



Warrumbungle Shire Council

2021/22 Annual Report

Released November 2022



MAYOR'S MESSAGE



The 2021/22 financial year saw the local government elections, twice postponed due to the COVID-19 pandemic, held in December 2021. I would again like to thank the outgoing councillors that served from 2016-2021. The election resulted in a new make-up of the Council and I am honoured to have been selected to serve as Mayor.

The road to recovery has been a prominent theme for the Warrumbungle Shire Local Government Area. Over the past few years it has seemed that we have faced battle after battle with natural disasters, plagues and pandemic, none of which have been things Council can control.

With high motivation to move forward, Council has been on the road to recovery, in particular bringing back visitors to our region, boosting the local economy and recovering from such extraordinary events. Then another unprecedented event hit our Shire with the La Nina weather pattern sweeping across New South Wales causing extensive damage to roads and infrastructure right across the Warrumbungle Shire. Nonetheless, while still facing the recovery after these weather systems, Council has pulled together and progressed forward with some incredible achievements this term.

New water infrastructure across the Shire providing towns with secure and sustainable water supplies, upgrades to sporting facilities, playgrounds and skateparks, new bridges and major roadworks were all delivered this year. But it is not always the big million-dollar project. It is also about the everyday business of running the region and creating and supporting communities, which has happened while these big projects are rolling out. This year there has been a major increase in events right across the region bring communities together and supporting our local economy, which has been wonderful to see.

Funding has been coming into the region at an extraordinary pace this financial year, with both federal and state government supporting us while we have navigated through these unprecedented events, with the most recent funding claim for damage to the road infrastructure being the largest funding claim Council has ever made. All of this incredible work, while embracing challenges, is a credit to the committed staff at Warrumbungle Shire Council.

Within this year Council also joined other councils in defying a State Government direction to record Rural Fire Service vehicles and equipment as Council assets, which would mean having to absorb all depreciation costs, around \$640,000 per annum.

It was with a heavy heart that we farewelled former councillor Fred Clancy this year. Fred served as a councillor of the Coonabarabran Shire Council from 1995-2004, and as Mayor from 1998-2004. Later, Fred was elected to the Warrumbungle Shire Council in 2012, serving as a councillor until his retirement at the 2021 election.

While this Annual Report details the year we have had, the exciting prospect is that we have more to come. The future is bright.

AMBROSE DOOLAN
MAYOR

GENERAL MANAGER'S MESSAGE



2021/22 has been a year of both achievements and challenges for Warrumbungle Shire Council. Major investments have been made in the Warrumbungle communities through Council's capital works program and funded projects, however the year has been dominated by the impacts damaging major weather events on top of the ongoing impact from COVID-19.

A number of major projects have been delivered in 2021/22. With the generous support of the Australian Government, over \$3 million has been invested into various local roads and community infrastructure projects through the Australian Government's Local Roads and Community Infrastructure Program Phase 3. This funding has allowed various projects across multiple towns across the Shire to

commence, improving road networks and community infrastructure, benefiting our community members.

The Australian Government has also provided funding through nationwide Roads of Strategic Importance (ROSI) initiative to upgrade Purlewaugh Road. This project will see millions of dollars put towards critical upgrades including road widening and sealing, as well as the rehabilitation of two curves, providing a safer connection for motorists travelling.

The NSW Government has also made a number of grant funding opportunities available. In particular, Council was successful in obtaining over \$2.4 million in 2021/22 to secure improve the security of water supplies for Coonabarabran, under NSW Government's Emergency Relief for Regional Town Water Supplies Program.

One of the largest Natural Disaster claims has been submitted to the NSW Government for funding assistance with the repair of roads and infrastructure damage across the Shire, after a major natural disaster flooding event in November 2021. This claim for assistance is one of the largest funding claims Council has ever submitted with the estimated costs of repairs have resulted in massive claims for assistance with the claim for road restoration approaching \$14M. The claim packages have been put together in geographical order, so as the claims are approved the works will be tackled in priority order. Works on these repairs are expected to be completed by 2024.

In 2021/22 Council completed over \$16m worth of capital works, including new assets and improving existing assets for the benefit of the community. This is slightly less than the previous financial year due mainly to weather events and impacts from Covid.

With a very motivated Council newly elected this year it has been a privilege to get to know the newly elected councillors, with a very seamless change over and to work in partnership with the Mayor, councillors, the Executive Leadership Team and staff of the Warrumbungle Shire Council. I am pleased to present the 2021/22 Annual Report.

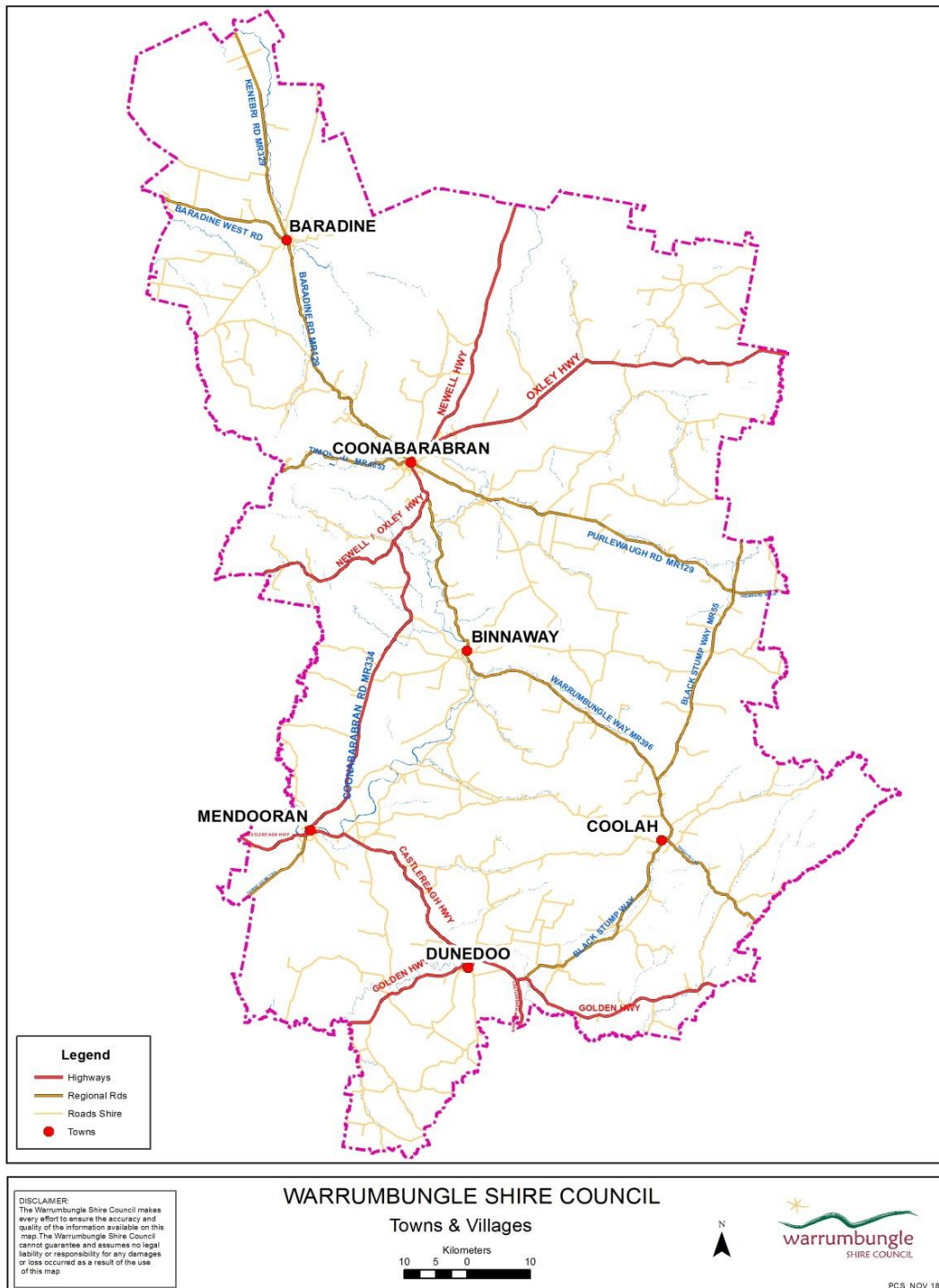
ROGER BAILEY
GENERAL MANAGER

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OUR COMMUNITY

The Warrumbungle Shire local government area is positioned mid-way between Brisbane and Melbourne on the Newell Highway. Taking in the towns of Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo and Mendooran, our local government area is shown below.



COMMUNITY SNAPSHOT



9,225

TOTAL POPULATION

Baradine 586
Binnaway 399
Coolah 722
Coonabarabran 2,387
Dunedoo 725
Mendooran 275



