantial dyslexic and literacy collections; and – availability of 24/7 online services.

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
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 2B Old Bar (2008)	Agreement between Council and Mr Walsh regarding dedication of land and a dwelling entitlement.	Current – no activity during reporting period.
Tallwoods Eastern Lands (2010) and Appendices	Agreement between Council and Tallwoods P/L regarding the rehabilitation, embellishment and maintenance of bushland.	Current – no activity during reporting period.
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.
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.
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 lands and associated works at Tallwoods Village, Hallidays Point.	Current – DA for subdivision (567/2019/DA) approved 27/09/11 but no activity.
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
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.
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	Current – masterplanning yet to commence.

dedicate land required for community and open space purposes and to fund a Community Development Worker for 20 years.

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.
90 High Street, Black Head (2014)	Agreement between Council and Hallidays Shores Retirement Living P/L regarding the provision of landscaping.	Current – revegetation 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 – agreement signed during reporting period.
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.
Seven Mile Beach, The Lakes Way, South Forster	Agreement between Council and Hodings P/L in connection with rezoning of land	Current – agreement yet to be activated.
North Shearwater at Tea Gardens	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.
Nixon Pl, Nahiack	Agreement between Council and Logan regarding contributions for community facilities in connection with a development application	Completed.
Tropic Gardens Dr, Smiths Lake	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 – agreement not yet activated.
Pacific Palms	Agreement between Council, Minister for Environment and Webster - in connection with rezoning of land. Requires land to be dedicated to the Minister as an environmental offset.	Current – agreement activated and land transfer nearly completed.
Carmona Dr, South Forster	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 – agreement not yet activated.

Chapmans Rd, Tuncurry	Robert Leo Wilson and Claude Stanley Wilson regarding the rezoning of land. Requires land dedication to a conservation authority or Council and the preparation of a DCP.	Current – agreement partly implemented by preparation of a DCP.
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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 - 64 inspections undertaken 91% of inspections require reinspection (however the issues are usually minor only)
- Implement Councils Swimming Pool Inspection Program in accordance with the Swimming Pools Act - 316 inspections undertaken.
- 94% of inspections require reinspection

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

2017-18

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 7 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 7(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 7(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 43

Clause 7(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

2

2

Clause 7(d) - Information, as set out in the form required by the tables in Schedule 2, relating to the access applications (if any) made to the agency (MidCoast Council) during the reporting year.

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
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	1	0	0	0	0	0	0	0	1	2%
Private sector business	6	3	0	0	0	0	0	0	9	20%
Not for profit organisations or community groups	1	0	0	0	0	0	0	0	1	2%
Members of the public (application by legal representative)	5	2	0	1	0	0	0	1	9	20%

Members of the public (other)	13	10	0	1	1	0	0	0	25	56%
Total	26	15	0	2	1	0	0	1	45	
% of total	59%	33%	0%	4%	2%	0%	0%	2%		

* 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
Personal information applications*	0	0	0	1	0	0	0	0	1	2%
Access applications (other than personal information applications)	25	14	0	1	1	0	0	1	42	94%
Access applications that are partly personal information applications and partly other	1	1	0	0	0	0	0	0	2	4%
Total	26	15	0	2	1	0	0	1	45	
% of total	59%	33%	0%	4%	2%	0%	0%	2%		

* 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
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0

Invalid applications that subsequently became valid applications

0

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

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

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

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

	Number of times consideration used*	% of total
Responsible and effective government	1	7%
Law enforcement and security	1	7%
Individual rights, judicial processes and natural justice	11	73%
Business interests of agencies and other persons	2	13%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
Total	15	

Table F: Timeliness

	Number of applications	% of total
Decided within the statutory timeframe (20 days plus any extensions)	45	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0%
Total	45	

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

	Decision varied	Decision upheld	Total
Internal review	0	1	1
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	0	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
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Table I: Applications transferred to other agencies

	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

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

Report to the NSW Ombudsman

Submitted On: 18 Jan 2018

Reporting Period: July to December 2017

	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
No of public officials who made public interest disclosures to your public authority	0	0	0
No of public interest disclosure received by your public authority	0	0	0
Of public interest disclosures received, how many were primarily about:	0	0	0
Corrupt conduct	0	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
No of public interest disclosures (received since 1 Jan 2012) that have been finalised in this reporting period		0	
Have you established an internal reporting policy?			Yes
Has the head of your public authority taken action to meet their staff awareness obligations?			Yes
If so, please select how staff have been made aware			
Staff undertaking that they have read and understood your organisation’s internal reporting policy, Training provided by a private sector organisation, Links on your intranet site, Links on your internet site, Training provided to new staff during induction			

MID-COAST COUNCIL

Report to the NSW Ombudsman

Submitted On: 23 Jul 2018

Reporting Period: January to June 2018

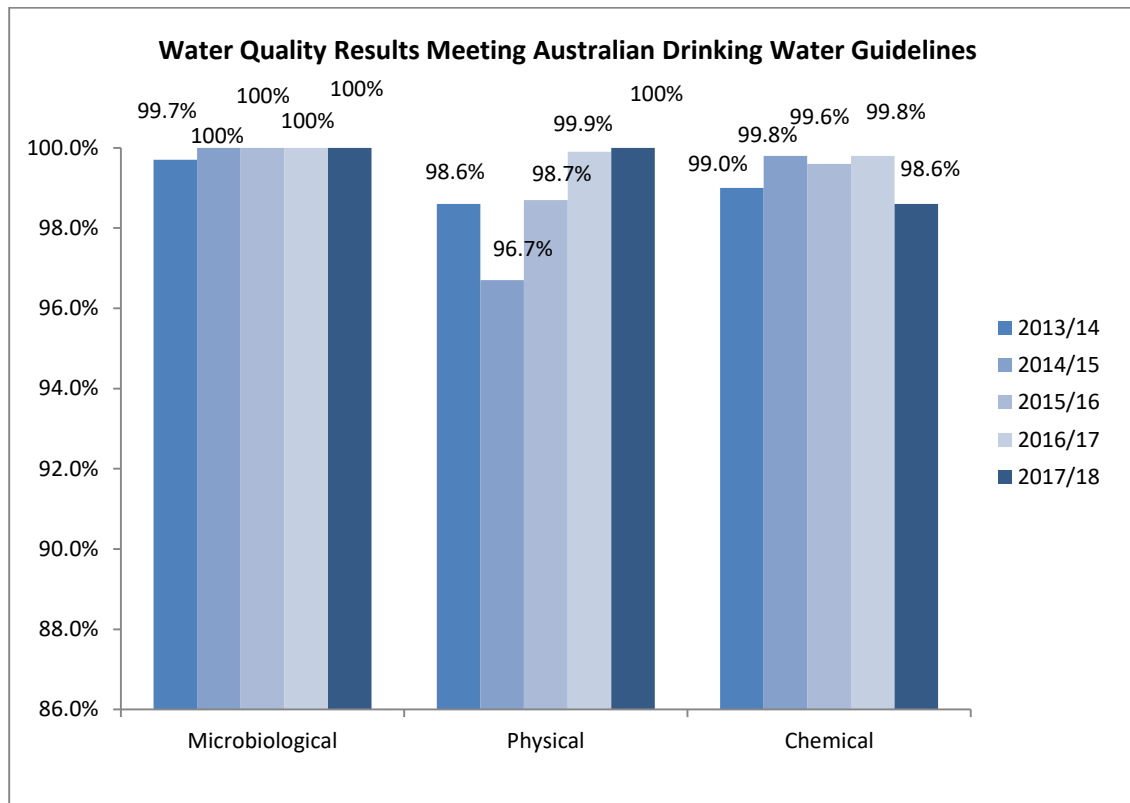
	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
No of public officials who made public interest disclosures to your public authority	2	0	0
No of public interest disclosure received by your public authority	2	0	0
Of public interest disclosures received, how many were primarily about:	2	0	0
Corrupt conduct	2	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
No of public interest disclosures (received since 1 Jan 2012) that have been finalised in this reporting period		2	
Have you established an internal reporting policy?			Yes
Has the head of your public authority taken action to meet their staff awareness obligations?			Yes

If so, please select how staff have been made aware

Staff undertaking that they have read and understood your organisation's internal reporting policy, Training provided by a private sector organisation, Links on your intranet site, Links on your internet site, Training provided to new staff during induction

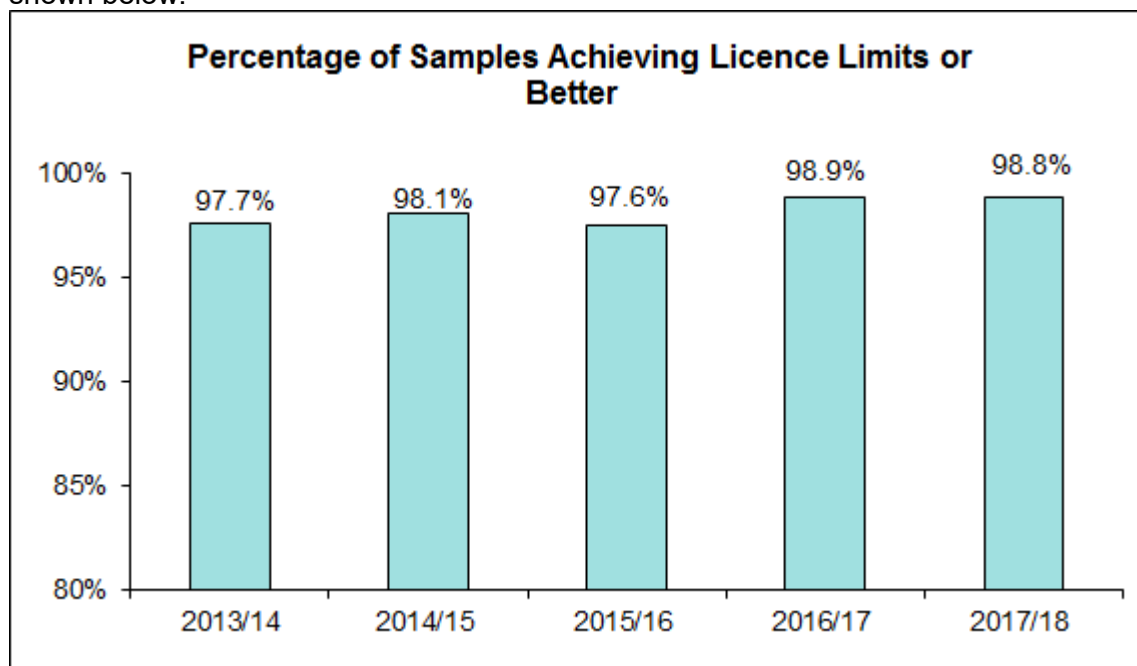
Compliance with the Australian Drinking Water Guidelines (ADWG)

During the 2017-18 year, the water quality results of collected water samples meeting Australian Drinking Water Guidelines for microbiological, physical and chemical parameters, compared with the previous four years, is shown below:



Compliance with environmental protection licences

During the 2017-18 year, 98.8% of effluent samples taken from all treatment plants achieved licence limits or better. The 2017-18 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.

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

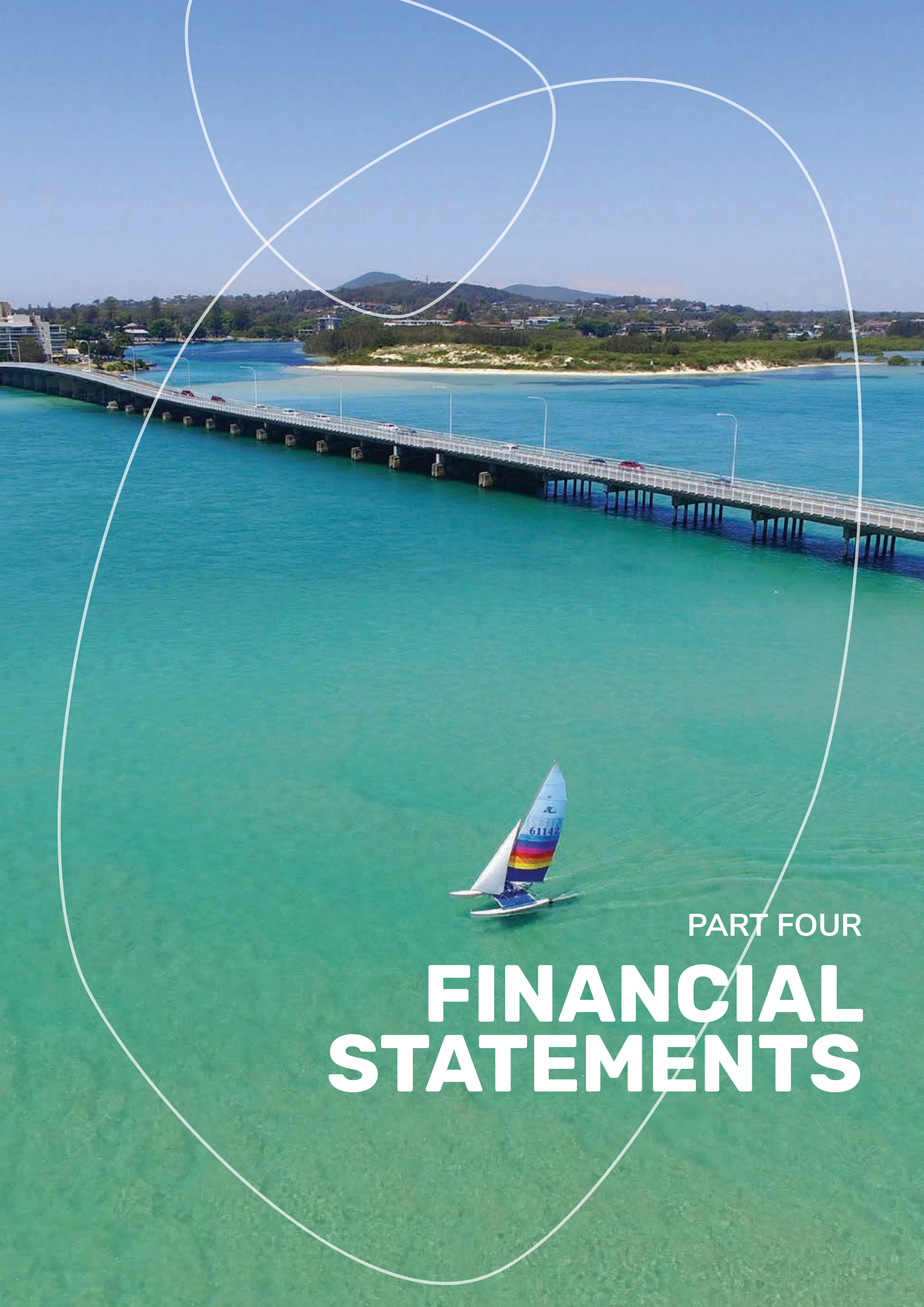
In 2018, MidCoast Council Water Services updated its Drought Management Plan as part of the review of the Strategic Business Plan.

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

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

**We deliver services to our community in a
way that adds value and builds trust**



MidCoast Council

General Purpose Financial Statements

for the year ended 30 June 2018

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– Statement of Financial Position	6
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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.

MidCoast Council

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales 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 2018.

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 annual 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 2018

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 November 2018.