985

ABORIGINAL AND TORRES STRAIT ISLANDER POPULATION



55.9%

EMPLOYED FULL TIME

31.7%

EMPLOYED PART TIME



50

MEDIAN AGE



5,920

RATED PROPERTIES

2,601 designated farmland or rural

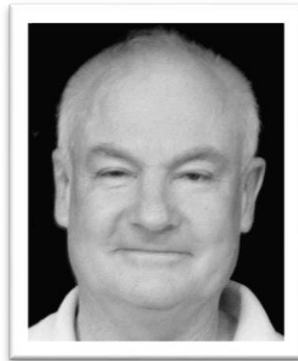


\$559

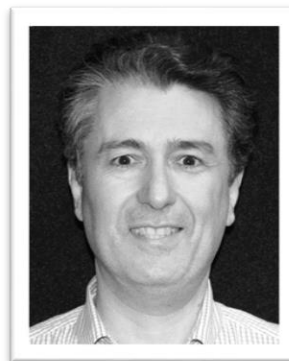
MEDIAN WEEKLY INCOME

*** Sourced from 2021 Census data.*

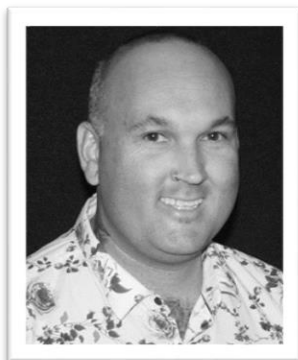
COUNCILLORS



**Mayor
Ambrose Doolan**



**Deputy Mayor
Aniello Iannuzzi**



Kodi Brady



Dale Hogden



Zoe Holcombe



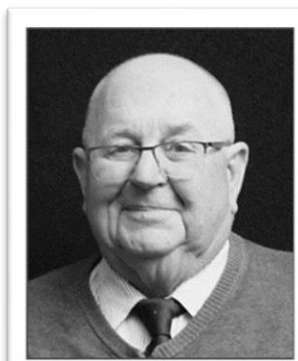
Carlton Kopke



Jason Newton



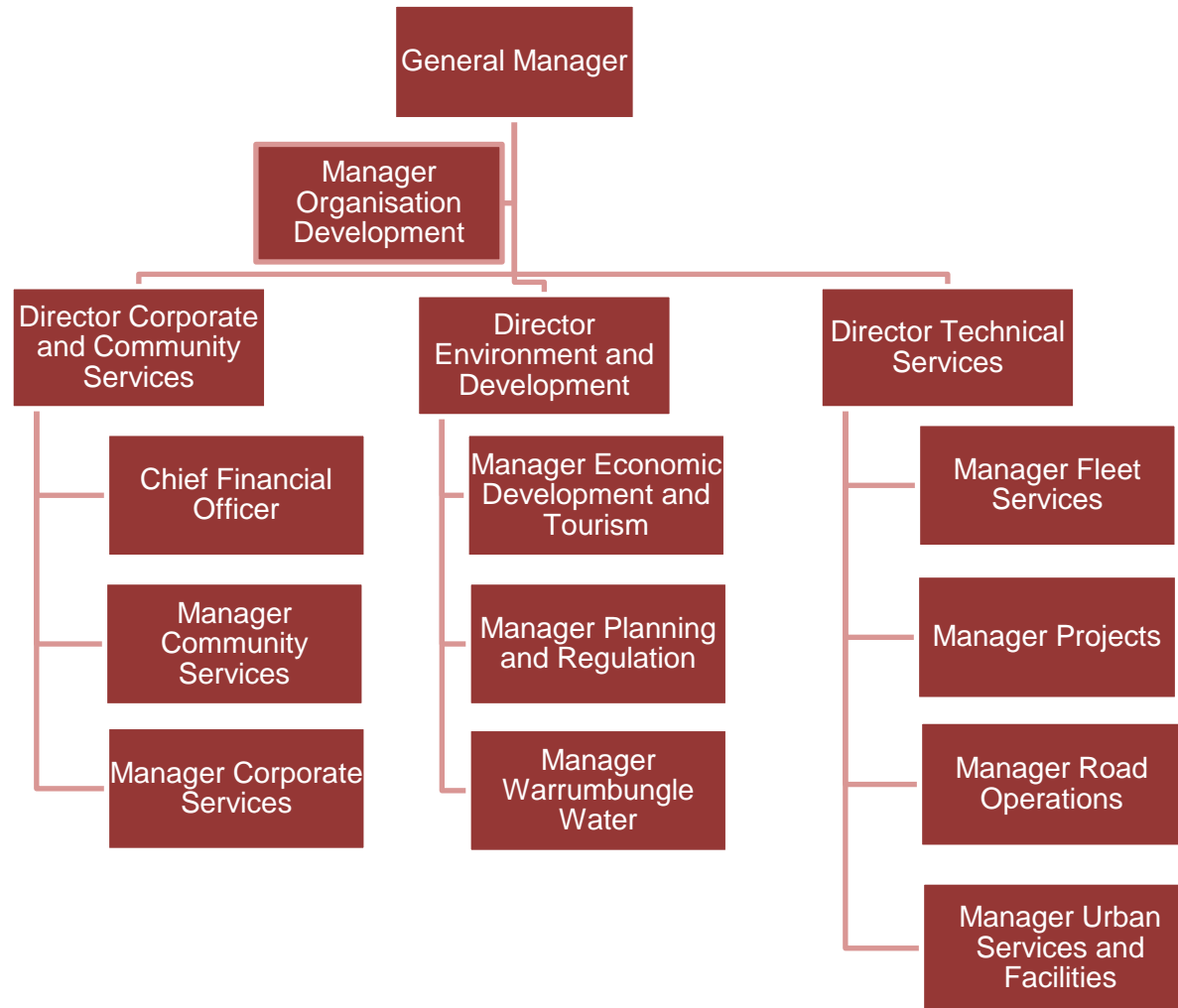
Kathryn Rindfleish



Denis Todd

ORGANISATION

Warrumbungle Shire Council is managed by a General Manager with three Directorates. Council's organisation structure is shown below.



VISION, MISSION AND VALUES

VISION

Excellence in Local Government

MISSION

Council will provide

- Quality, cost effective services that will enhance our community's lifestyle, environment, opportunity and prosperity;
- Infrastructure and services which meet the social and economic needs and aspirations of the community now and in the future;
- Effective leadership and good governance, by encouraging teamwork, through a dedicated responsible well-trained workforce.

VALUES

✓ **Honesty**

Frank and open discussion, taking responsibility for our actions

✓ **Integrity**

Behaving in accordance with our values

✓ **Fairness**

Consideration of the facts and a commitment to two-way communication

✓ **Compassion**

Working for the benefit and care of our community and the natural environment

✓ **Respect**

To ourselves, colleagues, the organisation and the community listening actively and responding truthfully

✓ **Transparency**

Open and honest interactions with each other and our community

✓ **Passion**

Achievement of activities with energy, enthusiasm and pride

✓ **Trust**

Striving to be dependable, reliable and delivering outcomes in a spirit of goodwill

✓ **Opportunity**

To be an enviable workplace creating pathways for staff development

GUIDING PRINCIPLES

Council is guided by section 8 of the *Local Government Act 1993* (NSW), which contains a set of principles to provide guidance to enable councils to carry out their functions in a way that facilitates local communities that are strong, healthy and prosperous.

Local Government Act 1993, section 8A 'Guiding principles for councils':

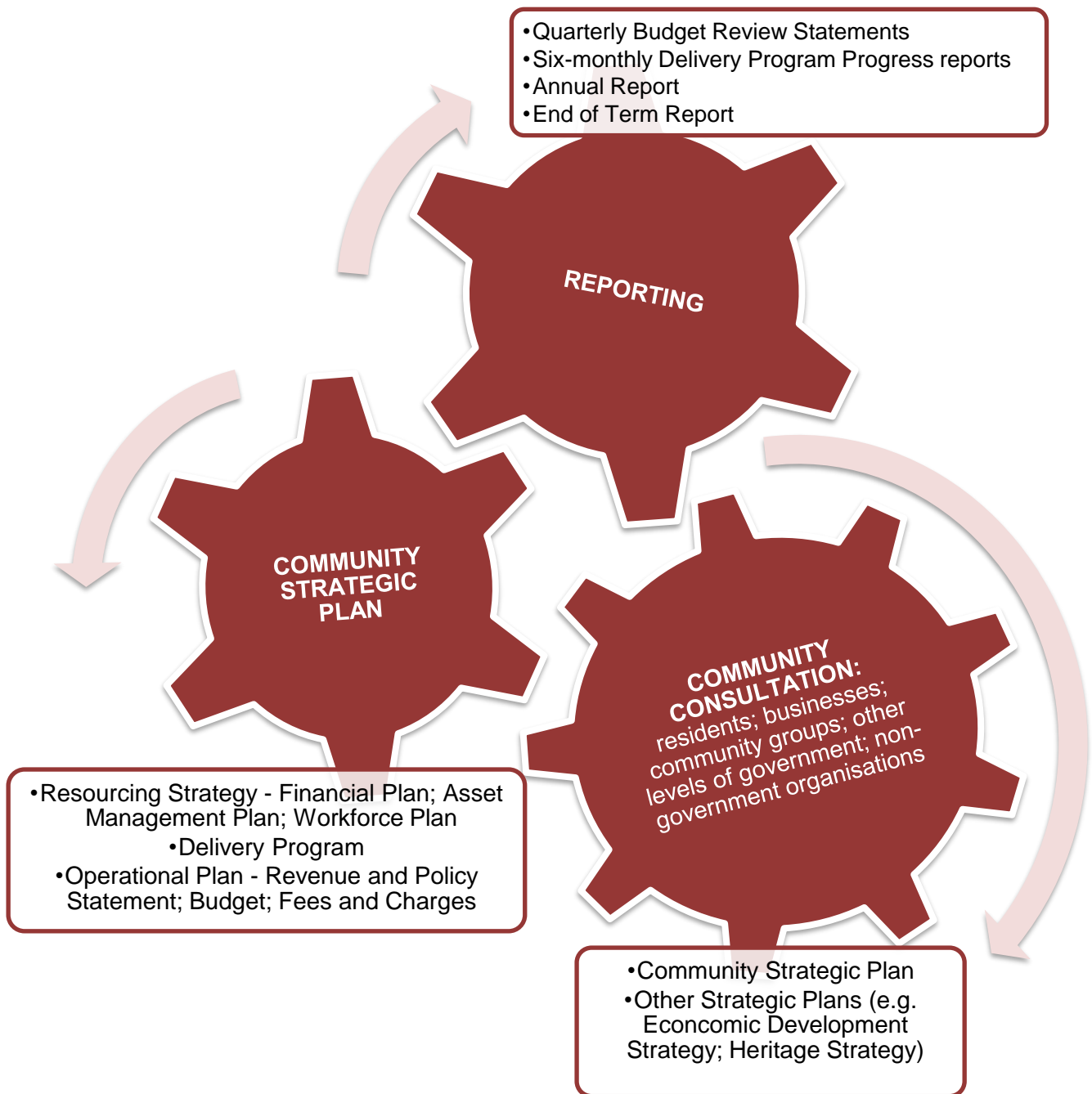
- (1) Exercise of functions generally. The following general principles apply to the exercise of functions by councils:
 - (i) Councils should provide strong and effective representation, leadership, planning and decision-making.
 - (ii) Councils should carry out functions in a way that provides the best possible value for residents and ratepayers.
 - (iii) Councils should plan strategically, using the integrated planning and reporting framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.
 - (iv) Councils should apply the integrated planning and reporting framework in carrying out functions so as to achieve desired outcomes and continuous improvements.
 - (v) Councils should work cooperatively with other councils and the State government to achieve desired outcomes for the local community.
 - (vi) Councils should manage lands and other assets so that current and future local community needs can be met in an affordable way.
 - (vii) Councils should work with others to secure appropriate services for local community needs.
 - (viii) Councils should act fairly, ethically and without bias in the interests of the local community.
 - (ix) Councils should be responsible employers and provide a consultative and supporting working environment for staff.