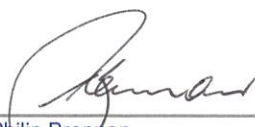
David West
Mayor
28 November 2018



Katheryn Smith
Councillor
28 November 2018



Adrian Panuccio
General Manager
28 November 2018



Philip Brennan
Responsible Accounting Officer
28 November 2018

MidCoast Council

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 13/5/16 to 30/6/17
Income from continuing operations				
Revenue:				
88,733	Rates and annual charges	3a	139,902	89,554
14,698	User charges and fees	3b	51,923	17,069
3,355	Interest and investment revenue	3c	5,056	4,407
3,392	Other revenues	3d	4,951	4,490
28,576	Grants and contributions provided for operating purposes	3e,f	36,971	58,706
4,528	Grants and contributions provided for capital purposes	3e,f	25,282	35,116
Other income:				
–	Net gains from the disposal of assets	5	–	1,157
–	Fair value increment on investment property	10	200	705
–	Net share of interests in joint ventures and associates using the equity method	15	243	28
143,282	Total income from continuing operations		264,528	211,232
Expenses from continuing operations				
51,473	Employee benefits and on-costs	4a	68,757	58,048
3,369	Borrowing costs	4b	14,330	4,104
39,876	Materials and contracts	4c	46,770	40,282
44,284	Depreciation and amortisation	4d	77,041	50,106
17,207	Other expenses	4e	27,375	22,175
–	Net losses from the disposal of assets	5	334	–
156,209	Total expenses from continuing operations		234,607	174,715
(12,927)	Operating result from continuing operations		29,921	36,517
(12,927)	Net operating result for the year		29,921	36,517
Gain on local government amalgamation				
–	Assets and liabilities transferred from former councils		784,706	1,994,774
(12,927)	Net result for the year		814,627	2,031,291
(12,927)	Net result attributable to Council		814,627	2,031,291
(17,455)	Net operating result for the year before grants and contributions provided for capital purposes		4,639	1,401

MidCoast Council

Statement of Comprehensive Income
for the year ended 30 June 2018

\$ '000	Notes	2018	13/5/16 to 30/6/17
Net result for the year (as per Income Statement)		814,627	2,031,291
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9a	60,124	–
Total items which will not be reclassified subsequently to the operating result		60,124	–
Total other comprehensive income for the year		60,124	–
Total comprehensive income for the year		874,751	2,031,291
Total comprehensive income attributable to Council		874,751	2,031,291

MidCoast Council

Statement of Financial Position

as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	34,718	14,258
Investments	6b	137,900	104,315
Receivables	7	27,222	14,583
Inventories	8	2,320	2,094
Other	8	1,808	660
Total current assets		203,968	135,910
Non-current assets			
Investments	6b	30,000	25,500
Receivables	7	–	218
Inventories	8	4,649	4,649
Infrastructure, property, plant and equipment	9	2,940,058	1,960,223
Investment property	10	18,200	18,000
Investments accounted for using the equity method	15	443	200
Total non-current assets		2,993,350	2,008,790
TOTAL ASSETS		3,197,318	2,144,700
LIABILITIES			
Current liabilities			
Payables	11	22,850	18,266
Income received in advance	11	775	654
Borrowings	11	32,449	10,357
Provisions	12	23,153	15,594
Total current liabilities		79,227	44,871
Non-current liabilities			
Payables	11	–	457
Borrowings	11	198,377	54,160
Provisions	12	13,672	13,921
Total non-current liabilities		212,049	68,538
TOTAL LIABILITIES		291,276	113,409
Net assets		2,906,042	2,031,291
EQUITY			
Accumulated surplus	13	2,845,918	2,031,291
Revaluation reserves	13	60,124	–
Total equity		2,906,042	2,031,291

MidCoast Council

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018	IPP&E	Total equity	13/5/16	IPP&E	Total equity
		Accumulated surplus	revaluation reserve		to 30/6/17	revaluation reserve	
Opening balance		2,031,291	–	2,031,291	–	–	–
Net result for the year prior to correction of errors and changes in accounting policies		814,627	–	814,627	2,031,291	–	2,031,291
Net result for the year		814,627	–	814,627	2,031,291	–	2,031,291
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	9a	–	60,124	60,124	–	–	–
Other comprehensive income		–	60,124	60,124	–	–	–
Total comprehensive income (c&d)		814,627	60,124	874,751	2,031,291	–	2,031,291
Equity – balance at end of the reporting period		2,845,918	60,124	2,906,042	2,031,291	–	2,031,291

MidCoast Council

Statement of Cash Flows
for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 13/5/16 to 30/6/17
Cash flows from operating activities				
Receipts:				
88,634	Rates and annual charges		139,192	103,063
14,628	User charges and fees		55,760	14,159
3,360	Investment and interest revenue received		4,766	4,051
35,660	Grants and contributions		58,038	92,404
3,550	Bonds, deposits and retention amounts received		772	441
–	Other		11,235	6,128
Payments:				
(51,419)	Employee benefits and on-costs		(61,709)	(58,892)
(39,671)	Materials and contracts		(64,319)	(38,140)
(3,408)	Borrowing costs		(12,882)	(3,881)
(17,206)	Other		(35,404)	(21,422)
34,128	Net cash provided (or used in) operating activities	14b	95,449	97,911
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		319,618	103,159
2,900	Sale of infrastructure, property, plant and equipment		1,351	2,748
–	Deferred debtors receipts		11	–
Payments:				
–	Purchase of investment securities		(357,679)	(143,031)
(40,287)	Purchase of infrastructure, property, plant and equipment		(71,731)	(56,942)
–	Purchase of real estate assets		–	(27)
–	Deferred debtors and advances made		(33)	(51)
(37,387)	Net cash provided (or used in) investing activities		(108,463)	(94,144)
Cash flows from financing activities				
Receipts:				
2,382	Proceeds from borrowings and advances		9,682	11,201
Payments:				
(10,563)	Repayment of borrowings and advances		(19,871)	(11,711)
(88)	Repayment of finance lease liabilities		(88)	(96)
(8,269)	Net cash flow provided (used in) financing activities		(10,277)	(606)
(11,528)	Net increase/(decrease) in cash and cash equivalents		(23,291)	3,161
29,489	Plus: cash and cash equivalents – beginning of year	14a	14,258	–
	Plus: Cash resulting from transfer of Local Government responsibilities. Former Midcoast Water	26	43,751	–
–	Plus: cash transferred on amalgamation of councils		–	11,097
17,961	Cash and cash equivalents – end of the year	14a	34,718	14,258
Additional Information:				
	plus: Investments on hand – end of year	6b	167,900	129,815
	Total cash, cash equivalents and investments		202,618	144,073

This statement should be read in conjunction with the accompanying notes.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 28/11/2018.

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.

Basis of preparation

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 have been 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.

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

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

Full dollars have been used in Note 21 Related party disclosures in relation to the disclosure of specific related party transactions.

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

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

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

and are clearly marked.

The budget amounts disclosed are in relation to Mid-Coast Council and do not include those budgets adopted by the former County Council before the date of proclamation.

The prior period figures provided cover the financial period from 13 May, 2016 to 30 June, 2017. They do not include figures for the former County Council.

Actual figures for the financial period 1 July, 2017 to 30 June, 2018 do include the operations of the former County Council.

It is recommended that caution be exercised when undertaking comparative analysis due to the changes that have occurred to the entity and the different reporting periods that are included.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

(a) New and amended standards adopted by Council

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

AASB 124 Related Party Disclosures was adopted for the first time in the financial statements.

The impact adopting this standard has had no impact on the reporting of Council's financial position or performance.

Note 21 has now been included in these financial statements for related parties and incorporates all required related party disclosures.

(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:

- (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

- (v) Impairment of receivables

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

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

Due to the immaterial value and nature the following committees, entities and operations have been excluded from consolidation.

- *Booral Soldiers Memorial Committee*
- *Bulahdelah School of Arts Hall Committee*
- *Bungwahl Hall Committee*
- *Bunyah Hall Committee*
- *Coolongolook Memorial Hall Committee*
- *Coomba Park Hall Committee*
- *Great Lakes Concert Band*
- *Great Lakes Floodplain Management Committee*
- *Limeburners Creek Hall Committee*
- *Monkerai School of Arts Management Committee*
- *Pacific Palms Community Centre*
- *Friends of Wingham Town Hal*
- *Old Bar Heritage Airstrip Management Committee*

The estimates of (i) total income and expenditure from continuing operations and (ii) the net assets held by these excluded Committees & Operations is as follows:

Total income	
from continuing operations	\$45,000
Total expenditure	
from continuing operations	\$44,000
Total net assets held (ie Equity)	\$103,000

Note:

Where actual figures are not known, best estimates have been applied.

- Est F Saxby – Art Bequest (former Taree)
- Manning Valley Cultural Fund (former Taree)
- Mid North Coast Weight of Loads Group (former Gloucester)
- Section 355 Committees (former Gloucester)
- Community and Cultural Development
- Economic Development
- Environmental and Planning
- Governance and Risk
- Infrastructure and Works

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

(b) The Trust Fund

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued not yet effective

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

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17	2018	13/5/16 to 30/6/17	2018	2017
Governance	54	–	406	1,001	(352)	(1,001)	–	–	213	–
Corporate Services	3,931	13,276	38,898	26,110	(34,967)	(12,834)	703	18,908	156,569	116,684
Commercial Enterprises	1,577	2,347	3,860	5,817	(2,283)	(3,470)	62	365	94,012	96,375
Community Services & Education	10,744	7,106	12,858	8,951	(2,114)	(1,845)	1,254	3,604	56,187	54,974
Library	811	1,402	3,702	6,072	(2,891)	(4,670)	445	485	12,205	21,125
Planning & Environmental Services	6,088	6,239	9,464	12,280	(3,376)	(6,041)	2,370	1,978	7,239	6,926
Recreation	5,341	4,665	12,804	14,270	(7,463)	(9,605)	1,544	1,865	119,224	106,082
Roads & Drainage Services	21,043	45,803	46,467	69,992	(25,424)	(24,189)	5,734	19,693	1,684,017	1,681,230
Rural Fire & Emergency Services	4,301	1,537	2,887	3,575	1,414	(2,038)	1,276	1,410	21,540	18,037
Tourism & Economic Development	930	1,950	3,086	2,317	(2,156)	(367)	–	180	6,978	3,881
Waste Management	27,177	30,903	22,564	24,330	4,613	6,573	721	1,596	39,101	39,186
Water Network Assets	46,619	–	39,574	–	7,045	–	1,863	–	523,014	–
Sewer Network Assets	44,291	–	38,037	–	6,254	–	451	–	476,776	–
Total functions and activities	172,907	115,228	234,607	174,715	(61,700)	(59,487)	16,423	50,084	3,197,075	2,144,500
Share Joint Venture	243	28	–	–	243	28	–	–	243	–
General Purpose Income	91,378	95,975	–	–	91,378	95,975	18,991	26,448	–	200
Total functions and activities	264,528	211,231	234,607	174,715	29,921	36,516	35,414	76,532	3,197,318	2,144,700

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

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

CIVIC GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration costs.

Corporate Services

Costs not otherwise attributed to functions including corporate planning, financial & accounting services, administration, personnel services, records management, property management, information technology.

Commercial Enterprises

Commercial properties, boat harbour & moorings, entrepreneurial activities, private works, land acquisition & development, Great Lakes Aquatic & Leisure Centre.

Community Services & Education

Administration, family day care, child care, youth services, other services to families & children, aged & disabled services (HACC Services), migrant services, Aboriginal services, other community services, education, community halls & other public buildings (museums, art galleries, community centres), public cemeteries, doctors premises, support to community groups.

Library

Books, periodicals & other lending materials, council website, legal information bureau (LIAC), ABS agency, genealogical services, information research services, disability access facilities, internet & database access, CD ROM resources, photocopying/laminating/fax services.

Planning & Environmental Services

Natural systems management, land use planning, development standards, development assessment monitoring, building certification, planning/building & strata subdivision certificates, licensing of caravan parks & places of public entertainment, tree preservation order assessments, environmental health monitoring, on-site sewerage management, food handling control, general regulatory control, animal control.

Recreation

Street trees & gardens, street furniture, sporting fields & amenities, neighbourhood parks, major parks & gardens, beach facilities, surf life saving, public swimming pools, public toilets, boat ramps & wharves, lakes control of noxious weeds, horticultural services, recreation & open space planning.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

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

Roads & Drainage Services

Roads & streets, bridges, footpaths, cycleways, parking areas, bus shelters & services, works undertaken for Roads & Traffic Authority, street lighting, street signs, traffic control facilities, culverts, stormwater drains, kerb & gutter, drain cleaning & maintenance, street & gutter cleaning, other.

Rural Fire & Emergency Services

Rural fire fighting, brigade management, fire fighting equipment, emergency co-ordination, disaster planning.

Tourism & Economic Development

Tourism promotion & marketing, visitor information services, assistance to festivals & events, business development advice, co-operative marketing opportunities, membership services.

Waste Management

Domestic waste management services, other waste management services - rubbish collection & disposal, recycling collection & processing, solid waste landfills, waste transfer stations, recycling "drop off" centres, tip shops, licencing of waste transporters, hazardous waste tracking, hazardous substances collection, regulating commercial waste, community education programs.

Water Network Assets

Management, administration and customer service, engineering and supervision, working expenses and maintenance, interest and other expenses as related to water services.

Sewer Network Assets

Management, administration and customer service, engineering and supervision, working expenses and maintenance, interest and other expenses as related to sewer services.

JOINT VENTURE

Council has an interest in Strategic Services Australia Limited, along with other member councils of Hunter Councils. The activities of this organisation are not controlled by any one council.

MidCoast Council

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

Note 3. Income from continuing operations

\$ '000	2018	13/5/16 to 30/6/17
(a) Rates and annual charges		
Ordinary rates		
Residential	62,554	49,780
Farmland	4,938	7,294
Mining	282	258
Business	3,413	8,157
Less: pensioner rebates (mandatory)	(2,226)	–
Total ordinary rates	68,961	65,489
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	19,162	20,431
Stormwater management services	797	895
Water supply services	12,546	–
Sewerage services	38,504	–
Waste management services (non-domestic)	2,459	2,739
Less: pensioner rebates (mandatory)	(2,527)	–
Total annual charges	70,941	24,065
TOTAL RATES AND ANNUAL CHARGES	139,902	89,554

Council has used 2017 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and annual charges

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

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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
(b) User charges and fees		
Specific user charges (per s.502 – specific 'actual use' charges)		
Domestic waste management services	4,556	4,655
Water supply services	25,555	–
Sewerage services	2,630	–
Waste management services (non-domestic)	421	458
Trade Waste	25	–
Total specific user charges	33,187	5,113
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	2,657	1,948
Section 149 certificates (EPA Act)	317	375
Section 603 certificates	538	314
Laboratory Fees	132	–
Water & Sewerage Connection Fees	778	–
Animal control	130	111
Beach vehicle licencing	371	347
Caravan park and camping grounds licence	15	27
Community health fees (food inspection fees etc.)	142	131
Engineering – fixing levels and DA fees	227	227
Freedom of information fees	23	7
On site sewer waste management fees	908	974
Outdoor eating licences	38	47
Section 735a charges	24	29
Total fees and charges – statutory/regulatory	6,300	4,537

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
(b) User charges and fees (continued)		
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Cemeteries	569	665
Leaseback fees – Council vehicles	657	758
Library and art gallery	68	67
Saleyards	104	172
Swimming centres	187	200
Tourism	40	84
Private works – section 67	367	331
Recreation	–	3
Entertainment centre	90	77
Landing fees	103	155
Ageing services	1,306	410
Community land / property rentals	153	252
Community services	74	37
Damage bonds	136	119
Mooring fees	115	89
Other service fees and misc income	1,464	1,339
RMS fees for service	904	788
Parks and recreation	484	581
Road escort fees	20	5
National disability insurance scheme	5,595	1,287
Total fees and charges – other	12,436	7,419
TOTAL USER CHARGES AND FEES	51,923	17,069

Accounting policy for user charges and fees

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue rates and annual charges (incl. special purpose rates)	480	288
– Cash and investments	4,609	4,163
Amortisation of premiums and discounts		
– Interest free (and interest reduced) loans provided	(33)	(44)
TOTAL INTEREST AND INVESTMENT REVENUE	5,056	4,407
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	308	288
General Council cash and investments	3,118	3,750
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	282	280
– Section 64	172	–
Water fund operations	282	–
Sewerage fund operations	850	–
Domestic waste management operations	34	45
Other externally restricted assets	10	44
Total interest and investment revenue recognised	5,056	4,407

Accounting policy for interest and investment revenue

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018	13/5/16 to 30/6/17
(d) Other revenues			
Rental income – investment property	10	1,031	1,154
Rental income – other council properties		831	645
Fines		528	576
Legal fees recovery – rates and charges (extra charges)		390	411
Legal fees recovery – other		156	2
Commissions and agency fees		340	336
Diesel rebate		239	257
Insurance claim recoveries		507	380
YMCA profit sharing		219	5
Recycling – scrap metal		12	39
Reimbursements		244	103
Transfer from tip remediation		–	236
Other		454	346
<u>TOTAL OTHER REVENUE</u>		<u>4,951</u>	<u>4,490</u>

Accounting policy for other revenue

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

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	13/5/16 to 30/6/17 Operating	2018 Capital	13/5/16 to 30/6/17 Capital
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	6,152	17,679	–	–
Financial assistance – local roads component	2,610	7,534	–	–
Payment in advance – future year allocation				
Financial assistance – general component	6,435	–	–	–
Financial assistance – local roads component	2,564	–	–	–
Other				
Pensioners' rates subsidies – general component	1,230	1,235	–	–
Total general purpose	18,991	26,448	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	486	–	–	–
– Sewerage	451	–	–	–
– Domestic waste management	423	506	–	–
Water supplies	–	–	1,377	–
Bushfire and emergency services	887	966	374	328
Community care	1,121	3,266	–	–
Flood restoration	–	607	–	–
Library	288	515	–	173
LIRS subsidy	606	550	–	–
Noxious weeds	382	479	–	–
Public halls	–	–	36	8
Street lighting	118	126	–	–
Transport (roads to recovery)	4,536	8,566	–	–
Transport (other roads and bridges funding)	208	228	455	4,999
Waste and sustainability	121	53	–	–
Transport (buckets way upgrade)	–	–	16	2,722
Environmental works	1,514	1,605	780	–
Recreation improvements	–	552	1,609	2,181
Other rebates	–	822	–	–
Merger implementation	–	5,000	–	–
Stronger community funding	–	–	–	15,012
Other	596	820	39	–
Total specific purpose	11,737	24,661	4,686	25,423
Total grants	30,728	51,109	4,686	25,423
Grant revenue is attributable to:				
– Commonwealth funding	22,137	19,924	1,304	14,509
– State funding	8,591	31,032	3,382	10,906
– Other funding	–	153	–	8
	30,728	51,109	4,686	25,423

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	13/5/16 to 30/6/17 Operating	2018 Capital	13/5/16 to 30/6/17 Capital
(f) Contributions					
Developer contributions:					
(s7.4 & s7.11 – EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		–	–	–	30
S 7.11 – contributions towards amenities/services		–	–	3,344	4,061
S 64 – water supply contributions		–	–	5,017	–
S 64 – sewerage service contributions		–	–	2,335	–
Total developer contributions – cash		–	–	10,696	4,091
Total developer contributions	22	–	–	10,696	4,091
Other contributions:					
Cash contributions					
Community services		246	249	–	–
Kerb and gutter		11	–	–	–
RMS contributions (regional roads, block grant)		4,993	5,891	1,505	3,689
Crown reserve contribution (caravan parks)		708	926	–	–
Library services		10	14	–	–
Misc. contributions		168	–	–	–
Recreational facilities		10	–	–	–
Tourism / economic development		48	96	–	–
Other waste		49	85	–	–
Other		–	336	275	48
Total other contributions – cash		6,243	7,597	1,780	3,737
Non-cash contributions					
Bushfire services		–	–	2,847	–
Dedications – subdivisions (other than by s7.11)		–	–	4,938	1,865
Water supplies (excl. section 64 contributions)		–	–	335	–
Total other contributions – non-cash		–	–	8,120	1,865
Total other contributions		6,243	7,597	9,900	5,602
Total contributions		6,243	7,597	20,596	9,693
TOTAL GRANTS AND CONTRIBUTIONS		36,971	58,706	25,282	35,116

Accounting policy for contributions

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

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

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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	2,727	2,405
Add: operating grants recognised in the current period but not yet spent	739	1,219
Less: operating grants recognised in a previous reporting period now spent	(1,505)	(897)
Unexpended and held as restricted assets (operating grants)	<u>1,961</u>	<u>2,727</u>
Capital grants		
Unexpended at the close of the previous reporting period	7,704	4,137
Add: capital grants recognised in the current period but not yet spent	1,791	5,962
Less: capital grants recognised in a previous reporting period now spent	(6,736)	(2,395)
Unexpended and held as restricted assets (capital grants)	<u>2,759</u>	<u>7,704</u>
Contributions		
Unexpended at the close of the previous reporting period	13,671	11,357
Add: contributions transferred from MidCoast Water 1/7/2017	10,285	–
Add: contributions recognised in the current period but not yet spent	8,876	4,444
Add: contributions received for the provision of goods and services in a future period	37	–
Less: contributions recognised in a previous reporting period now spent	(4,868)	(2,130)
Unexpended and held as restricted assets (contributions)	<u>28,001</u>	<u>13,671</u>

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	2018	13/5/16 to 30/6/17
(a) Employee benefits and on-costs		
Salaries and wages	53,329	45,588
Employee termination costs	–	2,454
Travel expenses	145	110
Employee leave entitlements (ELE)	8,694	6,852
Superannuation	7,592	5,608
Workers' compensation insurance	1,634	1,008
Fringe benefit tax (FBT)	156	61
Payroll tax	696	–
Training costs (other than salaries and wages)	656	338
Other	545	250
Total employee costs	73,447	62,269
Less: capitalised costs	(4,690)	(4,221)
TOTAL EMPLOYEE COSTS EXPENSED	68,757	58,048
Number of 'full-time equivalent' employees (FTE) at year end	737	614
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	–	640

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, when 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.

(b) Borrowing costs	2018	13/5/16 to 30/6/17
(i) Interest bearing liability costs		
Interest on loans	14,280	3,883
Total interest bearing liability costs expensed	14,280	3,883
(ii) Other borrowing costs		
Discount adjustments relating to movements in provisions (other than ELE)		
– Remediation liabilities	50	221
Total other borrowing costs	50	221
TOTAL BORROWING COSTS EXPENSED	14,330	4,104

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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
(c) Materials and contracts		
Raw materials and consumables	24,255	16,546
Contractor and consultancy costs		
– Contractor costs	19,490	21,120
– Consultancy costs	1,850	1,388
Auditors remuneration ⁽²⁾	231	118
Legal expenses:		
– Legal expenses: planning and development	155	263
– Legal expenses: debt recovery	207	–
– Legal expenses: other	309	565
Operating leases:		
– Operating lease rentals: minimum lease payments ⁽¹⁾	273	282
TOTAL MATERIALS AND CONTRACTS	46,770	40,282
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	158	156
Other	115	126
	273	282
2. Auditor remuneration		
During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council – NSW Auditor-General:		
Audit and other assurance services		
Audit and review of financial statements	224	110
Remuneration for audit and other assurance services	224	110
Total Auditor-General remuneration	224	110
Non NSW Auditor-General audit firms:		
Audit and other assurance services		
Audit and review of financial statements	1	–
Other audit and assurance services	6	8
Remuneration for audit and other assurance services	7	8
Total remuneration of non NSW Auditor-General audit firms	7	8
Total Auditor remuneration	231	118

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	13/5/16 to 30/6/17
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		6,165	4,464
Office equipment		601	561
Furniture and fittings		300	265
Computer equipment		538	221
Land improvements (depreciable)		279	232
Infrastructure:			
– Buildings		7,899	7,101
– Other structures		1,023	1,059
– Roads		22,865	24,989
– Bridges		3,448	3,874
– Footpaths		557	623
– Stormwater drainage		2,021	2,279
– Water supply network		13,085	–
– Sewerage network		14,063	–
– Swimming pools		254	256
– Other open space/recreational assets		1,301	1,340
– Other infrastructure		1,679	1,910
Other assets:			
– Library books		457	455
– Cemetery assets		10	11
– Other		55	58
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	9 & 12	438	408
– Quarry assets	9 & 12	3	–
Total depreciation and amortisation costs		77,041	50,106
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u>		<u>77,041</u>	<u>50,106</u>

Accounting policy for depreciation, amortisation and impairment expenses**Depreciation and amortisation**

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

Impairment of non-financial assets

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

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

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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	13/5/16 to 30/6/17
(e) Other expenses		
Advertising	227	433
Bank charges	754	207
Contributions/levies to other levels of government		
– Emergency services levy	150	168
– NSW fire brigade levy	195	187
– NSW rural fire service levy	1,204	1,285
– Waste levy	5,935	6,434
Councillor expenses – mayoral fee	32	2
Councillor expenses – councillors' fees	166	304
Councillors' expenses (incl. mayor) – other (excluding fees above)	58	10
Donations, contributions and assistance to other organisations (Section 356)	1,957	929
Election expenses	528	–
Electricity and heating	5,294	1,316
Insurance	2,886	2,488
Postage	247	326
Printing and stationery	239	243
Street lighting	1,442	1,367
Subscriptions and publications	157	280
Telephone and communications	742	835
Valuation fees	378	341
Plant running costs	3,420	3,497
Sewer charges	–	570
Water charges	–	489
Other	1,364	464
<u>TOTAL OTHER EXPENSES</u>	<u>27,375</u>	<u>22,175</u>

Accounting policy for other expenses

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	13/5/16 to 30/6/17
Plant and equipment	9		
Proceeds from disposal – plant and equipment		1,324	2,109
Less: carrying amount of plant and equipment assets sold/written off		(1,056)	(1,525)
Net gain/(loss) on disposal		268	584
Infrastructure	9		
Proceeds from disposal – infrastructure		27	–
Less: carrying amount of infrastructure assets sold/written off		(653)	–
Net gain/(loss) on disposal		(626)	–
Financial assets ⁽¹⁾	6		
Proceeds from disposal/redemptions/maturities – financial assets		319,618	103,159
Less: carrying amount of financial assets sold/redeemed/matured		(319,594)	(103,159)
Net gain/(loss) on disposal		24	–
Other			
Proceeds from disposal – Other		–	639
Less: carrying amount of Other assets sold/written off		–	(66)
Net gain/(loss) on disposal		–	573
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(334)	1,157
1. Financial assets disposals/redemptions include:			
– Net gain/(loss) from financial instruments designated 'held to maturity'		24	–
Net gain/(loss) on disposal of financial instruments		24	–

Accounting policy for disposal of assets

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 derecognised.

Note 6(a). Cash and cash equivalent assets

Cash and cash equivalents			
Cash on hand and at bank		25,712	4,400
Cash-equivalent assets			
– Deposits at call		9,006	3,058
– Short-term deposits		–	6,800
Total cash and cash equivalents		34,718	14,258

Accounting policy for cash and cash equivalents

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

MidCoast Council

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

Note 6(b). Investments

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Investments				
'Held to maturity'	137,900	30,000	104,315	25,500
Total investments	137,900	30,000	104,315	25,500
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u>	<u>172,618</u>	<u>30,000</u>	<u>118,573</u>	<u>25,500</u>
Held to maturity investments				
Long term deposits	133,900	5,000	100,015	4,000
NCD's, FRN's (with maturities > 3 months)	4,000	25,000	4,300	21,500
Total	137,900	30,000	104,315	25,500

Accounting policy for investments

Classification

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

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.

If Council was to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available for sale or trade.

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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	172,618	30,000	118,573	25,500
attributable to:				
External restrictions (refer below)	95,154	30,000	37,561	25,500
Internal restrictions (refer below)	75,845	–	75,060	–
Unrestricted	1,619	–	5,952	–
	172,618	30,000	118,573	25,500

\$ '000	2018	2017
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended loans – general	2,940	2,707
Subdivision bonds	4,493	2,829
Sundry bonds and deposits	814	804
Other sale of land, planning guarantee and relocation, tender and sundry deposits	192	186
External restrictions – included in liabilities	8,439	6,526

External restrictions – other

Developer contributions – general	16,384	13,671
Developer contributions – sewer fund	11,617	–
Specific purpose unexpended grants	4,720	10,431
Water supplies	9,935	–
Water supplies –Employee Entitlements	1,034	–
Sewerage services	37,810	–
Sewerage services –Employee Entitlements	1,018	–
Domestic waste management	29,430	26,575
Stormwater management	1,878	1,649
RMS – Coopernook entrance	–	517
RMS – compensatory habitat	–	2
RMS – moorland/herons ck – long term project	–	1,015
Crown lands act – section 106 (boat harbour)	79	23
Other contributions to works	875	837
ARTC rail crossing	521	787
Cattai wetlands – environmental trust	453	440
Nabiac showground	65	26
MidCoast Assist	297	–
Other	599	563
External restrictions – other	116,715	56,535
Total external restrictions	125,154	63,061

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000	2018	2017
Internal restrictions		
Plant and vehicle replacement	6,169	5,995
Employees leave entitlement	5,290	5,291
Carry over works	15,583	8,133
Building Infrastructure Reserves	1,193	948
Environmental Levy Reserve	4,332	2,886
Commercial waste	3,519	4,030
Election	171	612
Emergency management	217	92
Land & Property Reserves	2,801	3,493
IT Infrastructure Reserves	1,725	1,279
Budget Management Reserves	4,260	6,727
Parks Infrastructure Reserves	1,121	1,091
Road Infrastructure Reserves	4,435	5,409
SRV Infrastructure Reserve	1,388	–
FAG in advance	8,999	8,579
Government Merger Funding Reserve	12,245	18,004
Other	2,397	2,491
Total internal restrictions	75,845	75,060
TOTAL RESTRICTIONS	200,999	138,121

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Purpose				
Rates and annual charges	8,433	–	3,697	215
Interest and extra charges	1,331	–	1,234	–
User charges and fees	4,861	–	849	–
Private works	123	–	31	–
Contributions to works	288	–	767	–
Accrued revenues				
– Interest on investments	1,057	–	602	–
– Water & Sewerage Accrued Income	3,717	–	–	–
– Other income accruals	3,151	–	888	–
Deferred debtors	–	–	8	3
Government debtors	2,490	–	5,386	–
Net GST receivable	1,810	–	1,151	–
On site sewer management charges	34	–	16	–
Building and land rentals	102	–	104	–
Foot paving charges	21	–	27	–
Kerb and gutter charges	44	–	35	–
Other waste charges	3	–	214	–
Other receivables	401	–	234	–
Total	27,866	–	15,243	218
Less: provision for impairment				
Rates and annual charges	(348)	–	(356)	–
Interest and extra charges	(296)	–	(304)	–
Total provision for impairment – receivables	(644)	–	(660)	–
TOTAL NET RECEIVABLES	27,222	–	14,583	218
Externally restricted receivables				
Water supply				
– Rates and availability charges	736	–	–	–
– Other	7,026	–	–	–
Sewerage services				
– Rates and availability charges	3,697	–	–	–
– Other	1,946	–	–	–
Domestic waste management	1,068	–	1,872	–
Stormwater management	7	–	890	–
Total external restrictions	16,970	–	2,762	–
Unrestricted receivables	10,252	–	11,821	218
TOTAL NET RECEIVABLES	27,222	–	14,583	218
Movement in provision for impairment of receivables			2018	13/5/16 to 30/6/17
Balance at the beginning of the year			660	593
+ new provisions recognised during the year			80	82
– amounts already provided for and written off this year			(96)	(15)
Balance at the end of the year			644	660

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables (continued)

Accounting policy for receivables

Recognition and measurement

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

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

Impairment

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

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

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

MidCoast Council

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

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(a) Inventories				
Inventories at cost				
Real estate for resale (refer below)	931	4,649	931	4,649
Stores and materials	1,114	–	898	–
Trading stock	275	–	265	–
Total inventories at cost	2,320	4,649	2,094	4,649
TOTAL INVENTORIES	2,320	4,649	2,094	4,649
(b) Other assets				
Prepayments	1,808	–	660	–
TOTAL OTHER ASSETS	1,808	–	660	–
Externally restricted assets				
Water				
Stores and materials	258	–	–	–
Total water	258	–	–	–
Sewerage				
Stores and materials	2	–	–	–
Total sewerage	2	–	–	–
Total externally restricted assets	260	–	–	–
Total unrestricted assets	3,868	4,649	2,754	4,649
TOTAL INVENTORIES AND OTHER ASSETS	4,128	4,649	2,754	4,649

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 8. Inventories and other assets (continued)

\$ '000	Notes	2018		2017	
		Current	Non-current	Current	Non-current
Other disclosures					
(a) Details for real estate development					
Residential		116	3,817	116	3,829
Industrial/commercial		815	832	815	820
Total real estate for resale		931	4,649	931	4,649
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		267	3,836	267	3,836
Development costs		664	813	664	813
Total costs		931	4,649	931	4,649
Total real estate for resale		931	4,649	931	4,649
Movements:					
Real estate assets at beginning of the year		931	4,649	1,053	4,578
– Purchases and other costs		–	–	(103)	71
– Transfers in from (out to) Note 9		–	–	(19)	–
Total real estate for resale		931	4,649	931	4,649
(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;					
				2018	2017
Real estate for resale				931	931
				931	931

Accounting policy**Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory held for distribution

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

Land held for resale/capitalisation of borrowing costs

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

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Asset class \$ '000	as at 30/6/2017				Asset movements during the reporting period							as at 30/6/2018			
	At cost	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Transfer Assets from Midcoast Water	Revaluation increments to equity (ARR)	At cost	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
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
Land:															
– 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
Infrastructure:															
– 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	–	(22,865)	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	–	(1,679)	–	–	–	–	137,545	56,905	80,640
Other assets:															
– Library books	–	4,092	2,505	1,587	449	–	–	(457)	–	–	–	–	4,099	2,520	1,579
– Cemetery assets	–	481	221	260	–	–	–	(10)	–	–	–	–	481	231	250
– Other	–	2,314	828	1,486	–	16	–	(55)	855	–	–	–	3,102	800	2,302
Reinstatement, rehabilitation and restoration assets (refer Note 12):															
– 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	–
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	17,920	2,934,173	991,870	1,960,223	47,333	31,539	(1,709)	(77,041)	–	919,589	60,124	55,354	4,566,591	1,681,887	2,940,058

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	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	Buildings	
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
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 75
Sewer Pipe Network	70 to 80	Long life assets	to 200
Water Pipe Network	70 to 80		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	10 to 50	Bulk earthworks	Infinite
Sealed roads: structure	40 to 200	Swimming pools	4 to 50
Unsealed roads	10 to 50	Other open space/recreational assets	10 to 100
Bridge: concrete	60 to 200	Other infrastructure	5 to 100
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. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Accounting policy for infrastructure, property, plant and equipment (continued)

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 all land under roads in accordance with AASB 1051.

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 \$ 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 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 fire fighting 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 fire fighting 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 & buildings within its financial reports.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

\$ '000 Class of asset	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	35,619	–	35,619	–	–	–
Plant and equipment	4,726	2,080	2,646	–	–	–
Office equipment	209	69	140	–	–	–
Furniture and fittings	290	214	76	–	–	–
Land						
– Operational land	13,427	–	13,427	–	–	–
Buildings	34,014	6,680	27,334	–	–	–
Infrastructure	749,200	325,993	423,207	–	–	–
Other assets	1,776	200	1,576	–	–	–
Total water supply	839,261	335,236	504,025	–	–	–
Sewerage services						
WIP	6,730	–	6,730	–	–	–
Plant and equipment	4,726	2,080	2,646	–	–	–
Office equipment	209	69	140	–	–	–
Furniture and fittings	290	214	76	–	–	–
Land						
– Operational land	10,811	–	10,811	–	–	–
– Improvements non-depreciable	21	–	21	–	–	–
Buildings	15,109	3,436	11,673	–	–	–
Infrastructure	700,627	313,060	387,567	–	–	–
Other assets	1,161	139	1,022	–	–	–
Total sewerage services	739,684	318,998	420,686	–	–	–
Domestic waste management						
WIP	819	–	819	5,506	–	5,506
Plant and equipment	2,532	860	1,672	2,061	1,309	752
Office equipment	73	60	13	73	54	19
Furniture and fittings	52	22	30	52	18	34
Land						
– Operational land	4,401	–	4,401	4,406	–	4,406
– Improvements – depreciable	161	22	139	161	15	146
Buildings	7,473	1,936	5,537	5,661	1,196	4,465
Other structures	8,468	1,142	7,326	5,303	982	4,321
Infrastructure	–	–	–	400	116	284
Other assets	9,720	5,033	4,687	8,105	4,499	3,606
Total DWM	33,699	9,075	24,624	31,728	8,189	23,539
Other restricted assets						
Other Assets Waterways	703	32	671	763	42	721
Total other restrictions	703	32	671	763	42	721
TOTAL RESTRICTED IPP&E	1,613,347	663,341	950,006	32,491	8,231	24,260

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Investment property

\$ '000	2018	2017
(a) Investment property at fair value		
<u>Investment property on hand</u>	<u>18,200</u>	<u>18,000</u>
Reconciliation of annual movement:		
Opening balance	18,000	17,295
– Net gain/(loss) from fair value adjustments	200	705
CLOSING BALANCE – INVESTMENT PROPERTY	<u>18,200</u>	<u>18,000</u>

(b) Valuation basis

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

Both investment properties comprise land & buildings.

The 2018 revaluations were based on independent assessments made by:
Scott Fullerton Valuer & First State Property Valuers.