- (2) Decision-making. The following principles apply to decision-making by councils (subject to any other applicable law):
 - (a) Councils should recognise diverse local community needs and interests.
 - (b) Councils should consider social justice principles.
 - (c) Councils should consider the long term and cumulative effects of actions on future generations.
 - (d) Councils should consider the principles of ecologically sustainable development.
 - (e) Council decision-making should be transparent and decision-makers are to be accountable for decisions and omissions.

- (3) Community participation. Councils should actively engage with their local communities through the use of the integrated planning and reporting framework and other measures.

INTEGRATED PLANNING AND REPORTING FRAMEWORK

All councils in NSW are required to operate within the Integrated Planning and Reporting (IP&R) Framework. This framework aims to facilitate a strong and sustainable local government system by ensuring all councils have in place strategic plans, underpinned by community priorities and supported by appropriate resources. Warrumbungle Shire Council's IP&R is illustrated below.



COMMUNITY PRIORITIES

The Warrumbungle Shire Community Strategic Plan 2017-2032 (the Plan) was developed following community engagement. The Plan's vision describes the importance of our sense of community spirit, our children and our homes. The community's plan for the future will support the growth, resilience and health of our people, our neighbourhoods, the environment and local economy.

The Plan identifies seven key areas of interest to the community's needs and aspirations:

1 NATURAL ENVIRONMENT

We value our pristine, healthy, natural environment with clean water resources and diverse flora and fauna. We enjoy the close proximity to National Parks and large areas of forest and bushland. We love that we are surrounded by wide open spaces and spectacular mountain landscapes. We enjoy the peace and quiet, our temperate climate with four distinct seasons, the fresh, unpolluted air and clear night skies.

GOAL: the good health of our natural environment and biodiversity is preserved and enhanced.



2 LOCAL ECONOMY

Our solid local tourism industry is based on local attractions including three National Parks, Siding Spring Observatory and a range of tailored facilities and amenities. The contribution of our diverse agricultural industry is highly valued, made possible by good climate and rainfall, productive soils, clean water supplies and ready access to markets.

We benefit from good transport links within the Shire and to external markets and customers and from an abundance of natural resources which provide our Shire with opportunities for local economic growth. We have diverse local employment and business opportunities and we have access to a wide range of trades, services and businesses that are locally owned and operated, providing personalised customer service.

GOAL: our economy is strong and sustainable, providing our communities with localised employment opportunities and ease of access to markets, goods and services.

3 COMMUNITY AND CULTURE

Our communities are strong, resilient and inclusive and provide support and assistance to those in need. Local volunteers contribute greatly to our community wellbeing and we enjoy the freedoms that are afforded through our safe, friendly and caring community. Our Shire is a great place to raise a family and we value the contributions and participation of our younger people who are provided opportunities to support their development. Relationships between our indigenous and non-indigenous communities are harmonious and respectful and our diverse community is reflected through a wide range of arts and cultural activities, festivals and events.

GOAL: the communities of our Shire are safe, harmonious and supportive and are bound by vibrant social and cultural interaction and a strong local identity.



4 RURAL AND URBAN DEVELOPMENT

Our Shire is centrally located in NSW, within close proximity to regional centres and cities and we offer a range of affordable housing options. We enjoy a relaxed pace of life with low traffic volumes, no overcrowding and our urban centres are enhanced by the surrounding rural landscape and atmosphere. Our local history and heritage is visible in our towns and villages which are clean, tidy and well-presented.

GOAL: our Shire is characterised by its peaceful rural landscape, its thriving towns and villages and diverse agricultural activities.

5 RECREATION AND OPEN SPACE

People within the Shire have opportunities to participate in a diverse range of locally based sports catering for people of all ages, activity levels and interests. Our rural setting provides children with opportunities to play in and explore their natural environment and our communities have easy access to a wide range of active and passive recreational pursuits through close proximity to National Parks and other open spaces. Organised sporting and recreational activities within the Shire are coordinated by an array of active clubs and volunteer organisations and Council provides communities across the Shire with well-maintained sporting facilities, parks and gardens.

GOAL: the communities of our Shire have abundant opportunities to participate in sporting and recreational interests of their choice.

6 PUBLIC INFRASTRUCTURE AND SERVICES

We have a range of essential local services and facilities supporting the health, medical and aged care needs of our communities and we benefit from the local presence of State and Federal agencies and non-government organisations that provide a range of essential services. Local children and young people benefit from provision of high quality educational services and facilities. We have an array of public infrastructure, such as parks, libraries, community halls, swimming pools, sporting facilities and tourism amenities that are important for the prosperity and well-being of our communities.

Our towns benefit from the secure supply of potable water and our villages and rural areas have access to water from rainfall, rivers and artesian systems. Our Shire accommodates major road transport links that are of national importance for the movement of people and freight and Council maintains three aerodromes and an extensive network of roads and bridges that provide connections within the Shire and to other regional centres. We are also supported by volunteer emergency services that are critical in providing immediate accident and disaster response.

GOAL: our communities are provided with safe, functional, and well-maintained infrastructure and a comprehensive range of services.



7 LOCAL GOVERNANCE AND FINANCE

Our councillors represent the communities of the Shire well and work effectively together, taking their responsibilities as elected officials seriously. Council provides an appropriate range of services and facilities that are responsive to community needs and Council bases its activities and decision-making on principles of openness, transparency and accountability. Council maintains a visible presence across the Shire through decentralised offices, services and depot facilities.

Council is the major employer within the Shire, providing a wide range of local training and employment opportunities and Council's staff members are friendly and approachable and are an integral part of the communities of the Shire. Council is proactive in providing financial, staff and other resources to develop programs and services that support the well-being of its communities.

GOAL: Warrumbungle Shire Council is recognised for its strong community leadership, sound financial and asset management, and ethical, accountable and responsive local government.

COUNCIL HIGHLIGHTS

Warrumbungle Shire Council's implementation of its Delivery Program through the 2021/22 Operational Plan included the following highlights.

NATURAL ENVIRONMENT

Compliance Services

Warrumbungle Shire Council's Compliance Officers received an exciting addition to their fleet with the installation of new animal management canopies from AWL Canopies. The canopies are designed to support better occupational health and safety for staff and ensure animal wellbeing for animals impounded in Warrumbungle Shire.

Compliance Officers hosted free microchipping days across the Shire in October and November 2021 to give pet owners opportunity to microchip their animals.

Council was lucky to receive a donation from the Rescue Resource Winter Warmers Appeal. Council received a large donation of blankets, toys, treats and handmade dog coats and beds to assist in keeping the animals in the pound warm for the winter.

Council Compliance Officers received a number of reports of dog attacks on livestock and other animals.

Council's Compliance Officers are on call for any dog attacks or stock on road calls throughout the year. Council Officers attended 8 dog attacks and 15 stock on road after hours call outs last year.

Noxious Weeds

Council continues to maintain its membership with Castlereagh Macquarie County Council with all weed control matters being handled on Council's behalf by the County Council.

Environmental Health Services

Annual inspections were carried out on food premises throughout the Shire to ensure food safety requirements are in place and food is safe to consume. Microbiological water sampling was undertaken on a weekly or fortnightly basis for towns on potable water supply to ensure water is safe to use. Chemistry sampling was also undertaken for potable water every six months.

The Statement of the Environment Snapshot for 2021/2022 was completed and is draft form for release in late 2022. Highlights from the snapshot are: Council's greenhouse gas emissions, Council's use of office paper, annual town water consumption and number of mining and exploration titles all declined from previous years. Timor Dam Access Track was used as the environmental case study. This is to enable safe access to the downstream area of the dam wall to restore the dams scour valve which will facilitate water environmental releases which will enhance fish and riparian habitats.

LOCAL ECONOMY

Private Works

Council staff possess a range of skills and are able to offer services to customers on a commercial basis. These services or private works are undertaken on an agreed fee for service basis and in accordance with rates published in the Fees and Charges section of the operational plan. The types of private works undertaken by staff include roadworks, slashing, mowing and minor concrete works.

Tourism and Economic Development

94 messages created and uploaded to displayed on digital sign to regional promote events, visitor attractions and important messages.

Effective provision of support and distribution of visitor information services through a combined total of 894 mail outs, monthly brochure orders to business operators, and promotion packs disseminated at events and conferences promoting the region's attractions and visitor information.

Bathroom usage at 49,796 for last financial year.

Buildings, grounds, and facilities presented well, including and modernised retail area in Visitor Information Centre, using local contractors wherever feasibility possible, and installation of automatic doors at Visitor Information Centre to enable easier entry and more welcoming to visitors. Additional security camera installed to ensure safety and WH&S standards for travellers, residents and staff.

Visitor Information Centre now showcases local produce from 19 local businesses, which is a total of 125 products from the region at Visitor Information Centre.

Approximately 13,000 recorded through the visitor information centre, with lockdowns and border closures in July, August, September and October 2021.



Tourism and Economic Promotion

Collaborative tourism campaign 'Real Country' across Warrumbungle, Gilgandra and Coonamble LGAs.

Building Our Warrumbungle Communities action plans developed by each town's key stakeholders and community organisations, from Peter Kenyon – Building Our Warrumbungle Communities Project, distributed throughout the region.

\$239,651 successful application for Community Events Program funding.