(c) Contractual obligations at reporting date

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

(d) Leasing arrangements – Council as lessor

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

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

Within 1 year	1,031	1,026
Later than 1 year but less than 5 years	3,913	4,145
Later than 5 years	9,007	9,888
Total minimum lease payments receivable	<u>13,951</u>	<u>15,059</u>

(e) Investment property income and expenditure – summary

Rental income from investment property:		
– Minimum lease payments	1,031	1,154
Direct operating expenses on investment property:		
– that generated rental income	(143)	(188)
Net revenue contribution from investment property	<u>888</u>	<u>966</u>
plus:		
Fair value movement for year	<u>200</u>	<u>705</u>
Total income attributable to investment property	<u>1,088</u>	<u>1,671</u>

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 part of other income.

MidCoast Council

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

Note 11. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	7,421	–	6,280	–
Goods and services – capital expenditure	–	–	1,178	–
Accrued expenses:				
– Borrowings	1,625	–	227	–
– Salaries and wages	494	–	524	–
– Other accruals	4,868	–	4,757	–
Security bonds, deposits and retentions	5,499	–	4,270	457
Rate overpayments, refunds and sale of lan	2,907	–	1,025	–
Other	36	–	5	–
Total payables	22,850	–	18,266	457
Income received in advance				
Payments received in advance	775	–	654	–
Total income received in advance	775	–	654	–
Borrowings				
Loans – secured ¹	32,174	198,111	10,147	53,620
Government advances	183	183	122	365
Finance lease liabilities	92	83	88	175
Total borrowings	32,449	198,377	10,357	54,160
TOTAL PAYABLES AND BORROWINGS	56,074	198,377	29,277	54,617

(a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	22,965	77,840	–	–
Sewer	11,816	66,569	–	–
Domestic waste management	3,465	13,672	5,012	14,002
Bonds & Deposits	3,852	–	3,633	–
Sale of land, planning agreement etc	192	–	186	–
Payables and borrowings relating to externally restricted assets	42,290	158,081	8,831	14,002
Total payables and borrowings relating to restricted assets	42,290	158,081	8,831	14,002
Total payables and borrowings relating to unrestricted assets	13,784	40,296	20,446	40,615
TOTAL PAYABLES AND BORROWINGS	56,074	198,377	29,277	54,617

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.

MidCoast Council

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

Note 11. Payables and borrowings (continued)

\$ '000	2018	2017
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(b) Current payables and borrowings not anticipated to be settled within the next twelve months

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

Payables – security bonds, deposits and retentions	2,897	3,075
Funds held from a Sale of Land for Unpaid rates	145	145
	3,042	3,220

(c) Changes in liabilities arising from financing activities

Class of borrowings	Opening balance as at 1/7/17	Cash flows	Non-cash changes			Closing balance as at 30/6/18
			Acquisition	Fair value changes	Other non-cash movements	
Loans – secured	63,767	(19,750)	9,682	–	176,586	230,285
Government advances	487	(121)	–	–	–	366
Finance lease liabilities	263	(88)	–	–	–	175
TOTAL	64,517	(19,959)	9,682	–	176,586	230,826

\$ '000	2018	2017
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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	169	–
Total financing arrangements	169	–
Drawn facilities as at balance date:		
– Credit cards/purchase cards	23	–
Total drawn financing arrangements	23	–
Undrawn facilities as at balance date:		
– Credit cards/purchase cards	146	–
Total undrawn financing arrangements	146	–

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Payables and borrowings (continued)

Accounting policy for payables and borrowings

Payables

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

Borrowings

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

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

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

Finance leases

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

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	6,173	–	4,285	–
Sick leave	139	–	–	–
Long service leave	16,344	–	11,309	–
Other Water Service Leave	197	–	–	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	300	13,672	–	13,921
Sub-total – asset remediation/restoration	300	13,672	–	13,921
TOTAL PROVISIONS	23,153	13,672	15,594	13,921

(a) Provisions relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	3,318	–	–	–
Sewer	3,263	–	–	–
Domestic waste management	300	13,672	–	–
Provisions relating to externally restricted assets	6,881	13,672	–	–
Total provisions relating to restricted assets	6,881	13,672	–	–
Total provisions relating to unrestricted assets	16,272	–	15,594	13,921
TOTAL PROVISIONS	23,153	13,672	15,594	13,921

\$ '000	2018	2017
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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	16,487	13,251
	16,487	13,251

MidCoast Council

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

Note 12. Provisions (continued)

\$ '000

(c) Description of and movements in provisions

2018	ELE provisions					Other employee benefits	Total
	Annual leave	Sick leave	Long service leave	ELE on-costs			
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)	
Total ELE provisions at end of year	6,173	139	16,344	–	197	22,853	

2017	ELE provisions					Other employee benefits	Total
	Annual leave	Sick leave	Long service leave	ELE on-costs			
At beginning of year	4,066	–	11,898	151	–	16,115	
Additional provisions	219	–	(589)	–	–	(370)	
Amounts used (payments)	–	–	–	(151)	–	(151)	
Total ELE provisions at end of year	4,285	–	11,309	–	–	15,594	

2018	Other provisions	
	Asset remediation	Total
At beginning of year	13,921	13,921
Changes to provision:		
Unwinding of discount	50	50
Other	1	1
Total other provisions at end of year	13,972	13,972

2017	Other provisions	
	Asset remediation	Total
At beginning of year	13,730	13,730
Changes to provision:		
Amounts used (payments)	(235)	(235)
Remeasurement effects	205	205
Unwinding of discount	221	221
Total other provisions at end of year	13,921	13,921

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

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.

Self-insurance

Council does not self insure.

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.

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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Provisions (continued)

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.

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, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

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.

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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

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

Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 14. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	34,718	14,258
Balance as per the Statement of Cash Flows		34,718	14,258
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		29,921	36,517
Adjust for non-cash items:			
Depreciation and amortisation		77,041	50,106
Net losses/(gains) on disposal of assets		334	(1,157)
Non-cash capital grants and contributions		(8,300)	(1,865)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– investment property		(200)	(705)
Amortisation of premiums, discounts and prior period fair valuations			
– Interest on all fair value adjusted interest free advances made by Council		33	44
Unwinding of discount rates on reinstatement provisions		50	426
Share of net (profits) or losses of associates/joint ventures		(243)	(28)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(14,483)	14,809
Increase/(decrease) in provision for doubtful debts		(16)	67
Decrease/(increase) in inventories		(226)	182
Decrease/(increase) in other assets		(1,148)	486
Increase/(decrease) in payables		1,141	1,960
Increase/(decrease) in accrued interest payable		1,398	(203)
Increase/(decrease) in other accrued expenses payable		81	(148)
Increase/(decrease) in other liabilities		2,806	(1,754)
Increase/(decrease) in employee leave entitlements		7,259	(521)
Increase/(decrease) in other provisions		1	(305)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		95,449	97,911
(c) Non-cash investing and financing activities			
Water Services		335	–
Developer contributions 'in kind'		–	1,865
Rural Fire Service Dedications		2,847	–
Subdivider contributions 'in kind'		5,118	–
Total non-cash investing and financing activities		8,300	1,865

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Interests in other entities

\$ '000

	Council's share of net income		Council's share of net assets	
	2018	13/5/16 to 30/6/17	2018	2017
Joint ventures	243	28	443	200
Total	243	28	443	200

Joint ventures

Joint Ventures represent operational arrangements where the joint control parties have rights to the net assets of the arrangement.

Interests in joint ventures are accounted for using the equity method in accordance with AASB128 Associates & Joint Ventures. Under this method the investment is initially recognised as a cost and the carrying amount is increased/decreased to recognise the council's share of profit or loss and other comprehensive income.

Council has incorporated the following joint ventures into its consolidated financial statements.

(a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2018	2017
Strategic Services Australia Ltd	Joint Venture	Equity	443	200
Total carrying amounts – material joint ventures			443	200

(b) Details

Name of entity	Principal activity	Place of business
Strategic Services Australia Ltd	Hunter Records repository	Thornton

(c) Relevant interests and fair values

Name of entity	Interest in outputs		Interest in ownership		Proportion of voting power	
	2018	2017	2018	2017	2018	2017
Strategic Services Australia Ltd	8%	8%	8%	8%	8%	8%

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Interests in other entities (continued)

\$ '000

Joint ventures (continued)

(d) Summarised financial information for joint ventures

	Strategic Services Australia Ltd	
	2018	2017
Statement of financial position		
Current assets		
Cash and cash equivalents	5,050	217
Other current assets	1,738	1,393
Non-current assets	471	4,129
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	1,299	1,690
Other current liabilities	451	1,362
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	40	219
Net assets	5,469	2,468
Reconciliation of the carrying amount		
Opening net assets (1 July)	2,468	2,139
Profit/(loss) for the period	3,001	–
Dividends paid	–	329
Closing net assets	5,469	2,468
Council's share of net assets (%)	8.1%	8.1%
Council's share of net assets (\$)	443	200
	2018	13/5/16 to 30/6/17
Statement of comprehensive income		
Income	7,454	6,213
Depreciation and amortisation	(177)	(221)
Other expenses	(6,751)	(6,006)
Profit/(loss) from continuing operations	526	(14)
Profit/(loss) from discontinued operations	2,475	343
Profit/(loss) for period	3,001	329
Total comprehensive income	3,001	329
Share of income – Council (%)	8.1%	8.1%
Profit/(loss) – Council (\$)	243	28
Total comprehensive income – Council (\$)	243	28

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Interests in other entities (continued)

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 purpose of the consolidated financial statements.

Note 16. Commitments for expenditure

\$ '000	2018	2017
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	11,026	13,240
Plant and equipment	457	403
Land Acquisitions	298	299
Contracted Works	75	4,683
Other	237	516
Total commitments	12,093	19,141
These expenditures are payable as follows:		
Within the next year	4,499	7,693
Later than one year and not later than 5 years	7,594	11,448
Total payable	12,093	19,141
Sources for funding of capital commitments:		
Unrestricted general funds	–	630
Future grants and contributions	208	6,000
Unexpended grants	27	5,872
Externally restricted reserves	7,475	–
Internally restricted reserves	1,383	3,639
Unexpended loans	–	3,000
New loans (to be raised)	3,000	–
Total sources of funding	12,093	19,141

Details of capital commitments

Includes capital expenditure committed by Council as at 30 June 2018 in relation to buildings, land acquisition, plant and equipment.

MidCoast Council

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

Note 16. Commitments for expenditure (continued)

\$ '000	2018	2017			
(b) Finance lease commitments					
(i) Commitments under finance leases at the reporting date are payable as follows:					
Later than one year and not later than 5 years	175	88			
Later than 5 years	–	175			
Total minimum lease payments	175	263			
Amount recognised as a liability	175	263			
(ii) Finance lease liability recognised represent;					
Current liabilities	92	88			
Non-current liabilities	83	175			
Total finance lease liabilities disclosed	175	263			
(iii) General details					
Council leases the following property, plant and equipment under finance leases:					
	Term (years)	Option to purchase	Contingent rent clauses		
Other equipment/assets	3	no	no	175	263
Total carrying value at year end				175	263
(c) Operating lease commitments (non-cancellable)					
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:					
Within the next year				1,007	185
Later than one year and not later than 5 years				2,691	44
Later than 5 years				78	87
Total non-cancellable operating lease commitments				3,776	316
b. Non-cancellable operating leases include the following assets:					
Contractual obligations in respect to Motor Vehicle lease, lease of land and IT software.					

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Commitments for expenditure (continued)

\$ '000	2018	2017
Conditions relating to finance and operating leases:		
<ul style="list-style-type: none"> – All finance and operating lease agreements are secured only against the leased asset. – No lease agreements impose any financial restrictions on Council regarding future debt etc. 		
 (d) Investment property commitments		
Non-capital expenditure on investment property committed for at the reporting date but not recognised in the financial statements as liabilities:		
Contractual obligations – other	1,660	–
Total commitments	1,660	–
 These expenditures are payable as follows:		
Within the next year	131	–
Later than one year and not later than 5 years	517	–
Later than 5 years	1,012	–
Total payable	1,660	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets 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 participates in an employer-sponsored defined benefit superannuation scheme and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

While the scheme's most recent full actuarial review indicated that the net assets of the scheme were sufficient to meet the accrued benefits of the scheme's defined benefit member category, member councils are required to make contributions in future years where the scheme goes into deficit (as has occurred in previous years).

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of any share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future planned contributions being made to the defined benefit scheme to rectify past (and projected) deficit positions will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purposes of AASB119. 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
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as 30 June 2017.

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

As stated 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.

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 entity.

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

There is no provision for the allocation of any surplus which may be present at the date of withdrawal of an employer.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(i) Defined benefit superannuation contribution plans (continued)

The plan is a defined benefit plan. However, 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). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2018 was \$1,574,574.43.

The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ended 30 June 2017.

Council's expected contributions to the Fund for the next annual reporting period is \$ 1,409,247.88.

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

	\$ millions	Asset Coverage
Assets	1,817.8	
Past Service Liabilities	1,787.5	101.7%
Vested Benefits	1,778.0	102.2%

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Council's additional lump sum contribution is around **1.87%** of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Contingencies and other liabilities/assets not recognised (continued)

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(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.

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.

(iii) Section 7.11 & Section 64 Contributions

Council levies section 7.11 & Sec 64 contributions upon various developments across the Council area through the required contribution plans.

As part of these plans, Council has received funds for which it will be required to expend the monies in accordance with those plans.

As well, these plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies or receipting funds in future years or where a shortfall exists by the use of Council funds.

These future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intention to spend funds in a manner and timing set out in those plans.

MidCoast Council

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

Note 17. Contingencies and other liabilities/assets not recognised (continued)

ASSETS NOT RECOGNISED

(i) 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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management

\$ '000

Risk management

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

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

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

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

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

	Carrying value		Fair value	
	2018	2017	2018	2017
Financial assets				
Cash and cash equivalents	34,718	14,258	–	14,258
Investments				
– 'Held to maturity'	167,900	129,815	–	129,815
Receivables	27,222	14,801	–	14,801
Total financial assets	229,840	158,874	–	158,874
Financial liabilities				
Payables	22,850	18,723	–	18,723
Loans/advances	230,651	64,254	–	64,254
Lease liabilities	175	263	–	263
Total financial liabilities	253,676	83,240	–	83,240

Fair value is determined as follows:

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

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

Council manages these risks (amongst other measures) by diversifying its portfolio.

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

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2018				
Possible impact of a 1% movement in interest rates	1,181	1,181	(1,181)	(1,181)
13/5/16to 30/6/17				
Possible impact of a 1% movement in interest rates	1,096	1,096	(1,096)	(1,096)

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(b) Credit risk

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

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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.

There are no significant concentrations of credit risk, whether through exposure to individual customers, however there is a concentration of outstanding rates and extra charges in relation to properties referred to as non urban. The properties presently do not have building entitlements.

Council makes suitable provision for doubtful receivables as required and carries out credit checks when necessary.

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

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

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	90%	5%	74%
Overdue	100%	11%	95%	26%
	100%	100%	100%	100%

(ii) Ageing of receivables – value

Rates and annual charges

	2018	2017
Current	–	215
< 1 year overdue	6,007	2,259
1 – 2 years overdue	847	534
2 – 5 years overdue	878	391
> 5 years overdue	701	513
	8,433	3,912

Other receivables

	2018	2017
Current	(463)	8,565
0 – 30 days overdue	17,790	1,560
31 – 60 days overdue	72	290
61 – 90 days overdue	27	420
> 91 days overdue	2,007	714
	19,433	11,549

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements.

Council manages this risk by borrowing long term and in most instances either having a fixed interest rate or loans which are renewable after a fixed interest rate period. Council has very few loans with a variable rate. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate any part of the loan portfolio.

The contractual undiscounted cash outflows of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
2018							
Trade/other payables	0.00%	5,499	17,351	-	-	22,850	22,850
Loans and advances	6.17%	-	36,573	70,860	123,218	230,651	230,651
Lease liabilities	4.69%	-	92	83	-	175	175
Total financial liabilities		5,499	54,016	70,943	123,218	253,676	253,676
2017							
Trade/other payables	0.00%	4,727	13,996	-	-	18,723	18,723
Loans and advances	5.42%	-	10,269	36,151	17,834	64,254	64,254
Lease liabilities	4.69%	-	88	175	-	263	263
Total financial liabilities		4,727	24,353	36,326	17,834	83,240	83,240

MidCoast Council

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

Note 19. Material budget variations

Council's original financial budget for 17/18 was adopted by the Council on 28 June 2017 and is not required to be audited.

On the 1 July 2017 the former Midcoast Water County Council was merged with Midcoast Council.

The budget for the former Midcoast Water County Council is not to be included within these Financial Statements, resulting in a distorted budget to actual comparison.

As a result of such Council has not commented on the budget variations.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement

\$ '000

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

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

2018	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Investment property					
Tuncurry Supermarket	30/06/18	–	16,000	–	16,000
Wallis Street Motel	30/06/18	–	2,200	–	2,200
Total investment property		–	18,200	–	18,200
Infrastructure, property, plant and equipment					
Work In Progress	30/06/18	–	–	55,354	55,354
Plant & Equipment	30/06/18	–	–	36,386	36,386
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	12/05/16	–	–	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
Sewergae Network	30/06/16	–	–	387,567	387,567
Total infrastructure, property, plant and equipment		–	–	2,940,058	2,940,058

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

2017	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Investment property					
Tuncurry Supermarket	30/06/17	–	16,000	–	16,000
Wallis Street Motel	30/6/217	–	2,000	–	2,000
Total investment property		–	18,000	–	18,000
Infrastructure, property, plant and equipment					
Work In Progress	30/06/17	–	–	17,920	17,920
Plant & Equipment	30/06/17	–	–	25,242	25,242
Office Equipment	30/06/17	–	–	1,187	1,187
Furniture & Fittings	30/06/17	–	–	605	605
Computer Equipment	30/06/17	–	–	1,104	1,104
Operational Land	30/06/14	–	–	45,515	45,515
Community Land	12/05/16	–	–	73,269	73,269
Land Under Roads (post 30/6/08)	12/05/16	–	–	114	114
Land Improvements Non depreciable	12/05/16	–	–	20	20
Land Improvements Depreciable	12/05/16	–	–	3,549	3,549
Buildings	12/05/16	–	–	151,400	151,400
Other Structures	12/05/16	–	–	15,019	15,019
Roads	30/06/2014	–	–	929,667	929,667
Bridges	30/06/2014	–	–	206,965	206,965
Footpaths	30/06/2014	–	–	19,931	19,931
Bulk Earthworks	30/06/2014	–	–	226,157	226,157
Stormwater Drainage	30/06/2014	–	–	132,561	132,561
Swimming Pools	12/05/16	–	–	3,809	3,809
Other Open Space Recreational	12/05/16	–	–	17,958	17,958
Other Infrastructure	12/05/16	–	–	81,824	81,824
Library books	30/06/17	–	–	1,587	1,587
Cemetery Assets	30/06/17	–	–	260	260
Other	30/06/17	–	–	1,486	1,486
Tip Assets	30/06/17	–	–	3,046	3,046
Quarry Assets	30/06/17	–	–	28	28
Total infrastructure, property, plant and equipment		–	–	1,960,223	1,960,223

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

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

MidCoast Council

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

Note 20. Fair value measurement (continued)

(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 Properties

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.

The valuations used for the period ending 30 June 2018 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.

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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

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.

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.

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.

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.

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.

MidCoast Council

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

Note 20. Fair value measurement (continued)

There has been no change to the valuation process during the reporting period.

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.

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.

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.

Land Improvements - Depreciable

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.

MidCoast Council

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

Note 20. Fair value measurement (continued)

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.

There has been no change to the valuation process during the reporting period.

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.

Library Books

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.

MidCoast Council

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

Note 20. Fair value measurement (continued)

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.

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.

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)

MidCoast Council

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

Note 20. Fair value measurement (continued)

Standard replacement costs were developed for each of the asset components using achieved unit rates of like assets recently constructed by Council.

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.

All of Council's infrastructure assets were re valued on the 30 June 2014 or the 30 June 2015.

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.

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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

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

	Work In progress	Plant and equipment	Office equipment	Furniture and fittings	Total
Opening balance – 13/5/16	8,888	25,824	1,423	857	36,992
Transfers from/(to) another asset class	(9,924)	248	–	–	(9,676)
Purchases (GBV)	18,956	5,160	325	13	24,454
Disposals (WDV)	–	(1,525)	–	–	(1,525)
Depreciation and impairment	–	(4,464)	(561)	(265)	(5,290)
Rounding	–	(1)	–	–	(1)
Closing balance – 30/6/17	17,920	25,242	1,187	605	44,954
Transfers from/(to) another asset class	(28,131)	804	417	–	(26,910)
Purchases (GBV)	34,775	7,353	–	22	42,150
Disposals (WDV)	(8)	(1,025)	(20)	(11)	(1,064)
Depreciation and impairment	–	(6,165)	(601)	(300)	(7,066)
FV gains – other comprehensive income	–	5,011	–	–	5,011
Transfer from Midcoast Water 1/7/2017	30,798	5,166	–	188	36,152
Closing balance – 30/6/18	55,354	36,386	983	504	93,227

	Computer Equipment	Operational Land	Community Land	Water Network	Total
Opening balance – 13/5/16	802	44,681	72,706	–	118,189
Transfers from/(to) another asset class	–	–	162	–	162
Purchases (GBV)	523	834	382	–	1,739
Depreciation and impairment	(221)	–	–	–	(221)
Transfer from Note 8	–	–	19	–	19
Closing balance – 30/6/17	1,104	45,515	73,269	–	119,888
Transfers from/(to) another asset class	–	294	150	–	444
Purchases (GBV)	2,507	261	845	1,925	5,538
Disposals (WDV)	–	–	–	(268)	(268)
Depreciation and impairment	(538)	–	–	(13,085)	(13,623)
FV gains – other comprehensive income	–	15,115	–	8,640	23,755
Transfer from Midcoast Water 1/7/2017	2,191	22,978	–	425,994	451,163
Closing balance – 30/6/18	5,264	84,163	74,264	423,206	586,897

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Fair value measurement (continued)

\$ '000

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

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

	Sewerage Network	Buildings	Roads	Bridges	Total
Opening balance – 13/5/16	–	157,270	921,969	209,303	1,288,542
Transfers from/(to) another asset class	–	279	8,271	192	8,742
Purchases (GBV)	–	953	24,416	1,344	26,713
Depreciation and impairment	–	(7,101)	(24,989)	(3,874)	(35,964)
Other movement (details here)	–	(1)	–	–	(1)
Closing balance – 30/6/17	–	151,400	929,667	206,965	1,288,032
Transfers from/(to) another asset class	–	719	16,941	2,840	20,500
Purchases (GBV)	26	1,211	23,137	730	25,104
Disposals (WDV)	(131)	(104)	–	–	(235)
Depreciation and impairment	(14,063)	(7,899)	(22,865)	(3,448)	(48,275)
FV gains – other comprehensive income	7,953	23,405	–	–	31,358
Transfer from Midcoast Water 1/7/2017	393,782	37,925	559	–	432,266
Closing balance – 30/6/18	387,567	206,657	947,439	207,087	1,748,750

	Footpaths Stormwater Earthworks	other Structure Infrastruct.	Open Space swimming Pools	other asset classes	Total
Opening balance – 13/5/16	379,237	98,544	22,276	10,320	510,377
Transfers from/(to) another asset class	58	3	659	52	772
Purchases (GBV)	2,255	1,265	427	882	4,829
Depreciation and impairment	(2,902)	(2,969)	(1,596)	(1,164)	(8,631)
Rounding	1	–	1	–	2
Closing balance – 30/6/17	378,649	96,843	21,767	10,090	507,349
Transfers from/(to) another asset class	160	3,744	1,207	855	5,966
Purchases (GBV)	2,480	569	2,318	713	6,080
Disposals (WDV)	–	(2)	(131)	(9)	(142)
Depreciation and impairment	(2,578)	(2,702)	(1,555)	(1,242)	(8,077)
Transfer from Midcoast Water 1/7/2017	–	–	–	8	8
Closing balance – 30/6/18	378,711	98,452	23,606	10,415	511,184

MidCoast Council

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

Note 20. Fair value measurement (continued)

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

b. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

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

I,PP&E

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Plant & Equipment	36,386	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition
Office Equipment	983	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition
Furniture & Fittings	504	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition
Computer Equipment	5,264	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition
Community Land	74,264	• Land value As supplied by Valuer-General	<ul style="list-style-type: none"> • Land value May not reflect market value • Varies significantly from asset to asset
Operational Land	84,163	• Market Value /Cost Approach	• Methods used by external valuers may include unobservable inputs

MidCoast Council

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

Note 20. Fair value measurement (continued)

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Land Under Roads	126	<ul style="list-style-type: none"> • Price Per Square Metre • Discount factors 	<ul style="list-style-type: none"> • Area of Council rateable land. • Area of Council road pattern.
Land Improvements Depreciable	3,505	<ul style="list-style-type: none"> • Cost Approach 	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition
Buildings Specialised & Non Specialised	206,657	<ul style="list-style-type: none"> • Cost Approach 	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition • Methods used by external valuers may include unobservable inputs
Other Structures	17,812	<ul style="list-style-type: none"> • Cost Approach 	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition
Other Open Space & Recreational Assets	20,051	<ul style="list-style-type: none"> • Cost Approach 	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition
Swimming Pools	3,555	<ul style="list-style-type: none"> • Cost Approach 	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition

MidCoast Council

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

Note 20. Fair value measurement (continued)

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Other Assets	2,322	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition
Library Book	1,579	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition
Landfill Remediation	2,608	• Cost Approach	<ul style="list-style-type: none"> • Cost Assessment • Discount Rates • Environmental Issues • Future costs
Roads	947,439	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value
Earthworks	226,157		<ul style="list-style-type: none"> • Asset Condition • Unit rate methodology
Bridges	207,087	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition • Unit rate methodology
Footpaths	20,036	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition • Unit rate methodology
Stormwater Drainage	132,518	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition • Unit rate methodology

MidCoast Council

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

Note 20. Fair value measurement (continued)

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Work In Progress	55,354	• Cost Approach	<ul style="list-style-type: none"> • Incomplete work • Useful life • Residual value • Asset Condition • Unit rate methodology
Other Infrastructure	80,640	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition • Unit rate methodology
Water Network Assets	423,206	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Asset Condition • Unit rate methodology
Sewerage Network Assets	387,567	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Asset Condition • Unit rate methodology
Cemetery Assets	250	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition • Unit rate methodology
Quarry Assets	25	• Cost Approach	<ul style="list-style-type: none"> • Useful life • Residual value • Asset Condition • Unit rate methodology

MidCoast Council

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

Note 20. Fair value measurement (continued)

c. The valuation process for level 3 fair value measurements

See notes contained with Note 4 b (above)

(5). Highest and best use

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions

\$ '000

a. Key management personnel

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

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

Compensation:	2018
Short-term benefits	1,958
Post-employment benefits	145
Total	<u>2,104</u>

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 21. Related party transactions (continued)

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Ref	Actual \$	Actual \$		Actual \$	Actual \$
2018						
Employee expenses relating to close family members	1	145,718	-	Local Government (NSW) award	-	-
Property rental from grazing lease	2	4,680	-	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 are 2 close family members 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.

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	364	–	–	6	–	–	370	–
Roads	4,530	1,175	–	95	(336)	–	5,464	–
Parking	293	–	–	5	–	–	298	–
Open space	3,446	367	–	68	(261)	(592)	3,028	–
Community facilities	2,211	363	–	32	(252)	–	2,354	–
Rec & Community Facilities	118	27	–	2	(28)	–	119	–
Surf Life Saving	(74)	36	–	1	–	93	56	–
Bushfire facilities	95	130	–	3	–	–	228	–
Administration building	354	109	–	6	–	–	469	–
GLW admin	75	44	–	2	–	–	121	–
Parking Tea Gardens	(499)	–	–	–	–	499	–	–
Other – surf life saving Hawks Nest	35	1	–	–	–	–	36	–
Other - environmental	560	138	–	9	(18)	–	689	–
Bridges	89	13	–	1	–	–	103	–
Central Library	367	63	–	9	–	–	439	–
Library Book stocks	103	17	–	2	–	–	122	–
Aquatic Centre	22	21	–	1	–	–	44	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

SUMMARY OF CONTRIBUTIONS AND LEVIES (continued)

Plan Preparatory	(3)	1	–	–	–	–	(2)	–
Rural Fire Fighting	660	78	–	19	–	–	757	–
Section 94 Officer	221	14	–	5	–	–	240	–
MP Community Centre	315	31	–	7	(6)	–	347	–
Other - Finance	2	–	–	–	–	–	2	–
Other - Finance - contra	(2)	–	–	–	–	–	(2)	–
Other	101	655	–	6	–	–	762	–
S7.11 contributions – under a plan	13,383	3,283	–	279	(901)	–	16,044	–
S7.12 levies – under a plan	74	–	–	1	–	–	75	–
Total S7.11 and S7.12 revenue under plans	13,457	3,283	–	280	(901)	–	16,119	–
S7.11 not under plans	214	61	–	2	(12)	–	265	–
S64 contributions	10,285	7,352	–	172	(6,192)	–	11,617	–
Total contributions	23,956	10,696	–	454	(7,105)	–	28,001	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN (former Gloucester Sire Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	306	51	–	4	–	–	361	
Parking	7	–	–	–	–	–	7	
Rec & Community Facilities	118	27	–	2	(28)	–	119	
Total	431	78	–	6	(28)	–	487	–

CONTRIBUTION PLAN - FORSTER DISTRICT (former Great Lakes Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	364	–	–	6	–	–	370	
Roads	784	521	–	12	(266)	–	1,051	
Parking	229	–	–	4	–	–	233	
Open space	1,010	254	–	17	–	(93)	1,188	
Community facilities	1,389	218	–	19	(203)	–	1,423	
Surf Life Saving	(119)	26	–	–	–	93	–	
Total	3,657	1,019	–	58	(469)	–	4,265	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION - GREAT LAKES WIDE (former Great Lakes Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Community facilities	88	23	–	2	–	–	113	
Bushfire facilities	95	130	–	3	–	–	228	
Administration building	354	109	–	6	–	–	469	
GLW admin	75	44	–	2	–	–	121	
Total	612	306	–	13	–	–	931	–

CONTRIBUTION PLAN - TEA GARDENS / HAWKS NEST (former Great Lakes Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	47	17	–	1	–	–	65	
Parking	57	–	–	1	–	–	58	
Open space	737	22	–	11	–	(499)	271	
Community facilities	98	8	–	2	–	–	108	
Parking Tea Gardens	(499)	–	–	–	–	499	–	
Other – surf life saving Hawks Nest	35	1	–	–	–	–	36	
Total	475	48	–	15	–	–	538	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - ROAD HAULAGE (former Great Lakes Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	216	67	–	4	–	–	287	
Total	216	67	–	4	–	–	287	–

CONTRIBUTION PLAN - RURAL ROADS BULADHDELAH, STROUD & RURAL OPEN SPACE (former Great Lakes Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	284	39	–	4	–	–	327	
Open space	118	4	–	1	(31)	–	92	
Total	402	43	–	5	(31)	–	419	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - THE BRANCH LANE (former Great Lakes Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	167	–	–	2	(70)	–	99	
Total	167	–	–	2	(70)	–	99	–

CONTRIBUTION PLAN - COOMBA RD & SHALLOW BAY RD (former Great Lakes Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	161	9	–	2	–	–	172	
Total	161	9	–	2	–	–	172	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - DURALIE COAL (former Great Lakes Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	244	69	–	4	–	–	317	
Community facilities	636	114	–	9	(49)	–	710	
Other - environmental	560	138	–	9	(18)	–	689	
Bridges	89	13	–	1	–	–	103	
Total	1,529	334	–	23	(67)	–	1,819	–

CONTRIBUTION PLAN - 2001 PLAN GREATER TAREE (former Greater Taree City Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Open space	369	52	–	9	(230)	–	200	
Surf Life Saving	45	10	–	1	–	–	56	
Central Library	367	63	–	9	–	–	439	
Library Book stocks	103	17	–	2	–	–	122	
Aquatic Centre	22	21	–	1	–	–	44	
Plan Preparatory	(3)	1	–	–	–	–	(2)	
Rural Fire Fighting	328	51	–	8	–	–	387	
Section 94 Officer	221	14	–	5	–	–	240	
Other	6	8	–	–	–	–	14	
Total	1,458	237	–	35	(230)	–	1,500	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN 2001 PLAN TAREE (former Greater Taree City Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	270	4	–	7	–	–	281	
Open space	156	1	–	4	–	–	161	
Rural Fire Fighting	150	–	–	4	–	–	154	
Other	6	–	–	–	–	–	6	
Total	582	5	–	15	–	–	602	–

CONTRIBUTION PLAN - 2001 PLAN WINGHAM (former Greater Taree City Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	678	3	–	17	–	–	698	
Open space	79	–	–	2	–	–	81	
Rural Fire Fighting	(78)	–	–	–	–	–	(78)	
Total	679	3	–	19	–	–	701	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - 2001 HALLIDAYS POINT (former Greater Taree City Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	(65)	38	–	(1)	–	–	(28)	
Open space	739	3	–	18	–	–	760	
Rural Fire Fighting	164	2	–	4	–	–	170	
MP Community Centre	67	2	–	2	(2)	–	69	
Total	905	45	–	23	(2)	–	971	–

CONTRIBUTION PLAN - 2010 PLAN OLD BAR (former Greater Taree City Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	825	267	–	22	–	–	1,114	
Open space	95	16	–	2	–	–	113	
Rural Fire Fighting	21	21	–	1	–	–	43	
MP Community Centre	198	29	–	4	(2)	–	229	
Total	1,139	333	–	29	(2)	–	1,499	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - 2001 PLAN HARRINGTON (former Greater Taree City Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	613	90	–	17	–	–	720	
Open space	143	15	–	4	–	–	162	
Rural Fire Fighting	75	4	–	2	–	–	81	
MP Community Centre	50	–	–	1	(2)	–	49	
Other - Finance	2	–	–	–	–	–	2	
Other - Finance - contra	(2)	–	–	–	–	–	(2)	
Total	881	109	–	24	(2)	–	1,012	–

CONTRIBUTION PLAN NUMBER 2016

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other	89	647	–	6	–	–	742	
Total	89	647	–	6	–	–	742	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.12 LEVIES – UNDER A PLAN

CONTRIBUTION PLAN OLD BAR (former Greater Taree City Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
General Purpose	74	–	–	1	–	–	75	
Total	74	–	–	1	–	–	75	–

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

(former Gloucester Shire Council - Duralie)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Other	59	61	–	–	(12)	–	108	
Total	59	61	–	–	(12)	–	108	–

(former Great Lakes Council)

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	155	–	–	2	–	–	157	
Total	155	–	–	2	–	–	157	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S64 contributions

Former MidCoast Water Contributions

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Water and Sewerage Contributions	10,285	7,352	–	172	(6,192)	–	11,617	
Total	10,285	7,352	–	172	(6,192)	–	11,617	–

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 23. Financial result and financial position by fund