Shop Local social media campaigns at various key times throughout the year to promote local businesses and services. Local produced showcased at Visitor Information Centre for sale, and new businesses promoted within Shire through various mediums such as social media, campaigns and e-newsletters, and internal communications.

Collaboration and strengthened relationships with community organisations through funding applications and common goals, such as Driver Reviver Upgrade with Girl Guides, National Parks and Pandora Gallery Visitor Information Centres.



COMMUNITY AND CULTURE

Community Care

Warrumbungle Community Care (WCC) provides a range of programs across the Shire to assist the frail aged, people with a disability and their carers. Programs include: Community Transport (vehicles and wheelchair accessible bus), Meals on Wheels, In-home Respite, Social Support and Home Maintenance. WCC is also an Approved Home Care Package provider (HCP), allowing WCC staff to provide in-home domestic and personal care individually tailored to their needs.

The range of services support people to continue to live independently in their own homes. WCC provides services to over 800 clients across the Shire. These services are provided by a dedicated and passionate team of six permanent staff, five part-time/casual staff and a team of approximately 190 volunteers.

In 2021/22 financial year Warrumbungle Community Care provided the following services:

Service	Outputs
Meals on Wheels	14,409 meals
Social Support	6,797 hours
Respite	166 hours
Home Maintenance	1,827 hours
CHSP transport	3,144 trips
NDIS transport	29 trips
CTP transport	2,370 trips
HRT (Health Related Transport)	85 trips
DVA Transport	43 trips
Taxi Vouchers (Coonabarabran)	3,887 vouchers

The WCC Food Voucher Program has grown with over 7000 vouchers given to eligible clients, and 30+ food vendors involved. In 2022 WCC was awarded the NSW Meals on Wheels “Innovation Award” for the Food Voucher Program. WCC see this as “Future

Proofing” the Meals on Wheels service, allowing clients more independence and choice while also supporting the local economy.

WCC celebrated 50 years of Meals on Wheels across the Shire (1972-2022). WCC have demonstrated that they are here for the long haul and will be a strong and supportive service for our communities for another 50 years.



Community Development

Community Development Coordinators (CDCs) provide a point of contact for Council in the local towns, seek funding on behalf of their District Development Group or Progress Association, and help coordinate and promote local events.

In 2021/2022, the Community Development Coordinators had a successful year with funding being sourced for programs, activities and infrastructure in our local towns. A highlight of 2022 was The Festival of Place “Light the Night” events utilising the NSW Government’s Summer Night Fund for free, COVID-Safe events in public spaces to re-energise local centres in the evening and at night. Council worked closely with the CDCs who were instrumental in organising these events in their local towns.

Connect Five Children’s Service

Connect Five Children’s Services is externally funded by the NSW Department of Education under Start Strong Pathways. The Start Strong Pathways program helps provide educational support for young children prior to preschool enrolment and helps promote the importance of early childhood education to parents. Connect Five Children’s Services delivers this program through play sessions and licensed care to families with children not yet attending preschool and long day care in nine communities across four Shires – Warrumbungle, Coonamble, Walgett and Gilgandra.

In 2021/2022 Connect Five Children’s planned 45 Play Sessions a term at nine different venues. 181 of these sessions were held. Attendances for 2021/2022 were 311 children. In lieu of face to face delivery, due to the impacts of COVID and weather events, staff continued with the PADLET Remote Learning Hub and provided Family Activity Packs sent out by mail.

During 2022, Connect Five increased play sessions from 2 hours to 3 hours and implemented an afternoon session in Coonabarabran. Connect Five is also a Licensed Service that provides Occasional Care for families who wish to attend an appointment and/or give their child the opportunity to experience a childcare setting on their own for a short period. This service is greatly valued in areas where there is no other childcare service.

Another very popular part of the Service is the Mobile Toy Library. The Mobile Toy Library provides toys and equipment for enhancing children's learning and is an essential service for isolated and disadvantaged families. Other agencies working with young children, such as nurses and occupational therapists may also borrow from the Toy Library. Over 60 toys were borrowed from this service this year with borrowing down due to service operation impacted by COVID and weather events.

Connect Five participated for the first time in the Assessment and Rating process where education and care services are assessed by the state regulatory authority. Connect Five achieved the rating of *Meeting the National Quality Standard* which means the service is providing quality education and care in all 7 areas of the National Quality Standard.

Coonabarabran After School and Vacation Care

The service which began in 2012 operates at the Warrumbungle Shire Council Robertson St campus, at 14 Robertson Street, Coonabarabran. The service provides After School Care during school terms and Vacation Care during School Holidays.

Coonabarabran After School Care operates five days a week from 3.00pm to 5.30pm during school terms Children who are attending school in years K - 6 are cared for in a fun, safe environment by educators who implement a play-based program in line with the "My Time, Our Place" (the National Framework for school age care in Australia). After School Care had 1146 bookings during the year.

Vacation Care provides kindergarten and primary school children with fun, varied and engaging recreation-based activities during school holidays Vacation Care operates for at least 35 days a year and had had 274 bookings.

Coonabarabran After School and Vacation Care went through Assessment and Rating in Term 2, 2022 and achieved the rating of *Meeting the National Quality Standard* in all areas.

Yuluwirri Kids/Connect Five – Monkey Room

This Mobile Preschool, in conjunction with Connect Five Children's Services license, supports Yuluwirri Kids waiting lists for 3- to 5-year-old children who want to attend Preschool. This is funded by NSW Government Mobile Preschool Funding for children enrolled in mobile preschools in regional and remote NSW.

Monkey Room operates from the Robertson St venue at Coonabarabran. In 2021 Monkey Room operated on Wednesday and Thursday and in 2022 Monkey Room changed its operating days to Monday and Friday for community demand with attendance levels of over 93%.

Yuluwirri Kids Preschool and Long Day Care

Yuluwirri Kids is a 57-place licensed Preschool and Long Day Care Centre that opened on 2 February 2009. The Centre offers 27 preschool places and 30 Long Day Care places a day. This year we received Start Strong Free Preschool funding supports families with the delivery of free preschool for 600 hours in the two years before school.

Yuluwirri operates an indoor/outdoor pedagogy with age group programming and learning spaces involving a STEM and Music space; a Literacy and Drama space; Outdoor; and a Cultural and Arts space.

Age grouping consists of:

- *Explore & Discover with 0-24 months* - This is a place where our discoveries begin, for developing trust and emotional security and for exploring through play and

learning through social interactions. Discovering independent skills and exploring autonomy

- *Investigate with 2 years* -This is a place for finding autonomy for promoting independence and self-help skills, developing friendships and relationships, a space to discover, investigate & explore.
- *Experiment & Evaluate with 3 years* -This is a place for investigating and exploring their world, developing friendships and relationships, they make discoveries, conduct research, make connections and challenge their mind and bodies.
- *Collaborate & Research with 4 years+*. - This is a place to learn about the world, and our place within it. Making discoveries, researching, hypothesising, building relationships, making connections and challenging our minds and bodies.

The age group programming allows us to meet the changing age numbers each year. This year Preschool utilisation was 3,544 sessions and Long Day Care utilisation was 6,207 sessions. This equates to 66% utilisation for Preschool and 85% for Long Day Care.



Libraries

Macquarie Regional Library (MRL) provides a range of services and collections to the communities across the Warrumbungle local government area. The library provides services and collections at each of the three libraries of Coolah, Coonabarabran, Dunedoo, and limited services to Baradine, Binnaway and Mendooran.

In 2021/2022 MRL services once again included:

- Maintenance of a service for housebound members and members in aged care
- Involvement in celebration weeks such as Simultaneous Storytime, National Youth Week, Law Week, Library and Information Week
- Promotion of events and activities in local towns.
- School Holidays Programs and activities.
- Engagement with local schools, childcare, story time and homework sessions.
- Regular reading and craft sessions.
- Hosting meetings of local groups including local book clubs, craft groups and gardening groups.
- Hosting information sessions and other activities for people of all ages.

Highlights included author visits and book signings throughout the year, the launch of the *Dolly Parton Imagination Library*, the inaugural *Star Wars Festival*, State Library of NSW paintings exhibition and the introduction of new collections and formats including the digitisation of Coonabarabran newspapers.

Public Halls

Council owns public halls in Baradine, Mendooran, Coonabarabran, Dunedoo, Goolhi, Binnaway, Coolah and Purllewaugh. The Coonabarabran Sport and Recreation building is also categorised as a hall for reporting purposes. The cost of maintaining these halls during 2021/22 totalled \$0.18m.

Funding was made available to upgrade the Goolhi Hall in the amount of \$19,789. The Baradine Hall was painted and had air conditioning and acoustic treatments installed in the amount of \$68,621.



Youth Services

Throughout 2021/22 the Targeted Earlier Invention (TEI) Community Connections Program administered by the Community Services Connections Officer (CSCO) continued to collaborate and co-ordinate with stakeholders across the Shire to develop and deliver opportunities for young people. The TEI program comprises of Community Sector planning and coordination, community outreach, social participation and community support and advocacy.

Ongoing support and information sharing were coordinated by the CSCO through the Warrumbungle Interagency Committee providing opportunities for new and current service providers and community groups to collaborate and connect to implement community



campaigns, events and activities such as the NAIDOC Week, Little People Task Force Fun Day and Mental Health and Wellbeing Awareness campaigns.

The CSCO collaborates with local services organisation through the Warrumbungle Domestic Violence Committee, School Holiday Planning Groups and Coona Yarn, Support, Connect Suicide Prevention Network to organise community awareness activities and events to improve connectivity across the Shire.

The Warrumbungle Local Drug Action Team (LDAT) from the Alcohol and Drug Foundation (ADF) continued to implement a Community Action Plan (CAP) including participating in the Baker Pilot Program to assist parents communicating harm minimisation strategies for teenagers. A Family Fun Day in Coonabarabran with multiple games, sports and inflatables brought together 170 community members.

Festival of Place – Summer Fund grant was utilised during April 2021 to organise Light the Night Markets in Baradine, Dunedoo and Coonabarabran which included professional ‘light up’ of the iconic Baradine Memorial Hall during the market and for the Debutante Ball. In addition, a Light Up Movie Night was organised in Mendooran.