Income Statement by fund			
\$ '000	2018	2018	2018
Continuing operations	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges	11,912	37,434	90,556
User charges and fees	27,576	3,651	20,696
Interest and investment revenue	282	1,022	3,752
Other revenues	174	161	4,616
Grants and contributions provided for operating purposes	486	451	36,034
Grants and contributions provided for capital purposes	6,729	2,335	16,218
Other income			
Net gains from disposal of assets	–	–	57
Fair value increment on investment property	–	–	200
Share of interests in joint ventures and associates using the equity method	–	–	243
Total income from continuing operations	47,159	45,054	172,372
Expenses from continuing operations			
Employee benefits and on-costs	8,866	8,901	50,990
Borrowing costs	6,329	4,923	3,078
Materials and contracts	5,583	5,568	35,619
Depreciation and amortisation	14,291	14,897	47,853
Other expenses	4,193	3,669	19,513
Net losses from the disposal of assets	284	107	–
Total expenses from continuing operations	39,546	38,065	157,053
Operating result from continuing operations	7,613	6,989	15,319
Net operating result for the year	7,613	6,989	15,319
Gain on local government amalgamation			
Assets and liabilities transferred from former councils	–	–	784,706
Net result attributable to each council fund	7,613	6,989	800,025
Net operating result for the year before grants and contributions provided for capital purposes	884	4,654	783,807

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

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

MidCoast Council

Notes to the Financial Statements

as at 30 June 2018

Note 23. Financial result and financial position by fund (continued)

Statement of Financial Position by fund			
\$ '000	2018	2018	2018
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	6,719	21,445	6,554
Investments	4,250	27,000	106,650
Receivables	7,762	5,643	13,817
Inventories	258	2	2,060
Other	–	–	1,809
Total current assets	18,989	54,090	130,890
Non-current assets			
Investments	–	2,000	28,000
Inventories	–	–	4,649
Infrastructure, property, plant and equipment	504,025	420,686	2,015,347
Investments accounted for using the equity method	–	–	443
Investment property	–	–	18,200
Total non-current assets	504,025	422,686	2,066,639
TOTAL ASSETS	523,014	476,776	2,197,529
LIABILITIES			
Current liabilities			
Payables	3,031	2,630	17,189
Income received in advance	–	–	775
Borrowings	16,616	5,923	9,910
Provisions	3,318	3,263	16,572
Total current liabilities	22,965	11,816	44,446
Non-current liabilities			
Borrowings	77,840	66,569	53,968
Provisions	–	–	13,672
Total non-current liabilities	77,840	66,569	67,640
TOTAL LIABILITIES	100,805	78,385	112,086
Net assets	422,209	398,391	2,085,443
EQUITY			
Accumulated surplus	7,485	6,878	2,831,555
Revaluation reserves	9,985	9,298	40,842
Total equity	17,470	16,176	2,872,397

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

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Indicator 2017	Benchmark
Local government industry indicators – consolidated				
1. Operating performance ratio				
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>4,530</u>	1.90%	-0.28%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>238,803</u>			
2. Own source operating revenue ratio				
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>201,832</u>	76.43%	55.18%	> 60.00%
Total continuing operating revenue ⁽¹⁾	<u>264,085</u>			
3. Unrestricted current ratio				
Current assets less all external restrictions ⁽²⁾	<u>90,653</u>	8.61x	4.84x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>10,527</u>			
4. Debt service cover ratio				
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>95,901</u>	2.80x	3.38x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>34,289</u>			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	<u>9,120</u>	6.28%	4.14%	< 10% regional & rural
Rates, annual and extra charges collectible	<u>145,258</u>			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	<u>173,618</u>	10.72 mths	10.6 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	<u>16,189</u>			

Notes

⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

⁽³⁾ Refer to Notes 11 and 12.

⁽⁴⁾ Refer to Note 11(b) and 12(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(b). Statement of performance measures – by fund

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
less operating expenses							
<hr/>							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	-0.35%	-0.28%	1.55%	0.00%	10.42%	0.00%	> 0.00%
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	69.60%	55.18%	84.70%	0.00%	93.82%	0.00%	> 60.00%
Total continuing operating revenue ⁽¹⁾							
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾							
<hr/>							
Current liabilities less specific purpose liabilities ^(3, 4)	8.61x	4.84x	0.83x	No liabilities	3.59x	No liabilities	> 1.5x

Notes

(1) - (4) Refer to Notes at Note 24a above.

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

MidCoast Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	3.82x	3.38x	1.93x	0.00x	2.32x	0.00x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	4.90%	4.14%	6.13%	0.00%	9.85%	0.00%	< 10% regional & rural
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	8.98	10.58	0.00	0.00	0.00	0.00	> 3 months
Monthly payments from cash flow of operating and financing activities	months	months	months	months	months	months	

Notes

(1) Refer to Notes at Note 24a above.

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

MidCoast Council

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

Note 25. Council information and contact details

Principal place of business:

4-10 Breese Parade
Forster NSW 2428

Contact details**Mailing address:**

PO Box 450
Forster NSW 2428

Opening hours:

Mon-Fri 8.30am to 4.30pm

Telephone: 02 65917222

Facsimile: 02 65917200

Internet: www.midcoast.nsw.gov.au

Email: council@midcoast.nsw.gov.au

Officers**GENERAL MANAGER**

Adrian Panuccio

RESPONSIBLE ACCOUNTING OFFICER

Philip Brennan

PUBLIC OFFICER

Rob Griffiths

AUDITORS

Auditor General of NSW
PO Box 12
Sydney NSW 2001

Elected members**MAYOR**

David West

COUNCILLORS

Katheryn Smith
Kathryn Bell
Brad Christensen
Peter Epov
Troy Fowler
Karen Hutchinson
Dr David Keegan
Jan McWilliams
Claire Pontin
Len Roberts

Other information

ABN: 44 961 208 161

MidCoast Council

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

Note 26. Gain on Transfer of Local Government Responsibilities

\$ '000	2018	13/5/16 to 30/6/17
<p>By proclamation published in the Government Gazette on 28 June, 2017 the Governor of New South Wales in pursuance of S397 of the <i>Local Government Act 1993</i>, dissolved MidCoast County Council (MidCoast Water) from the beginning of 1 July, 2017 and its functions and operations were subsumed by Mid-Coast Council.</p>		
<p>Gain on local government transfer</p>		
Assets and liabilities transferred from former councils	778,158	1,949,838
Accounting policy adjustments	6,548	44,936
<u>GAIN ON LOCAL GOVERNMENT TRANSFER</u>	<u>784,706</u>	<u>1,994,774</u>

(a) Carrying amount of assets and liabilities transferred

Assets and liabilities of:

MidCoast County Council (MidCoast Water)

Council believes the carrying amounts are not materially different from their fair values as at the date of transfer 1 July, 2017 with the following exceptions.

Council has as a result of a comprehensive revaluation recognised MidCoast Water's building, operational land and land under roads assets at their fair value as at the date of transfer 1 July, 2017.

The fair value of the net assets has been shown as a gain on local government transfer in the income statement and further information is provided on the next page.

MidCoast Council

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

Note 26. Gain on Transfer of Local Government Responsibilities (continued)

\$ '000	2018
(a) Carrying amount of assets and liabilities transferred (continued)	
	MidCoast County Council
ASSETS	
Current assets	
Cash and cash equivalents	33,751
Investment	10,000
Receivables	11,149
Inventories	260
Total current assets	<u>55,160</u>
Non-Current assets	
Infrastructure, Property, Plant and Equipment	911,652
Intangibles	2,188
Gain on Local Government Transfer	6,548
Total non-current assets	<u>920,388</u>
TOTAL ASSETS	<u>975,548</u>
Liabilities	
Current liabilities	
Payables	5,979
Borrowings	10,064
Provisions	8,207
Total current liabilities	<u>24,250</u>
Non-current liabilities	
Provisions	70
Borrowings	166,522
Total non-current liabilities	<u>166,592</u>
Total liabilities	<u>190,842</u>
Net assets transferred	<u><u>784,706</u></u>



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial report
MidCoast Council

To the Councillors of the MidCoast Council

Opinion

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

In my opinion,

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

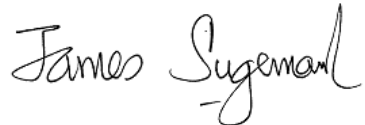
- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink that reads "James Sugumar". The signature is written in a cursive style with a large initial 'J' and 'S'.

James Sugumar
Director, Financial Audit Services

30 November 2018
SYDNEY

Cr David West
Mayor
MidCoast Council
PO Box 450
FORSTER NSW 2358

Contact: James Sugumar
Phone no: 02 9275 7288
Our ref: D1829367/1759

30 November 2018

Dear Mayor West

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

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

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






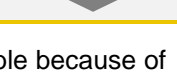
This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I did not identify any significant audit issues and/or observations during my audit of the Council's financial statements.

FINANCIAL RESULTS

INCOME STATEMENT

	2018	13 May 2016 to 30 June 2017	Variation	Variation
	\$m	\$m	\$m	%
Rates and annual charges revenue	139.9	89.6	50.3	 56.1
User charges and fees	51.9	17.1	34.8	 203.5
Grants and contributions revenue	62.3	93.8	-31.5	 33.6
TOTAL INCOME	264.5	211.2	53.3	 25.2
TOTAL EXPENSE	234.6	174.7	59.9	 34.3
Operating result for the year	29.9	36.5	-6.6	 18.1

The revenue and expenses for the last two reporting periods are not directly comparable because of the different period of activities covered for 30 June 2018 (12 months) and 30 June 2017 (13.6 months). Other reasons for the variations are as below.

The increase in rates and annual charges revenue of \$50.3 million was mainly due to the transfer of former MidCoast Water's operations to the Council from 1 July 2017.

User charges and fees increased by \$34.8 million primarily due to Water and Sewer user charges revenue of \$28.2 million from water operations as noted above.

Grant and contributions revenue decreased by \$31.5 million due to:

- Early receipt of \$15.0 million Stronger Community grant and \$8.6 million Commonwealth Financial Assistance grant in 30 June 2017
- One-off \$5.0 million New Council Implementation grant received in 30 June 2017

Total Revenue increased by \$53.3 million primarily due to additional user charges and rates revenue as noted above.

Total expenses increased mainly due to an:

- increase in borrowing costs of \$10.2 million
- increase in depreciation and amortisation expense of \$26.9 million.

Greater increase in total expenses compared to total revenue contributed to a \$6.6 million decrease in the operating result for the year.

BALANCE SHEET

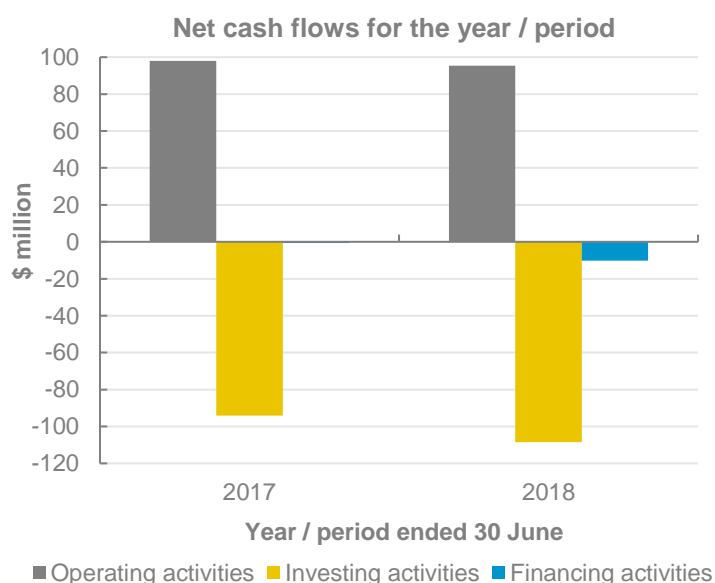
	2018 \$m	2017 \$m	Variation \$m	Variation %
Current assets	204.0	135.9	68.1	↑ 50.1
Non-current assets	2,993.4	2,008.8	984.6	↑ 49.0
TOTAL ASSETS	3,197.4	2,144.7	1,052.7	↑ 49.1
TOTAL LIABILITIES	291.3	113.4	177.9	↑ 156.9
NET ASSETS	2,906.1	2,031.3	874.8	↑ 43.1

Current assets increased by \$68.1 million mainly due to an increase in current investments of \$33.6 million and cash and cash equivalents of \$20.5 million.

Movements in non-current assets and liabilities were due to transfer of assets and liabilities from former MidCoast Water.

CASH FLOWS

- Cash outflows from investing activities rose largely due to \$14.3 million increased spend on infrastructure, property, plant and equipment assets.
- Financial activities cash outflows increased due to greater repayment of borrowings and advances of \$8.2 million.



CASH POSITION

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	125.2	63.1	Externally restricted cash and total cash and investments increased primarily due to \$43.8 million in cash and investments transferred from former MidCoast Water.
Internal restrictions	75.8	75.0	
Unrestricted	1.6	6.0	
Cash and investments	202.6	144.1	

PERFORMANCE RATIOS

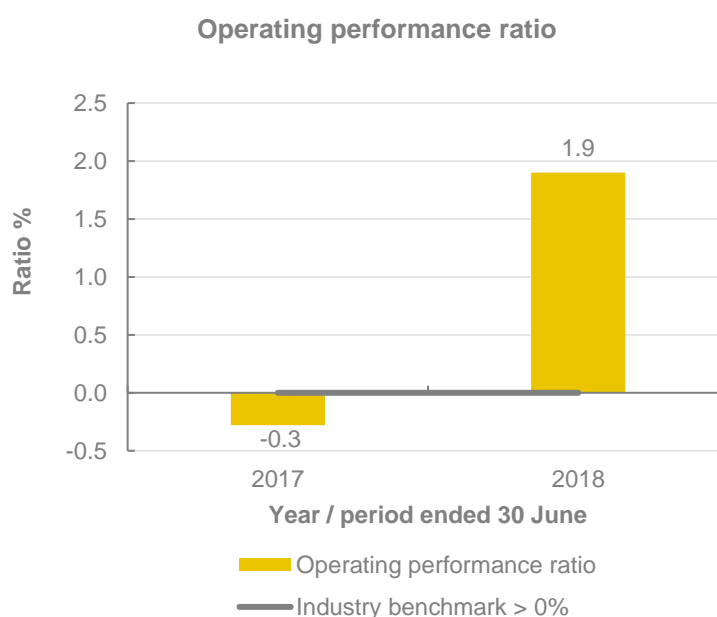
I provide a summary of outcomes and analysis of the Council’s key performance ratios for the year ended 30 June 2018 as below:

Performance ratio	Outcome	Reference
Operating performance ratio	Achieved	<u>1</u>
Own source operating revenue ratio	Achieved	<u>2</u>
Unrestricted current ratio	Achieved	<u>3</u>
Debt service cover ratio	Achieved	<u>4</u>
Rates and annual charges cover ratio	Achieved	<u>5</u>
Cash expense cover ratio	Achieved	<u>6</u>
Building and infrastructure renewals ratio	Not Achieved	<u>7</u>

The definition of each ratio analysed below (except for the ‘building and infrastructure renewals ratio’) is included in the Council’s audited general purpose financial statements. The ‘building and infrastructure renewals ratio’ is defined in Council’s Special Schedule 7 which has not been audited.

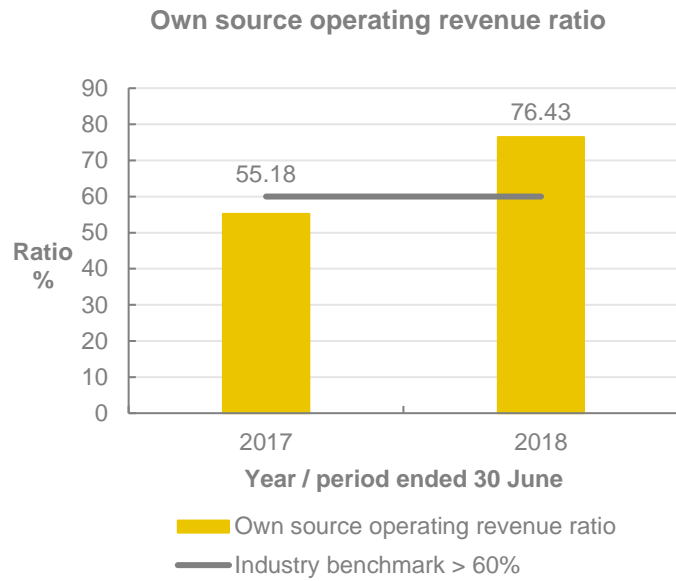
1. Operating performance ratio

- Council achieved the operating performance ratio benchmark for the year.
- The ratio increased to 1.9 in 2017-18 due to the transfer of operations from the former MidCoast Water.



2. Own source operating revenue ratio

- Council met the own source operating revenue ratio benchmark for the 30 June 2018.
- The ratio increased in 2018 due to a decrease in grants and contributions revenue of 31.5 million and the transfer of MidCoast Water operations.

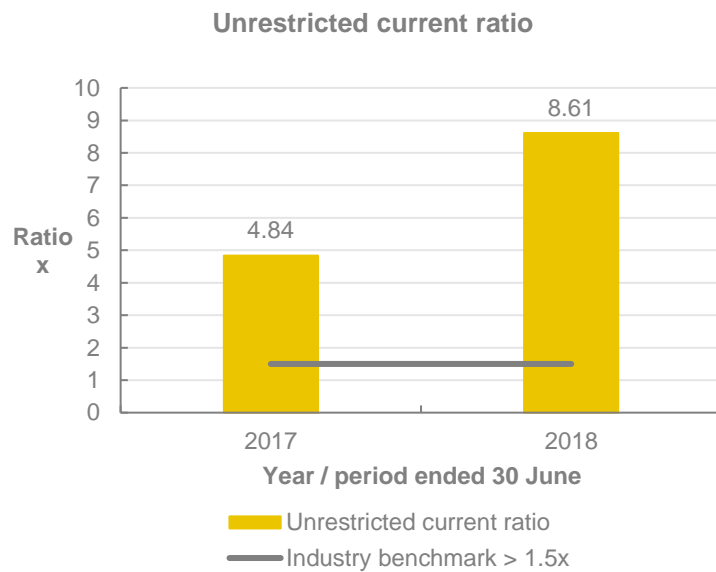


The 'own source operating revenue ratio' measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions.

The benchmark set by OLG is greater than 60 per cent.

3. Unrestricted current ratio

- Council achieved the unrestricted current ratio benchmark for the 30 June 2018.
- The ratio improved due to an increase in unrestricted current assets.
- Council will be able to meet its short-term obligations as and when they fall due.

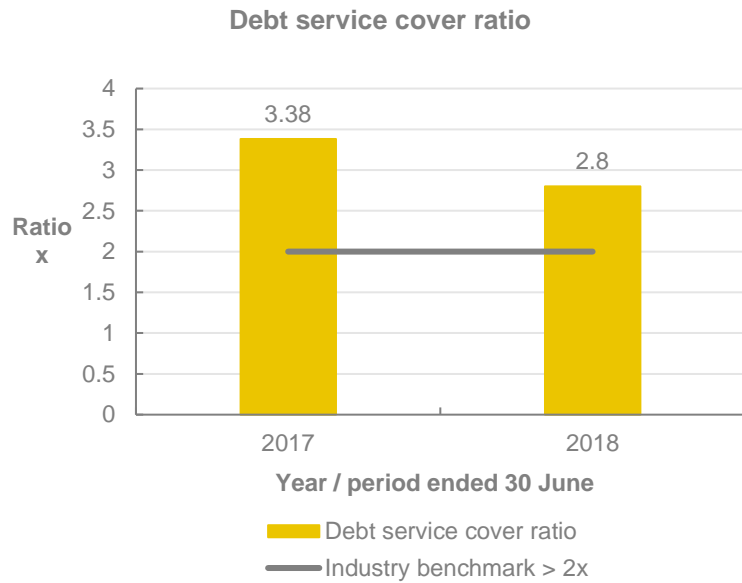


The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due.

The benchmark set by OLG is greater than 1.5 times.

4. Debt service cover ratio

- Council achieved the debt service cover ratio benchmark for 30 June 2018.
- The ratio decreased in 2018 due to the significant increase in borrowing costs associated with Water and Sewer, and depreciation and amortisation.

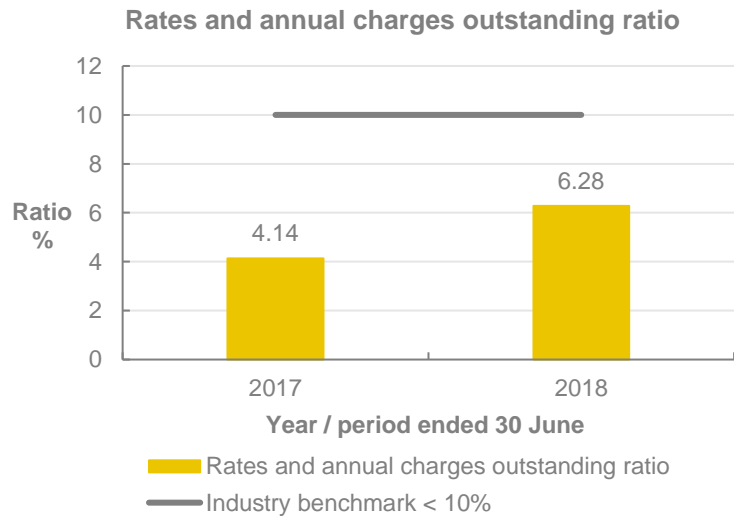


The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments.

The benchmark set by OLG is greater than two times.

5. Rates and annual charges outstanding ratio

- Council met the rates and annual charges outstanding ratio for 30 June 2018.
- The ratio increased due the increase of outstanding rates and annual charges in 2018, primarily due to Water and Sewer debtors.

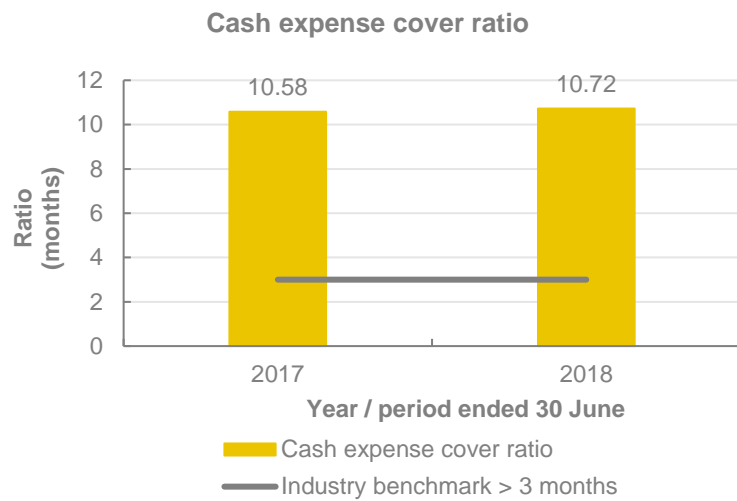


The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts.

The benchmark set by OLG is less than 10 per cent for regional and rural councils.

6. Cash expense cover ratio

- Council met the cash expense cover ratio benchmark of 3 months for 30 June 2018.
- It also met the benchmark in the prior period.
- It will be able to meet its immediate expenses for more than 10.7 months without additional cash inflows.

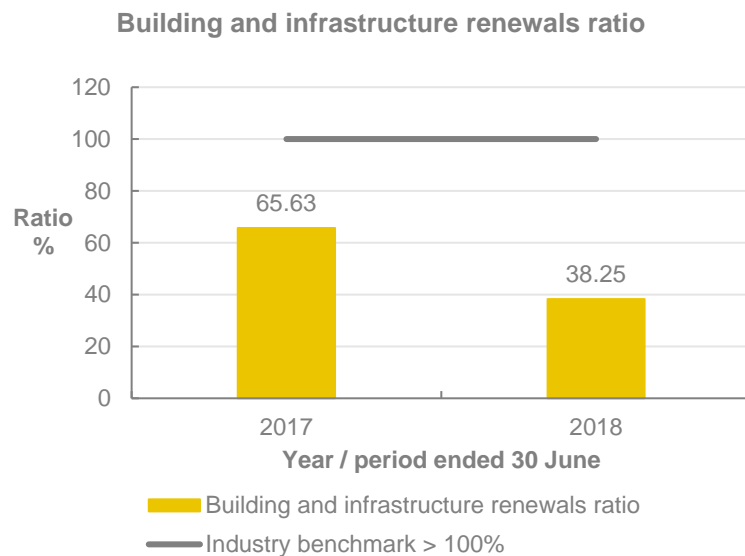


This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow.

The benchmark set by OLG is greater than three months.

7. Building and infrastructure renewals ratio (unaudited)

- Council did not achieve the building and infrastructure renewals ratio benchmark for 30 June 2018.
- It did not meet the benchmark in the prior period.
- The ratio has decreased in 2018 due to the inclusion of Water and Sewer renewal expenditure and depreciation.



The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating.

The benchmark set by OLG is greater than 100 per cent.

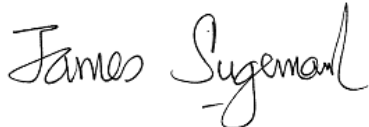
This ratio is sourced from Council's Special Schedule 7 which has not been audited.

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



James Sugumar
Director, Financial Audit Services

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 2018

**We deliver services to our community in a
way that adds value and builds trust**



MidCoast Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents	Page
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Statement of Financial Position – Other Business Activities	8
3. Notes to the Special Purpose Financial Statements	9
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Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
 - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
 - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
 - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

MidCoast Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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


Signed in accordance with a resolution of Council made on 28 November 2018.



David West
Mayor



Katheryn Smith
Councillor



Adrian Panuccio
General manager



Philip Brennan
Responsible accounting officer

MidCoast Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

\$ '000	2018	13/5/16 to 30/6/17
Income from continuing operations		
Access charges	11,912	–
User charges	26,504	–
Fees	1,072	–
Interest	282	–
Grants and contributions provided for non-capital purposes	486	–
Other income	174	–
Total income from continuing operations	40,430	–
Expenses from continuing operations		
Employee benefits and on-costs	8,866	–
Borrowing costs	6,329	–
Materials and contracts	5,583	–
Depreciation, amortisation and impairment	14,291	–
Loss on sale of assets	284	–
Calculated taxation equivalents	256	–
Debt guarantee fee (if applicable)	944	–
Other expenses	4,193	–
Total expenses from continuing operations	40,746	–
Surplus (deficit) from continuing operations before capital amounts	(316)	–
Grants and contributions provided for capital purposes	6,729	–
Surplus (deficit) from continuing operations after capital amounts	6,413	–
Surplus (deficit) from all operations before tax	6,413	–
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	6,413	–
Plus opening retained profits	–	–
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	256	–
– Debt guarantee fees	944	–
Less:		
– Tax equivalent dividend paid	128	–
Closing retained profits	7,485	–
Return on capital %	1.2%	n/a
Subsidy from Council	7,243	–
Calculation of dividend payable:		
Surplus (deficit) after tax	6,413	–
Less: capital grants and contributions (excluding developer contributions)	(1,378)	–
Surplus for dividend calculation purposes	5,035	–
Potential dividend calculated from surplus	2,518	–

MidCoast Council

Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2018

\$ '000	2018	13/5/16 to 30/6/17
Income from continuing operations		
Access charges	37,434	–
User charges	2,984	–
Liquid trade waste charges	25	–
Fees	642	–
Interest	1,022	–
Grants and contributions provided for non-capital purposes	451	–
Other income	161	–
Total income from continuing operations	42,719	–
Expenses from continuing operations		
Employee benefits and on-costs	8,901	–
Borrowing costs	4,923	–
Materials and contracts	5,568	–
Depreciation, amortisation and impairment	14,897	–
Loss on sale of assets	107	–
Calculated taxation equivalents	204	–
Debt guarantee fee (if applicable)	725	–
Other expenses	3,669	–
Total expenses from continuing operations	38,994	–
Surplus (deficit) from continuing operations before capital amounts	3,725	–
Grants and contributions provided for capital purposes	2,335	–
Surplus (deficit) from continuing operations after capital amounts	6,060	–
Surplus (deficit) from all operations before tax	6,060	–
Less: corporate taxation equivalent (30%) [based on result before capital]	(1,118)	–
SURPLUS (DEFICIT) AFTER TAX	4,943	–
Plus opening retained profits	–	–
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	204	–
– Debt guarantee fees	725	–
– Corporate taxation equivalent	1,118	–
Less:		
– Tax equivalent dividend paid	111	–
Closing retained profits	6,878	–
Return on capital %	2.1%	n/a
Subsidy from Council	2,416	–
Calculation of dividend payable:		
Surplus (deficit) after tax	4,943	–
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	4,943	–
Potential dividend calculated from surplus	2,471	–

MidCoast Council

Income Statement of Council's Other Business Activities
for the year ended 30 June 2018Strategic Services
Australia Ltd
Category 2

\$ '000	2018	13/5/16 to 30/6/17
Income from continuing operations		
User charges	404	406
Grants and contributions provided for non-capital purposes	95	96
Profit from the sale of assets	88	–
Other income	17	1
Total income from continuing operations	604	503
Expenses from continuing operations		
Employee benefits and on-costs	316	322
Borrowing costs	10	8
Materials and contracts	121	99
Depreciation, amortisation and impairment	14	18
Debt guarantee fee (if applicable)	–	1
Other expenses	100	59
Total expenses from continuing operations	561	507
Surplus (deficit) from continuing operations before capital amounts	43	(4)
Surplus (deficit) from continuing operations after capital amounts	43	(4)
Surplus (deficit) from discontinued operations	200	28
Surplus (deficit) from all operations before tax	243	24
Less: corporate taxation equivalent (30%) [based on result before capital]	(13)	–
SURPLUS (DEFICIT) AFTER TAX	230	24
Plus opening retained profits	200	–
Plus assets and liabilities transferred from former councils	–	172
Plus/less: other adjustments (rounding)	–	3
Plus adjustments for amounts unpaid:		
– Debt guarantee fees	–	1
– Corporate taxation equivalent	13	–
Closing retained profits	443	200
Return on capital %	139.5%	1.2%
Subsidy from Council	–	4

MidCoast Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	6,719	–
Investments	4,250	–
Receivables	7,762	–
Inventories	258	–
Total current assets	18,989	–
Non-current assets		
Infrastructure, property, plant and equipment	504,025	–
Total non-current assets	504,025	–
TOTAL ASSETS	523,014	–
LIABILITIES		
Current liabilities		
Payables	3,031	–
Borrowings	16,616	–
Provisions	3,318	–
Total current liabilities	22,965	–
Non-current liabilities		
Borrowings	77,840	–
Total non-current liabilities	77,840	–
TOTAL LIABILITIES	100,805	–
NET ASSETS	422,209	–
EQUITY		
Accumulated surplus	7,485	–
Accumulated Surplus Transferred From Midcoast Water	404,739	–
Revaluation reserves	9,985	–
TOTAL EQUITY	422,209	–

MidCoast Council

Statement of Financial Position – Council's Sewerage Business Activity
as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	21,445	–
Investments	27,000	–
Receivables	5,643	–
Inventories	2	–
Total current Assets	54,090	–
Non-current assets		
Investments	2,000	–
Infrastructure, property, plant and equipment	420,686	–
Total non-current assets	422,686	–
TOTAL ASSETS	476,776	–
LIABILITIES		
Current liabilities		
Payables	2,630	–
Borrowings	5,923	–
Provisions	3,263	–
Total current liabilities	11,816	–
Non-current liabilities		
Borrowings	66,569	–
Total non-current liabilities	66,569	–
TOTAL LIABILITIES	78,385	–
NET ASSETS	398,391	–
EQUITY		
Accumulated surplus	6,878	–
Retained Earnings	382,215	–
Revaluation reserves	9,298	–
Council equity interest	398,391	–
TOTAL EQUITY	398,391	–

MidCoast Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

Strategic Services Australia
Ltd

Category 2

\$ '000	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	410	18
Receivables	137	64
Other	4	8
Non-current assets classified as held for sale	–	40
Total Current Assets	551	130
Non-current assets		
Infrastructure, property, plant and equipment	38	334
Other	–	2
Total non-current assets	38	336
TOTAL ASSETS	589	466
LIABILITIES		
Current liabilities		
Payables	56	57
Income received in advance	–	99
Other current Liabilities	36	39
Provisions	50	53
Total current liabilities	142	248
Non-current liabilities		
Income received in advance	–	14
Provisions	3	4
Other Liabilities	1	–
Total non-current liabilities	4	18
TOTAL LIABILITIES	146	266
NET ASSETS	443	200
EQUITY		
Accumulated surplus	443	200
TOTAL EQUITY	443	200

MidCoast Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	10
2	Water Supply Business Best-Practice Management disclosure requirements	14
3	Sewerage Business Best-Practice Management disclosure requirements	16

MidCoast Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2018

Note 1. Significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

Water Services

The provision of Water Services throughout the Midcoast Council Region

MidCoast Council

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

Note 1. Significant accounting policies (continued)

Sewerage Services

The provision of sewerage services throughout the council region

Strategic Services Australia Limited

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 currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$750,000.

In accordance with Crown Lands and Water (CLAW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

MidCoast Council

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

Note 1. Significant accounting policies (continued)

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 30% is/is not 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 estimated 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 2017/18 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'.

MidCoast Council

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

Note 1. Significant accounting policies (continued)

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.63% at 30/6/18.

(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 DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.

MidCoast Council

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

Note 2. Water supply business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	1,200,000
(ii)	Number of assessments multiplied by \$3/assessment	128,214
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	128,214
(iv)	Amounts actually paid for tax equivalents	128,214

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	2,517,500
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	1,153,926
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 12 May 2016	5,035,000
(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	1,153,926
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	– If dual water supplies, complying charges [item 2 (g) in table 1]	YES
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

MidCoast Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 2. Water supply business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	45,586
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	66.66%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	501,332
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	18,770
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	13,265
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	2.48%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	1,377

- Notes:
1. References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 2. The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
 - a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

MidCoast Council

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

Note 3. Sewerage business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	929,000
(ii)	Number of assessments multiplied by \$3/assessment	110,907
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	110,907
(iv)	Amounts actually paid for tax equivalents	110,907

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	2,471,250
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	998,163
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 12 May 2016	4,942,500
(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	998,163
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	YES

3. Required outcomes for 4 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	Complying charges	
	(a) Residential [item 2 (c) in table 1]	YES
	(b) Non-residential [item 2 (c) in table 1]	YES
	(c) Trade waste [item 2 (d) in table 1]	YES
	DSP with commercial developer charges [item 2 (e) in table 1]	YES
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	YES
(iii)	Complete performance reporting form (by 15 September each year)	YES
(iv)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	YES

MidCoast Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	44,118
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	417,993
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	18,222
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	2,132
NWI F18	Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	2.61%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

**National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)**

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	89,313
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.05%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	15,397
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	2.54%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

MidCoast Council

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2018Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)

NWI F22	Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]	%	12.86%
NWI F23	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: Interest expense (w4a + s4a) – interest income (w9 + s10)		2
NWI F24	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	12,747
NWI F25	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	937

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
 - refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial report
MidCoast Council

To the Councillors of the MidCoast Council

Opinion

I have audited the accompanying special purpose financial report (the financial report) 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 2018, the Statement of Financial Position of each Declared Business Activity as at 30 June 2018, notes comprising a summary of Significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity
- Strategic Services Australia Limited.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 2 - Permissible income for general rates.