School Holiday activities continued in collaboration with other service providers including Centacare, MacKillop, Barnardos and Mission Australia. Primary and High School craft and game activities were offered at the Coonabarabran Sport & Recreation Centre. Coona Drop In after school program also continued twice a week for primary and high school students.

Funding from Department of Regional NSW Summer and Autumn Holiday Break Program allowed Base Zero Mobile Rock Climbing to provide activities in Mendooran, Dunedoo, Coolah and Baradine and the return of Totem Skate to Coolah.

2021 Youth Week activities were held in April with the annual Mendooran Youth vs Police and Teachers Touch football, Dunedoo Youth Landcare Spray painting workshop, Coonabarabran Skate Night, Colour Runs in Coolah, Binnaway and Coonabarabran, Baradine SRC Inclusive Sports Day and Coonabarabran High School week long activities. Warrumbungle Shire Council was again a finalist for the NSW Youth Week Best Small Council with Most Outstanding Youth Week Program.



Compliance Services

Council maintains Alcohol Free Zones throughout the urban areas of the Shire. Compliance Officers undertake regular inspections to ensure the Alcohol-Free Zone signage is current and in the correct position. Signs are replaced if they are old or unreadable.

RURAL AND URBAN DEVELOPMENT

Building Control

Councils Building Certifier issued 26 Construction Certificates in the 2021/2022 financial year and 3 Complying Development Certificates. Council also undertook a number of Critical Stage Inspections that are mandatory for building works to ensure that all building and plumbing works meet the current requirements of the National Construction Code and Australian Standards.

Council issued a number of Building Information Certificates for illegal building works once a Development Application had been approved for the use of the land.

Councils Building Certifier also undertakes the assessment and inspections on all On-Site Sewerage Management System applications for new dwellings and condition reports requested by owners for sale of land.

Councils Building Certifier is the Authorised Officer to undertake Swimming Pools Inspections that are undertaken on a yearly basis for tourist and visitor accommodation and for any property being sold. Council issued 3 Non-Compliance Certificates on the first inspection with works to be undertaken by the owners and subsequent inspections being undertaken resulting in a Compliance Certificate being issued.

Town Planning

Councils Town Planner assessed 62 Development Applications worth \$7,968,210 throughout the Shire in the 2021/2022 financial year. Council Staff processed 687 Planning Certificates which are a requirement for sale of property and other legal matters, the Certificates were all dispatched within the required timeframes.

The Town Planner commenced the review of the Development Control Plan to ensure that the plan is up to date with the current legislative requirements and any Guidelines that have been released. This plan is a guide to be used when applying for development approval and gives the applicant information on what is required when applying for a Development Consent.

Council is reviewing the Warrumbungle Local Environmental Plan 2013 to incorporate changes to land zoning to reflect the current needs of the Shire and to amend minor alignment issues with zoning of properties throughout the Shire. The review of the LEP will ensure that the current land uses are reflected in the zoning of the land and the future expansion of the communities can continue.

The NSW Planning Portal commenced on the 1 July 2021, all applications for development are now lodged via this online portal. Through funding from the Department of Planning Council purchased two computers and set up stations at the Coolah and Coonabarabran Offices for those people who do not have a computer at home to help with the lodgement of applications online.

Horticulture

Council owns and maintains 19 park areas throughout the Shire and there are eight sets of playground equipment. Some of the maintenance activities in these areas include: grass cutting, watering, weeding, tree pruning, amenities cleaning and maintenance, monitoring and maintenance of playground equipment, and general horticultural tasks associated with numerous garden beds. The annual cost of parks and gardens maintenance activities in 2021/22 was \$0.60m.

Funding was available for improvement works during the year and the Coonabarabran skate park pump track was completed.



Street Cleaning

Council owns and operates a street sweeper that sweeps gutters in each of the six towns within the Shire. Working on a three-week schedule, gutters are swept in accordance with the following schedule: Coonabarabran 3 days a week; 0.5 days per week in Coolah and Dunedoo; and 0.3 days per week in Baradine, Binnaway and Mendooran. The cost of street cleaning in 2021/22 was \$0.29m.

Public Amenities

There are 12 public toilets throughout the Shire that are owned and maintained by Council. The toilets generally opened at dawn and closed at dusk, however there are some toilets that are opened 24 hours 7 days a week. The toilets are cleaned at various times during the week, a total of 70 times each week. The cost to clean and maintain these toilets in 2021/22 was \$0.31m.

Funding was available for improvement works during the year the upgrading of the Milling Park toilets in Dunedoo was completed.

Town Streets

There are six urban areas in the Warrumbungle Shire Local Government Area: Baradine, Coonabarabran, Binnaway, Coolah, Dunedoo, and Mendooran. Within these areas there is a total of 139km of roads. Some of the maintenance activities carried out by Council for these roads include emptying of street bins, street garden and tree maintenance, stormwater infrastructure maintenance and cleaning, and road and footpath maintenance. The total cost of these maintenance activities in 2021/22 was \$0.68m.

Council received funding from the NSW Streets as Shared Spaces Program to transform Little Timor Street into a plaza and provide the community and the travellers with a place to engage in socialising, community interaction and children's play.

Resealing of a number of town streets did not occur this year owing to COVID-19 related delays.



Village Streets

Mowing, maintenance grading and tree maintenance was undertaken in the streets of villages across the Shire including; Kenebri, Bugaldie, Ulamambri, Merrygoen, Neilrex, Uarbry and Leadville.

RECREATION AND OPEN SPACE

Compliance Services

Building Certifiers undertake inspections to ensure private pools meet the requirements of pool safety legislation. Inspections are carried out upon request and compliance certificates are issued for complying barrier fences.

Ovals and other Sporting Facilities

Across the Shire there is an oval complex in each town and there are tennis courts in Coonabarabran, Binnaway, Baradine, Mendooran and Coolah.

Funding was made available for several renewal and improvement projects including shade sails over the skate park in Baradine; new oval fence at Mendooran sportsground; painting of the Sport and Recreation building in Coonabarabran; upgrading of the amenities at number 3 oval Coonabarabran, improvements to the changing facilities at the Baradine Oval and completion of an irrigation system at Binnaway oval.

A major \$1.7m project to upgrade the facilities at Robertson Oval in Dunedoo was completed. This project was funded by the Building Better Regions, Local Roads and Community Infrastructure funding programs and \$124,596 from council.



Pools

Council operates outdoor seasonal swimming pools at Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo and Mendooran. All six pools opened in October 2021 and closed in April 2022 except Binnaway Pool which opened in November 2021 and closed in March 2022.

Operational hours at some pools were affected by COVID 19 and staff shortages. Dunedoo Pool was closed for several days over the Christmas/New Year period when staff could not attend work due to COVID 19 and replacement staff could not be sourced. Mendooran Pool hours were also disrupted with no staff available the last week in November, the first week in December and the majority of the following week.

The operating costs for swimming pools was \$0.67m.

Pool attendances were down on previous years with 27,533 patrons in 2021/22 compared to 29,635 in 2020/21 and 41,019 in 2019/20.

Maintenance and renewal works carried out in 2020/21 included tree trimming in Binnaway, crack sealing in Coolah and underwater lights repair in Coonabarabran.



PUBLIC INFRASTRUCTURE AND SERVICES

Aerodromes

There are aerodromes at Baradine, Coolah and Coonabarabran. In 2021, the Civil Aviation and Safety Authority (CASA), introduction new certification rules for aerodromes and

airports. In September 2021, Council resolved to carry out certification under the new roles for the Coonabarabran aerodrome only. This meant that from 4 January 2022, the Coolah aerodrome was no longer certified. This reduces the administration burden placed on Council for an aerodrome that receives only occasional use.

Maintenance tasks undertaken by Council include grass slashing, weekly inspections and maintenance of the bitumen surface on the runway at Coonabarabran. The annual cost of aerodrome maintenance in 2021/22 was \$0.14m.

Emergency Services Management

The Local Emergency Management Committee was activated in response to the COVID-19 situation during 2021/22.

In addition, the Committee met on four occasions throughout the year with meetings well attended by representatives from: NSW Police; Fire and Rescue NSW; Rural Fire Service; Ambulance; State Emergency Service; Volunteer Rescue Authority and from the Regional Emergency Management Committee.

Council participates in the Bush Fire Management Committee which prepares plans for managing bush fire risks.

Local Roads and Infrastructure

Council has an extensive road network of 2,518km of which 1,543km is unsealed. Council also undertakes roadworks under contract for TfNSW on 186 km of state roads, including sections of the Golden Highway, Newell Highway (urban areas only) and Castlereagh Highway.

In November and December 2021, storms and significant rainfall caused extensive damage to the shire road network and a natural disaster was declared. Over 1,770 defects were identified with the value of the restoration work estimated to be over \$12 million. Restoration works include grading 440km of unsealed roads, pavement and surface repair of 500km of sealed roads, bulk filling of gravel and rock at 43 locations, reshaping of 6.5km of table drains and repair of 12 major causeways, culverts and bridges. Council submitted nine works packages to the value of \$12,767,871.13 for the restoration works. Subject to Council's funding approval being successful, these restoration works will be carried out over two financial years.



Despite this event and subsequent rain events, Council was still able to achieve a number of works. Over \$2.5m was spent on rehabilitation works on the following roads:

- Indians Lane
- Tucklan Lane

- Booloola Road
- Bugaldie Goorianawa Rd
- Merrygoen Rd
- Napier Lane

A seal extension on Neilrex Rd was carried out in the amount of \$1.2m.

Pavement rehabilitation was carried out on Black Stump Way (MR55) in the amount of \$1.9m and curve widening was carried out on Purlewaugh Rd.

Over \$0.5m was spent on gravel re-sheeting on the following roads:

- Dennykymine Rd
- Avonside Rd
- Indian Lane
- Wongoni Rd
- Lockerbie Rd
- Mt Hope Rd
- Cobbora Rd

Medical Facilities

Council owns buildings in Coonabarabran, Mendooran and Dunedoo that are leased for provision of medical services. These premises were maintained and met the professional service level expected by the medical practitioners operating in each of the buildings.

Warrumbungle Waste

Councils Landfill site at Coonabarabran and the Transfer Stations located at Baradine, Binnaway, Coolah Dunedoo, Mendooran and Ulamambri are maintained by Council. The transfer stations are opened over various days throughout the week to ensure that residents have access for the disposal of household waste and recycling.

Council undertakes a weekly general waste collection and a fortnightly recycling collection for residents who pay for the collection service.

The Container Deposit Scheme over the counter collection points at Coonabarabran and Dunedoo provide residents the opportunity to cash in their used containers through the Return and Earn program with 2,253,723 containers cashed in over the 2021/2022 financial year.



Warrumbungle Water and Sewer

Potable water is supplied to residents in Baradine, Binnaway, Bugaldie, Coolah, Coonabarabran, Dunedoo, Kenebri and Mendooran; non-potable services are supplied to residents in Merrygoen and along the raw water feed main on Timor Road, Coonabarabran. In all there are around 3,300 service connections. To provide these services, there are 23 groundwater bores, four river wells, one dam, one weir, four water treatment plants, 23 reservoirs including treatment plant clear water tanks and 169 km of water mains including head works, transfer and reticulation mains.



To improve water security major upgrades were carried out on both filter gulleys at the Coonabarabran Water Treatment Plant (WTP); Timor Road Pipeline Project linking bores 8,10,11 to the Coonabarabran Water Treatment Plant was successfully completed. A new chlorine room was installed at Coolah replacing the old and non-complaint system; a full filter media replacement took place at Coonabarabran WTP as the old media was no-longer performing at an optimal and satisfactory level.

To improve water quality a continuing reservoir cleaning program saw another eight reservoirs cleaned and inspected to ensure all were up to standard; 1.4km of water mains replacements occurred throughout the Shire in an ongoing attempt to address water quality issues. Shire wide Telemetry Project commenced and is now fully functional. To improve water quality and safety the last remaining abandoned bore was capped at Coolah Bore fields increasing water safety for the residents of Coolah and the water supply.

Sewage services are provided to residents in Baradine, Coolah, Coonabarabran and Dunedoo. In all, there are 2,357 connections. Infrastructure to support these connections includes nine pumping stations, four sewage treatment plants and 83 km of sewer main.

In 2021/22, 9.3km of sewer mains were cleaned and inspected whilst 600m was relined to help reduce infiltration and to prolong pipeline longevity. The Vacuum Pots Replacement Project at Baradine saw the completion of all remaining pots being refurbished; a replacement vacuum pump was installed meaning that both pumps have now been updated. All funded plant upgrades have continued to progress. Pump Station 4 in Coonabarabran had a major overall mechanically and structurally to further ensure it runs at an optimal standard.

Environmental Health Services

Assessment and inspections are carried out on all new applications for OSSMS. Council's Building Certifier has undergone training to ensure that the assessment and inspections are carried out in accordance with the current standards. Existing on-site sewage management systems are inspected as required on an ad-hoc basis.

LOCAL GOVERNANCE AND FINANCE

Financial Services

The 2021/22 financial year was extremely busy, with many challenges, including staff shortages in key areas, especially around statutory reporting. Having said this, the 2021/22 Annual Financial Statements were prepared by 30th September 2022, an improvement on 2020/21 year.

Council's result is pleasing with a \$3.046m net operating surplus before grants and contributions. This compares favourably to the 2020/21 result of \$1.981m surplus. Whilst the result is pleasing, it includes \$2.026m of Financial Assistance Grant paid in advance, and a projected saving of \$0.624m saving on depreciation from derecognition of Rural Fire Services Assets, that in Council's view, are not under its control. The 2020/21 result has been adjusted from a \$0.456m surplus to a \$1.981m surplus, due to the derecognition of Rural Fire Services assets and a prior year error in the expense for Insurance costs being overstated by \$0.971m.

There were some significant achievements made by Council's Finance team in the 2021/22 financial year, including:

- Completion of Council's 2021/22 financial statements by 30 September 2022;
- No lost time injuries or WHS incidents within the Finance team in 2021/22;
- Completion of IP & R requirements.

Governance

Developing strategic relationships with other levels of government is a community objective for Council in an effort to ensure that the Warrumbungle local government area receives an equitable allocation of resources. Relationships with all levels of government have continued to be developed and maintained. Council is proactive in communication with various Federal and State Ministers and Members of Parliament, as well as with other councils. Membership and participation in State and regional bodies such as Local Government NSW, the Australian Local Government Association and Mining and Energy Related Councils is maintained, reinforcing strong connections and networking opportunities.

The community has identified that an important function of Council is to encourage and support local business and industry in creating local employment, and to advocate for long-term creation and retention of high-quality services. Council is active in advocacy of local business and industry. In particular during the reporting period, Council has continued to be involved with the Inland Rail project, which will pass through the northern end of the local government area. Support is also given to small businesses through engagement with the NSW Government Small Business Commissioner, hosting small business workshops and other events like the touring Small Business Bus, and meeting with various industry representatives.

Community involvement in the decision-making process is promoted through Community Consultation Meetings, advisory committees and public forums. Combined, these represented at least 65 opportunities for community participation in the reporting period.

Customer Service

The Customer Service team continued to deliver on their commitment that Council customers will receive efficient and responsive service. The front counter teams are regularly recognised for their professional and friendly service.



Cemetery Services

Council manages and maintains 12 cemeteries. Activities include management of a database of interments, liaison with Funeral Directors, excavation of burial sites, maintenance of grounds and fences at each cemetery.

During the year, a columbarium wall was constructed at the Dunedoo cemetery.

Communications and IT

Communications released to inform people of Council activities increased by around 14% over last year. The Community e-Newsletter had a monthly reach of around 934 people, an increase of about 35% on the previous year. A variety of communications methods are used and Council's social media presence continues to increase, up around 18% on last year.

A robust IT network is crucial to allow staff access across a large geographical area. Planning commenced this year on a telecommunications upgrade that will significantly improve Council connectivity across the LGA.

Design Services Management

The design team investigates, designs and prepares drawings for roadworks, drainage works, kerbing and guttering and footpath works. The team also provides rural road addressing services across the Shire and GIS services to the organisation. The design team also provides project management services for grant funded projects.



Environment and Development Management

During 2021/2022, Council completed a review of its 7.12 Developer Contributions Plan (formerly known as s94A Contributions Plan), with the new plan being adopted. Further work

on the LEP Amendment was achieved, along with preparation of a planning proposal for Reclassification of Land, with the process continuing into the next financial year.

Council was actively involved in meetings with developers associated with the Central West Orana Renewable Energy Zone, and has prepared a number of submissions in response to draft SEAR's and Environmental Impact Statements for a variety of wind farms and solar farms.

Discussions with Inland Rail representatives has occurred during the reporting period, with regular update meetings being held between ARTC/Inland Rail and Council representatives. Council continues to advocate for local benefits, seeking a construction camp for Baradine and legacy infrastructure as a result of the rail line.

Council continue to run a local heritage program, with funding received from NSW Heritage Office to undertake a heritage adviser service, and provide a local heritage fund. Both services have proven to be beneficial for owners of heritage items, with heritage advice being regularly sought, as well as five successful small heritage grants being allocated during the reporting period. Unfortunately, due to COVID and delays with tradespersons, some heritage work was unable to be fulfilled within the required timeframes.

Organisation Development

Council's turnover increased slightly to 13.30% in 2021/2022 compared to 11.76% in 2020/2021, and is marginally above the average turnover of 12.28% for the previous five years. Council staff had an average tenure of 10.35 years (calculated at 30 June 2022), compared to the average tenure of 10.74 years in the previous year.

There was a 41.6% decrease in the number of lost time injuries (LTI) in 2021/2022 compared to the previous year and the LTI days are currently the lowest in five years. Claims from 2019/2020 had the most LTI days of recent years and will continue to impact Council's workers compensation premium until the end of 2022/23.

Council moved into the third and final year of its Employee Engagement Program, with the annual staff survey being conducted in late 2021. Feedback received continues to indicate internal communication, consultation and resourcing remain the focal areas.



Learning and development continued to be impacted by the COVID-19 pandemic in 2021/2022 as some training was indefinitely deferred and others moved to a virtual delivery model. Despite these challenges, organisation-wide code of conduct and large-scale customer service training was able to be delivered face to face. Council also participated in the Regional and Rural Management Challenge for the first time in early 2022.

In continuing Council's commitment to support local youth through apprenticeship and traineeship programs, two School-Based Trainees were appointed in early 2022, one in Business Administration and one in Financial Administration. This was in addition to the three School-Based Traineeships that commenced in early 2021, one in Horticulture and two in Automotive Services. Council also hosts:

- two trainees in Children's Services
- one trainee in Warrumbungle Water
- two Apprentice Plumbers
- one Civil Construction Apprentice

Council also continues to provide work experience placements for local students when possible.

Property Management

Council's property portfolio, excluding public halls and medical centres, includes two administration offices, nine residential houses, three preschools and a range of community buildings.

Council has management responsibility for 71 Crown Reserves. The development of a formal Plan of Management for each Crown Reserve continued throughout 2021/22.

Fleet Services

To support Council's wide range of services, workshops are operated in Coolah and Coonabarabran. The mechanics in these workshops provide maintenance and support services for a large fleet of vehicles including 79 light vehicles, and 90 heavy vehicles comprising eight graders, three loaders, four excavators, four backhoes, eight rollers, seven tractors, five large tippers, 23 medium sized trucks, two garbage trucks, and one street sweeper. Council workshops and mechanics also provide maintenance and registration services to 81 trucks and vehicles used by the Rural Fire Service. The fleet replacement program in 2021/22 was \$2,205,000 and included: a backhoe, grader, six trucks, three outfront mowers and 22 light vehicles.

A global shortage of vehicles and supply chain issues resulted in extensive delays in delivery. Some vehicles ordered in 2021/22 have not arrived.