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

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

I have nothing to report in this regard.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note (1) to the financial statements which describes the summary of significant accounting policies. The financial statements have been prepared for the purpose of fulfilling Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

The Councillors' Responsibilities for the Financial Report

The Councillors are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies, described in Note 1 to the financial report, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Notes 2 and 3 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink that reads "James Sugumar". The signature is written in a cursive, flowing style.

James Sugumar
Director, Financial Audit Services

30 November 2018
SYDNEY

MidCoast Council

SPECIAL SCHEDULES
for the year ended 30 June 2018

**We deliver services to our community in a
way that adds value and builds trust**



MidCoast Council

Special Schedules

for the year ended 30 June 2018

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¹ Special Schedules are not audited (with the exception of Special Schedule 2).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

MidCoast Council

Special Schedule 1 – Net Cost of Services
for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	1,642	212	–	(1,430)
Administration	28,277	2,322	3,431	(22,524)
Public order and safety				
Fire service levy, fire protection, emergency services	2,837	896	3,466	1,525
Beach control	297	167	10	(120)
Enforcement of local government regulations	515	416	–	(99)
Animal control	243	208	–	(35)
Other	–	–	–	–
Total public order and safety	3,892	1,687	3,476	1,271
Health	644	426	–	(218)
Environment				
Noxious plants and insect/vermin control	793	472	–	(321)
Other environmental protection	3,774	2,254	–	(1,520)
Solid waste management	23,098	31,954	118	8,974
Street cleaning	40	–	–	(40)
Drainage	2,102	797	–	(1,305)
Stormwater management	–	–	–	–
Total environment	29,807	35,477	118	5,788
Community services and education				
Administration and education	898	139	–	(759)
Social protection (welfare)	26	38	–	12
Aged persons and disabled	8,996	8,756	–	(240)
Children's services	100	103	–	3
Total community services and education	10,020	9,036	–	(984)
Housing and community amenities				
Public cemeteries	675	535	–	(140)
Public conveniences	70	–	–	(70)
Street lighting	1,796	204	–	(1,592)
Town planning	2,767	1,869	23	(875)
Other community amenities	1,096	10	–	(1,086)
Total housing and community amenities	6,404	2,618	23	(3,763)
Water supplies	39,554	39,890	6,729	7,065
Sewerage services	38,016	41,956	2,335	6,275

MidCoast Council

Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	4,358	406	408	(3,544)
Museums	–	–	–	–
Art galleries	425	115	16	(294)
Community centres and halls	717	493	201	(23)
Performing arts venues	1,153	38	–	(1,115)
Other performing arts	–	–	–	–
Other cultural services	10	6	–	(4)
Sporting grounds and venues	1,879	381	280	(1,218)
Swimming pools	3,980	729	88	(3,163)
Parks and gardens (lakes)	4,983	408	2,757	(1,818)
Other sport and recreation	1,812	202	28	(1,582)
Total recreation and culture	19,317	2,778	3,778	(12,761)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	1,433	632	–	(801)
Other mining, manufacturing and construction	50	–	–	(50)
Total mining, manufacturing and const.	1,483	632	–	(851)
Transport and communication				
Urban roads (UR) – local	11,541	2,624	1,886	(7,031)
Urban roads – regional	792	303	76	(413)
Sealed rural roads (SRR) – local	8,772	2,080	1,161	(5,531)
Sealed rural roads (SRR) – regional	11,076	3,888	917	(6,271)
Unsealed rural roads (URR) – local	10,892	916	235	(9,741)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	695	345	64	(286)
Bridges on SRR – local	1,820	–	18	(1,802)
Bridges on URR – local	1,047	184	–	(863)
Bridges on regional roads	245	–	545	300
Parking areas	21	–	–	(21)
Footpaths	1,353	201	–	(1,152)
Aerodromes	946	177	39	(730)
Other transport and communication	2,848	2,130	451	(267)
Total transport and communication	52,048	12,848	5,392	(33,808)
Economic affairs				
Camping areas and caravan parks	46	69	–	23
Other economic affairs	3,457	2,202	–	(1,255)
Total economic affairs	3,503	2,271	–	(1,232)
Totals – functions	234,607	152,153	25,282	(57,172)
General purpose revenues ⁽¹⁾		86,850		86,850
Share of interests – joint ventures and associates using the equity method	–	243		243
NET OPERATING RESULT ⁽²⁾	234,607	239,246	25,282	29,921

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

MidCoast Council

Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		2018/19	2018/19	2018/19	2018/19
		Great Lakes	Greater Taree	Gloucester	MidCoast Council
Notional general income calculation ⁽¹⁾					
Last year notional general income yield	a	34,160	32,054	5,561	71,775
Plus or minus adjustments ⁽²⁾	b	133	178	15	326
Notional general income	c = (a + b)	34,293	32,232	5,576	72,101
Permissible income calculation					
Special variation percentage ⁽³⁾	d	5.00%	5.00%	5.00%	
Less expiring special variation amount	g	–	–	–	–
Plus special variation amount	h = d x (c – g)	1,715	1,612	279	3,605
Or plus rate peg amount	i = c x e	–	–	–	–
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–	–	–
Sub-total	k = (c + g + h + i + j)	36,008	33,844	5,855	75,706
Plus (or minus) last year's carry forward total	l	–	21	4	25
Less valuation objections claimed in the previous year	m	(3)	–	–	(3)
Sub-total	n = (l + m)	(3)	21	4	22
Total permissible income	o = k + n	36,005	33,865	5,859	75,728
Less notional general income yield	p	36,026	33,876	5,858	75,760
Catch-up or (excess) result	q = o – p	(21)	(11)	1	(32)
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	21	11	–	32
Less unused catch-up ⁽⁵⁾	s	–	–	–	–
Carry forward to next year	t = q + r – s	(0)	(0)	1	0

MidCoast Council

Special Schedule 2 – Permissible income for general rates (continued) for the year ended 30 June 2019

Notes

- (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.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a return (FDR) to administer this process.
- (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 Special Schedule 2 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule 2 - Permissible Income for general rates

Midcoast Council

To the Councillors of Midcoast Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Midcoast Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), 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 had 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

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than 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 the Special Schedules excluding Special Schedule 2 (the other Schedules).

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. 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 that reads "James Sugumar". The signature is written in a cursive style with a small horizontal line under the 'u'.

James Sugumar
Director, Financial Audit Services

30 November 2018
SYDNEY

MidCoast Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	3,266	–
b. Engineering and supervision	3,751	–
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	31	–
– Mains		
c. Operation expenses	546	–
d. Maintenance expenses	2,924	–
– Reservoirs		
e. Operation expenses	229	–
f. Maintenance expenses	233	–
– Pumping stations		
g. Operation expenses (excluding energy costs)	121	–
h. Energy costs	766	–
i. Maintenance expenses	563	–
– Treatment		
j. Operation expenses (excluding chemical costs)	2,485	–
k. Chemical costs	625	–
l. Maintenance expenses	406	–
– Other		
m. Operation expenses	2,824	–
3. Depreciation expenses		
a. System assets	13,893	–
b. Plant and equipment	398	–
4. Miscellaneous expenses		
a. Interest expenses	6,329	–
5. Total expenses	39,390	–

MidCoast Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
Income		
6. Residential charges		
a. Access (including rates)	9,409	–
b. Usage charges	18,809	–
7. Non-residential charges		
a. Access (including rates)	3,136	–
b. Usage charges	8,061	–
8. Extra charges	86	–
9. Interest income	196	–
10. Other income	247	–
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	1,377	–
b. Grants for pensioner rebates	486	–
c. Other grants	–	–
12. Contributions		
a. Developer charges	5,017	–
b. Developer provided assets	335	–
c. Other contributions	–	–
13. Total income	47,159	–
14. Gain (or loss) on disposal of assets	(284)	–
15. Operating result	7,485	–
15a. Operating result (less grants for acquisition of assets)	6,108	–

MidCoast Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
b. New assets for growth	12,642	–
d. Plant and equipment	623	–
17. Repayment of debt	4,176	–
18. Totals	17,441	–
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	38,167	–
b. Residential (unoccupied, ie. vacant lot)	1,793	–
c. Non-residential (occupied)	2,778	–
d. Non-residential (unoccupied, ie. vacant lot)	–	–
23. Number of ETs for which developer charges were received	387 ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 883	\$ -

MidCoast Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
25. Cash and investments			
c. Accrued leave	1,034	–	1,034
f. Other	9,935	–	9,935
26. Receivables			
b. Rates and availability charges	736	–	736
c. User charges	2,753	–	2,753
d. Other	4,273	–	4,273
27. Inventories	258	–	258
28. Property, plant and equipment			
a. System assets	–	501,332	501,332
b. Plant and equipment	–	2,693	2,693
30. Total assets	18,989	504,025	523,014
LIABILITIES			
32. Creditors	3,031	–	3,031
33. Borrowings	16,616	77,840	94,456
34. Provisions			
c. Other	3,318	–	3,318
35. Total liabilities	22,965	77,840	100,805
36. NET ASSETS COMMITTED	(3,976)	426,185	422,209
EQUITY			
37. Accumulated surplus			412,224
38. Asset revaluation reserve			9,985
39. Other reserves			–
40. TOTAL EQUITY			422,209
Note to system assets:			
41. Current replacement cost of system assets			834,488
42. Accumulated current cost depreciation of system assets			(333,156)
43. Written down current cost of system assets			501,332

MidCoast Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	3,220	–
b. Engineering and supervision	2,122	–
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	284	–
b. Maintenance expenses	1,171	–
– Pumping stations		
c. Operation expenses (excluding energy costs)	650	–
d. Energy costs	696	–
e. Maintenance expenses	951	–
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	1,502	–
g. Chemical costs	202	–
h. Energy costs	715	–
i. Effluent management	703	–
j. Biosolids management	794	–
k. Maintenance expenses	1,296	–
– Other		
l. Operation expenses	3,916	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	14,525	–
b. Plant and equipment	398	–
4. Miscellaneous expenses		
a. Interest expenses	4,924	–
5. Total expenses	38,069	–

MidCoast Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
Income		
6. Residential charges (including rates)	26,203	–
7. Non-residential charges		
a. Access (including rates)	11,230	–
b. Usage charges	2,861	–
8. Trade waste charges		
a. Annual fees	5	–
b. Usage charges	123	–
c. Excess mass charges	20	–
d. Re-inspection fees	–	–
9. Extra charges	86	–
10. Interest income	936	–
11. Other income	804	–
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	451	–
c. Other grants	–	–
13. Contributions		
a. Developer charges	2,335	–
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	45,054	–
15. Gain (or loss) on disposal of assets	(107)	–
16. Operating result	6,878	–
16a. Operating result (less grants for acquisition of assets)	6,878	–

MidCoast Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	13/5/16 to 30/6/17
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
b. New assets for growth	1,510	–
d. Plant and equipment	622	–
18. Repayment of debt	5,244	–
19. Totals	7,376	–
Non-operating funds employed		
20. Proceeds from disposal of assets	151	–
21. Borrowing utilised	–	–
22. Totals	151	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	32,838	–
b. Residential (unoccupied, ie. vacant lot)	2,031	–
c. Non-residential (occupied)	2,052	–
d. Non-residential (unoccupied, ie. vacant lot)	48	–
24. Number of ETs for which developer charges were received	416 ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 821	\$ –

MidCoast Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
26. Cash and investments			
a. Developer charges	11,617	–	11,617
b. Special purpose grants	–	–	–
c. Accrued leave	1,018	–	1,018
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	35,810	2,000	37,810
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	3,697	–	3,697
c. User charges	214	–	214
d. Other	1,732	–	1,732
28. Inventories	2	–	2
29. Property, plant and equipment			
a. System assets	–	417,993	417,993
b. Plant and equipment	–	2,693	2,693
30. Other assets	–	–	–
31. Total assets	54,090	422,686	476,776
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	2,630	–	2,630
34. Borrowings	5,923	66,569	72,492
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	3,263	–	3,263
36. Total liabilities	11,816	66,569	78,385
37. NET ASSETS COMMITTED	42,274	356,117	398,391
EQUITY			
38. Accumulated surplus			389,093
39. Asset revaluation reserve			9,298
40. Other reserves			–
41. TOTAL EQUITY			398,391
Note to system assets:			
42. Current replacement cost of system assets			734,911
43. Accumulated current cost depreciation of system assets			(316,918)
44. Written down current cost of system assets			417,993

MidCoast Council

Notes to Special Schedules 3 and 5 for the year ended 30 June 2018

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contributions for water supply or sewerage services received by Council under Section 565 of the *Local Government Act*.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

MidCoast Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Council Offices/ Administration Centres	–	–	829	661	30,184	54,941	7%	47%	46%	0%	0%
	Buildings – non-specialised	188	188	222	424	5,752	11,502	11%	49%	34%	5%	1%
	Council Public Halls	641	641	399	134	10,473	24,633	6%	29%	49%	14%	2%
	Libraries	74	74	323	512	10,318	13,988	63%	19%	15%	3%	0%
	Cultural/Community Facilities	865	865	1,696	455	77,517	145,792	10%	58%	30%	2%	0%
	Other Buildings	1,437	1,437	1,808	1,140	72,413	101,841	74%	12%	13%	2%	0%
	Sub-total	3,205	3,205	5,277	3,326	206,657	352,697	29.8%	39.1%	28.3%	2.6%	0.2%
Other structures	Other structures	321	321	206	574	17,812	27,884			87%	13%	0%
	Sub-total	321	321	206	574	17,812	27,884	0.0%	0.0%	87.0%	13.0%	0.0%
Roads	Sealed roads	69,559	90,693	11,136	5,734	763,404	1,128,419	23%	32%	29%	15%	1%
	Unsealed roads	8,683	2,574	3,462	2,809	109,207	219,106	31%	45%	17%	7%	0%
	Bridges	21,075	6,413	1,953	769	207,087	340,274	25%	47%	21%	7%	0%
	Footpaths/Cycleways	1,523	975	532	106	20,036	34,023	25%	36%	34%	5%	0%
	Kerb & Guttering	3,101	1,772	212	128	74,827	137,719	14%	17%	63%	6%	0%
	Bulk earthworks	–	–	–	–	226,158	226,158	100%	0%	0%	0%	0%
	Sub-total	103,941	102,427	17,295	9,546	1,400,719	2,085,699	32.0%	31.4%	25.6%	10.5%	0.5%

MidCoast Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Water supply network	Water supply network	59,499	59,499	19,081	12,471	423,206	749,200	41%	31%	14%	10%	4%
	Sub-total	59,499	59,499	19,081	12,471	423,206	749,200	41.0%	31.0%	14.0%	10.0%	4.0%
Sewerage network	Sewerage network	58,584	58,584	15,629	12,873	387,567	700,627	41%	32%	12%	8%	7%
	Sub-total	58,584	58,584	15,629	12,873	387,567	700,627	41.0%	32.0%	12.0%	8.0%	7.0%
Stormwater drainage	Stormwater drainage	3,200	1,700	1,970	553	132,518	203,719	16%	47%	30%	7%	0%
	Sub-total	3,200	1,700	1,970	553	132,518	203,719	16.0%	47.0%	30.0%	7.0%	0.0%
Open space/recreational assets	Swimming pools	–	–	319	609	3,555	9,484	7%	0%	93%	0%	0%
	Other Recreational/Open Space Assets	537	537	1,653	4,843	20,051	39,035	50%	34%	12%	3%	1%
	Sub-total	537	537	1,972	5,452	23,606	48,519	41.4%	27.4%	28.1%	2.5%	0.7%
Other infrastructure assets	Other - Other Infrastructure	6,791	6,791	122	81	80,640	137,545	8%	12%	77%	2%	1%
	Sub-total	6,791	6,791	122	81	80,640	137,545	8.0%	12.0%	77.0%	2.0%	1.0%
	TOTAL – ALL ASSETS	236,078	233,064	61,552	44,876	2,672,725	4,305,890	33.2%	31.9%	23.9%	8.8%	2.2%

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required

4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

MidCoast Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods 2017 2016	Benchmark
Infrastructure asset performance indicators * consolidated				
1. Buildings and infrastructure renewals ratio ⁽¹⁾				
Asset renewals ⁽²⁾	<u>26,084</u>	38.25%	65.63%	>= 100%
Depreciation, amortisation and impairment	<u>68,195</u>			
2. Infrastructure backlog ratio ⁽¹⁾				
Estimated cost to bring assets to a satisfactory standard	<u>236,078</u>	8.82%	8.46%	< 2.00%
Net carrying amount of infrastructure assets	<u>2,676,230</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>44,876</u>	72.91%	75.54%	> 100%
Required asset maintenance	<u>61,552</u>			
4. Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	<u>233,064</u>	5.41%	4.44%	
Gross replacement cost	<u>4,305,890</u>			

Notes

* All asset performance indicators are calculated using the asset classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

MidCoast Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2018

	General indicators ⁽¹⁾		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Infrastructure asset performance indicators by fund							
1. Buildings and infrastructure renewals ratio ⁽²⁾							
Asset renewals ⁽³⁾	59.61%	65.63%	12.15%	0.00%	0.18%	0.00%	>= 100%
Depreciation, amortisation and impairment							
2. Infrastructure backlog ratio ⁽²⁾							
Estimated cost to bring assets to a satisfactory standard	6.33%	8.46%	14.06%	0.00%	15.12%	0.00%	< 2.00%
Net carrying amount of infrastructure assets							
3. Asset maintenance ratio							
Actual asset maintenance	72.77%	75.54%	65.36%	0.00%	82.37%	0.00%	> 100%
Required asset maintenance							
4. Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	4.03%	4.44%	7.94%	0.00%	8.36%	0.00%	
Gross replacement cost							

Notes

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Excludes Work In Progress (WIP)
- (3) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.