Risk Management

Risk mitigation throughout the year includes membership of Statewide Mutual, providing access to regional insurance and risk management support. Regionally, Council participates in the Orana Risk and Safety Management Group.

Workshops

There is a workshop in Coonabarabran depot and the Coolah depot that provides mechanical repair services to Council's vehicle fleet. The total cost of operating the workshops in 2021/22 was \$55,232.

FINANCIAL SNAPSHOT

The Financial Snapshot will be published with the 2021/22 Financial Statements when they are available.

	2022	2021
	\$'000	\$'000
Income Statement		
Total Income from continuing operations	52,332	48,494
Total Expenses from continuing operations	39,787	38,256
Net operating result from continuing operations	12,545	10,238
Net operating result before grants and contributions provided for capital purposes	3,046	1,981
Statement of Financial Position		
Total current assets	36,552	29,678
Total current liabilities	(10,324)	(10,164)
Total non-current assets	599,880	552,388
Total non-current liabilities	(6,191)	(4,776)
Total Equity	619,917	567,127
Other financial information		
Operating performance ratio (%)	6.11%	3.03%
Own source operating revenue ratio (%)	46.83%	44.46%
Unrestricted current ratio (times)	5.95	4.88
Debt service cover ratio (times)	11.59	10.76
Rates and annual charges outstanding percentage (%)	9.99%	12.33%
Cash expense cover ratio (months)	10.61	9.71
Buildings and infrastructure renewals ratio (%)	89.00%	160.14%

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DELIVERY PROGRAM IMPLEMENTATION

Within 5 months after the end of each year, a council must prepare a report (its “**annual report**”) for that year reporting as to its 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.

Council’s achievements in implementing its *Delivery Program 2021/22* are detailed above at ‘Council Highlights’.

AUDITED FINANCIAL REPORTS

A copy of the council’s audited financial reports prepared in accordance with the *Local Government Code of Accounting Practice and Financial Reporting* published by the Department, as in force from time to time.

Copies of Council’s financial statements are provided as attachments to this Annual Report (Attachments 1-3).

RATES AND CHARGES WRITTEN OFF

The Council’s Annual Report must include the amount of rates and charges written off during the year.

Rates and charges written off by Warrumbungle Shire Council in 2021/22:

Description	Amount (\$)
Rates	\$5,165.31
Interest	\$269.69

OVERSEAS VISITS

Details (including the purpose) of overseas visits undertaken during the year by councillors, council staff or other persons while representing the council (including visits sponsored by other organisations).

Councillors and Staff were not involved in any overseas travel during the year.

PAYMENT OF EXPENSES AND PROVISION OF FACILITIES TO COUNCILLORS

Details of the total cost during the year of the payment of the expenses of, and the provision of facilities to, councillors in relation to their civic functions (as paid by the council, reimbursed to the councillor or reconciled with the councillor), including separate details on the total cost of each of the following:

- (i) the provision during the year of dedicated office equipment allocated to councillors on a personal basis, such as laptop computers, mobile telephones and landline telephones and facsimile machines installed in councillors' homes (including equipment and line rental costs and internet access costs but not including call costs);
- (ii) telephone calls made by councillors, including calls made from mobile telephones provided by the council and from landline telephones and facsimile services installed in councillors' homes;
- (iii) the attendance of councillors at conferences and seminars;
 - a. the provision of induction training for councillors, supplementary induction training for mayors and professional development programs for mayors and other councillors;
- (iv) other training of mayors and councillors and the provision of skill development for mayors and councillors;
- (v) interstate visits undertaken during the year by councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses;
- (vi) overseas visits undertaken during the year by councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses;
- (vii) the expenses of any spouse, partner (whether of the same or opposite sex) or other person who accompanied a councillor in the performance of his or her civic functions, being expenses payable in accordance with the *Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors for Local Councils in NSW* prepared by the Director-General from time to time;
- (viii) expenses involved in the provision of care for a child of, or an immediate family member of, a councillor, to allow the councillor to undertake his or her civic functions.

Councillor Fees

Description	Amount (\$)
Election expenses	\$101,587
Mayor	\$24,319
Councillors (8)	\$100,320

Councillor Allowances

Description	Amount (\$)
Travel and accommodation	\$12,579
Meal allowance	\$2,837
Provision of dedicated office equipment	\$0
Telephone calls made by Councillors	\$2,592
Attendance at conferences and seminars	\$12,550
Training and provision of skill development	\$7,553
Interstate visits, including transport, accommodation and other out of pocket travelling expenses	\$0
Overseas visits, including transport, accommodation and other out of pocket travelling expenses	\$0
Expenses of any spouse, partner or other person who accompanied a Councillor	\$0
Expenses involved in the provision of care for a child or an immediate family member	\$0
Other allowances – subscriptions and publications	\$49,445

PROFESSIONAL DEVELOPMENT

For the purposes of section 428(4)(b) of the Act, an annual report of a council must include the following information--

- (a) the names of any mayors or councillors who completed any induction training course, induction refresher course or supplementary induction course under this Part during the year,
- (b) the names of any mayors or councillors who participated in any ongoing professional development program under this Part during the year,
- (c) the number of seminars, circulars and other activities delivered as part of the ongoing professional development program in accordance with this Part during the year.

Throughout the year 2021/22 Councillors participated in the Councillor Induction Session on 24 January 2022 and Councillor Code of Conduct Training on 7 March 2022.

Councillor Rindfleish also attended Hit the Ground Running Training and Understanding LG Finances for Councillors.

Throughout the 2021/22 financial year 38 circulars were delivered to councillors as part of their ongoing professional development.

CONTRACTS AWARDED

Details of each contract awarded by the council during that year (whether as a result of tender or otherwise) other than:

- (i) employment contracts (that is, contracts of service but not contracts for services), and
- (ii) contracts for less than \$150,000 or such other amount as may be prescribed by the regulations,

including the name of the contractor, the nature of the goods or services supplied by the contractor and the total amount payable to the contractor under the contract.

Council engaged in six contracts exceeding \$150,000 during 2021/22 totalling \$4,439,696.41 (ex GST).

Contract ID	Name of contractor	Nature of goods or services supplied	Value (\$)
64/2122	Westrac Pty Ltd	Purchase one Caterpillar 950M Wheel Loader at a price of \$392,000 and trade in Plant No 96 for a price of \$180,000.	212,000.00 (ex GST)
64/2122	Westrac Pty Ltd	Purchase one Caterpillar 140M Motor Grader at a price of \$420,509 and trade in Plant No 104 for a price of \$185,000.	235,509.00 (ex GST)
64/2122	Westrac Pty Ltd	Purchase one Caterpillar 140M Motor Grader at a price of \$420,509 and trade in Plant No 105 for a price of \$175,000.	245,509.00 (ex GST)
148250	D&M Built Pty Ltd	Medium Works Commercial Contract – various locations within Warrumbungle LGA to repair storm damage sustained to multiple properties at Coolah and Dunedoo.	1,483,647.70 (incl GST)
215/2122	Aitken Civil Engineering Pty Ltd	Roadworks on Purlewaugh Road between 8km to 24km east of Coonabarabran.	2,128,698.68 (ex GST)
344/2122	Tamworth Regional Council	Managed Services – support and maintenance, IT end user support	369,209.09 (ex GST)

LEGAL PROCEEDINGS

A summary of the amounts incurred by the council during the year in relation to legal proceedings taken by or against the council (including amounts, costs and expenses paid or received by way of out of court settlements, other than those the terms of which are not to be disclosed) and a summary of the state of progress of each legal proceeding and (if it has been finalised) the result.

Matter and Court	Court	Amount incurred 21/22 (\$)	Status – Progress or Outcome
Boulus Constructions P/L v WSC Supreme Court of NSW (Proceedings No. 2018/00340246)	Supreme Court of NSW (Proceedings No. 2018/00340246)	409,041.33	Ongoing

LABOUR STATISTICS REPORTING

Section 217 of the Local Government (General) Regulation 2021 (the Regulation) has been amended to require councils to report on their employment practices in their annual reports.

Councils will be required to publish information in their annual reports, starting with the 2021/22 annual report, on the total number of persons who performed paid work for them on a "relevant day" to be fixed by the Secretary of the Department of Planning, Industry and Environment (Secretary DPIE) each year.

On 25 May 2022 there were:

196	persons directly employed by Council
156	on a permanent full-time basis
17	on a permanent part-time basis
15	on a casual basis
8	on a fixed-term contract (including 6 PT school-based trainees)
1	person employed by the Council who is "senior staff" for the purposes of the LG Act 1993
1	persons engaged by council, under a contract or other arrangement with the person's employer, that is wholly or principally for the labour of the person
4	persons supplied to council, under a contract or other arrangement as an apprentice or trainee.

INSPECTIONS OF PRIVATE SWIMMING POOLS

For the purposes of section 22F (2) of the Act, a local authority that is a council must include in its annual report under section 428 of the Local Government Act 1993 the number of inspections that it carried out under Division 5 of Part 2 of the Act that--

- (a) were of tourist and visitor accommodation, or
- (b) were of premises on which there were more than 2 dwellings, or
- (c) resulted in the council issuing the following--
 - (i) a certificate of compliance under section 22D of the Act,
 - (ii) a certificate of non-compliance under clause 21 of this Regulation.

Inspections of private swimming pools throughout Warrumbungle LGA	
(a) were of tourist and visitor accommodation, or	16
(b) were of premises on which there are more than two dwellings, or	0
(c) resulted in the council issuing the following;	
(i) a certificate of compliance under section 22D of the act,	13
(ii) a certificate of non-compliance under 21 of this Regulation.	3

PRIVATE WORKS

Details or a summary (as required by section 67(3) of the Act) of resolutions made during that year under section 67 of the Act concerning work carried out on private land and details or a summary of such work if the cost of the work has been fully or partly subsidised by the council, together with a statement of the total amount by which the council has subsidised any such work during that year.

There were no resolutions made in relation to Private Works, as required under Section 67 and there no private works fully or partly subsidised by Council during 2021/22.

CONTRIBUTIONS

The total amount contributed or otherwise granted under section 356 of the Act.

Organisation Name	Total Value (\$)
Coonabarabran Local Aboriginal	500.00
Samaritans Foundation	500.00
Coonabarabran Pipes and Drums	500.00
Dunedoo Rugby League Football	500.00
The Black Stump Craft Shop Inc	500.00
Coolah Lions Club	500.00
Dunedoo & District Development	500.00
Dunedoo Polocrosse Club Inc	500.00
Mendooran & District Development	500.00
Baradine Golf Club Incorporate	500.00
Yarn Support Connect - Coonabarabran	500.00
Baradine PA & H Association	500.00
Riding for The Disabled (NSW)	480.00
Art Unlimited Dunedoo Lions Club	1,000.00
Coonabarabran Jockey Club	1,000.00
Dunedoo Polocrosse Club Inc	500.00
Coonabarabran Chamber of Commerce	500.00
Binnaway Jockey Club	1,000.00
Baradine Amateur Swimming Club	500.00
Flying Mice Aboriginal Elders	500.00
Binnaway Central School P & C	70.00
St Johns School	70.00
St Lawrences Primary School	70.00
Baradine Central School	70.00
Coolah Central School P & C As	70.00
Dunedoo Central School	70.00
Baradine Rusty Club Inc	500.00
CWA Coonabarabran	1,184.00
CWA Coonabarabran	359.00
CWA Baradine	593.00
CWA Baradine	359.00
Coolah Youth and Community	970.00
Coolah Youth and Community	359.00
Dunedoo Area Community	327.00
Presbyterian Church Dunedoo	327.00
Catholic Parish Coonabarabran	327.00
Catholic Parish Coonabarabran	359.00
St James Presbyterian Coolah	327.00
St James Presbyterian Coolah	359.00

Anglican Parish Coonabarabran	327.00
Anglican Parish Coonabarabran	359.00
Uarbry Hall Association	393.55
Coolah & District Historical Society	500.00
Binnaway Tennis Club Inc	400.00
Creatives Collective	500.00
Dunedoo Lions Club	500.00
Leadville Community Association	500.00
Dunedoo Amateur Swimming Club	500.00
Riding for The Disabled (NSW)	500.00
Orana Arts Inc	2,000.00
Coolah Sacred Heart Primary School	70.00
St Micheal's Primary School	70.00
Binnaway Bombshell Rugby League	300.00
Coolah Men's Shed Inc	500.00
Presbyterian Church (NSW) Prop	267.00
Mendooran & District Development	500.00
Mendooran Arts & Craft	400.00
Dunedoo & District Historical	500.00
CWA Baradine	500.00
Coolah & District Historical Society	500.00
Trustees of the Bugaldie War Memorial	500.00
Dunedoo Area Community Group Inc	327.00
Coolah Historical Arts Tourism	500.00
Coolah Swimming Club	500.00
Coonabarabran Club Co Op Ltd	500.00
Coonabarabran High School	70.00
Coonabarabran Orbital Swing Band	500.00
TOTAL	31,233.55

EXTERNAL BODIES

A statement of all external bodies that during the year exercised functions delegated by the council.

External Body	Function
Castlereagh Macquarie County Council	Control noxious weeds on public land and waterways
Macquarie Regional Library	Library services
Committee	Function
Castlereagh Bushfire Management	Fire mitigation
Local Emergency Management	Emergency co-ordination
Traffic Advisory	Traffic management
North West Weight of Loads Group	Heavy vehicle regulation

CONTROLLING INTERESTS

A statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which the council (whether alone or in conjunction with other councils) held a controlling interest during that year.

Warrumbungle Shire Council did not hold a controlling interest in any company during the reporting period.

JOINT VENTURES

A statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which the council participated that year.

During 2021/22 Council was a joint venture member of the Macquarie Regional Library service with Dubbo Regional Council and Narromine Shire Council. During the period Council was also a joint member of the Castlereagh Macquarie County Council. Council coordinated the Connect Five Children's Services which serviced Warrumbungle, Coonamble and Gilgandra local government areas.

Council is also a part of Statewide and StateCover, which are Mutuals for the provision of public liability, property insurance, fidelity guarantee and workers compensation insurances.

EQUAL EMPLOYMENT OPPORTUNITY

A statement of the activities undertaken by the council during that year to implement its equal employment opportunity management plan.

In relation to Council's Equal Employment Opportunity (EEO) Management Plan:

- All employees and management have access to Council's Management Plan
- Council's Recruitment and Selection Policy ensures ongoing compliance with EEO and merit selection principles and practices and Council utilises online recruitment software which provides increased transparency of decision making.
- Council's statement of being an EEO employer is included in all job advertisements.
- Council conducts ongoing reviews of Council's policies, procedures and practice to ensure they are compliant with EEO principles and practices.
- Diversity metrics included in Council's Workforce Plan

REMUNERATION – SENIOR STAFF

A statement of the total remuneration comprised in the remuneration package of the general manager during the year that is to include the following:

- (i) the total value of the salary component of the package;
- (ii) the total amount of any bonus payments, performance payments or other payments made to the general manager that do not form part of the salary component of the general manager;
- (iii) the total amount payable by the council by way of the employer's contribution or salary sacrifice to any superannuation scheme to which the general manager may be a contributor;
- (iv) the total value of any non-cash benefits for which the general manager may elect under the package;
- (v) the total amount payable by the council by way of fringe benefits tax for any such non-cash benefits.

A statement of the total remuneration comprised in the remuneration packages of all senior staff members (other than the general manager) employed during the year, expressed as the total remuneration of all the senior staff members concerned (not of the individual senior staff members) and including total of each of the following:

- (i) the total values of the salary component of their packages;
- (ii) the total amount of any bonus payments, performance payments or other payments made to them that do not form part of the salary components of their packages;
- (iii) the 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;
- (iv) the total value of any non-cash benefits for which any of them may elect under the package;
- (v) the total amount payable by the council by way of fringe benefits tax for any such non-cash benefits.

The General Manager is Council's only designated Senior Staff member as prescribed by section 332 of the Act. The General Manager's total remuneration package was:

Component	Amount (\$)
Salary	257,549.13
Bonus payments, performance payments or other payments not forming part of salary component	0
Employer's contribution to salary sacrifice to any superannuation scheme to which the General Manager is a contributor	24,922.70
Non-cash benefits	0
Fringe Benefits tax for any such non-cash benefits	6,301.74

STORMWATER MANAGEMENT SERVICES

If the council has levied an annual charge for stormwater management services - a statement detailing the stormwater management services provided by the council during that year.

Council implemented a stormwater levy in 2017/18 to fund stormwater projects that Council is currently unable to fund, due to funding limitations, from General Fund. This stormwater levy was introduced and is made under section 496A of the Local Government Act 1993. Land within an urban area rated as either residential or business for rating purposes (except vacant land) will be charged an annual levy for Council to provide a stormwater management service.

Within the local government area there are a total of 3,828 assessments rated as residential and 379 assessments rated as business. In accordance with section 125AA of the *Local Government (General) Regulation 2021*, the maximum annual charge for stormwater management services levied in respect of a parcel of rateable land is for land categorised as urban residential land at \$25 and for businesses up to \$25 per 350m².

The stormwater levy helps councils improve the management of the quality and quantity of stormwater that flows off a parcel of a privately-owned land and also includes a service to manage the re-use of stormwater for any purpose. Council will accrue additional revenue of \$105,175 per annum for expenditure for stormwater management, assuming each business and residential assessment is charged a flat \$25 per assessment.

Council levied a stormwater charge in 2021/22 and the funds were allocated to the Cowper Street drainage project in Coonabarabran. This project was not able to commence owing to access issues and weather-related delays.

SPECIAL VARIATIONS

A report on special variation expenditure if required to do so by the instrument made by the Minister.

As no special variation was received by Council, there are no outcomes or expenditures to report.

COMPANION ANIMALS ACT AND REGULATION

A detailed statement, prepared in accordance with such guidelines as may be issued by the Director-General from time to time, of the council's activities during the year in relation to enforcing, and ensuring compliance with, the provisions of the *Companion Animals Act 1998* and the regulations under that Act.

Statement of enforcement and ensuring compliance with the provisions of the *Companion Animals Act 1988* (CA Act) and the *Companion Animal Regulation 2018*, including:

Lodgement of pound data collection returns with the Office of Local Government (survey of Council seizures of cats and dogs)	Survey completed and submitted.
Lodgement of data about dog attacks with the Office of Local Government	Yes – data lodged through the NSW Companion Animals Register.
Amount of funding spent on companion animal management and activities	No funding received during the reporting period.
Community education programs carried out and strategies the Council has in place to promote and assist the de-sexing of dogs and cats	No programs currently in place. This program is carried out locally by veterinarians.
Strategies in place for complying with the requirements under s64 of the CA Act to seek alternatives to euthanasia of unclaimed animals	Re-homing program in place as per OLG requirements.
Off leash areas provided in the Council area	Off leash areas provided is all towns.
Detailed information on fund money used for managing and controlling companion animals in its area	No funding received during the reporting period.

GOVERNMENT INFORMATION (PUBLIC ACCESS)

Each agency (other than a Minister) must, within 4 months after the end of each reporting year, prepare an annual report on the agency's obligations under this Act for submission to the Minister responsible for the agency. A copy of the report is to be provided to the Information Commissioner.

The annual report of an agency (other than a Minister) required to be prepared under section 125 of the Act must include the following:

(Note: An agency's report under section 125 of the Act can be included in the agency's annual report required to be prepared under the annual reporting legislation – see section 6 of the *Annual Reports (Departments) Act 1985* or section 5A of the *Annual Reports (Statutory Bodies) Act 1984* [as the case requires].)

- (a) details of the review carried out by the agency under section 7(3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of that review;
- (b) the total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications);
- (c) the total number of access applications received by the agency during the reporting year that the agency refused, either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (Information for which there is conclusive presumption of overriding public interest against disclosure).

(Note: Table D in Schedule 2 also requires information relating to access applications in respect of which there is a conclusive presumption of overriding public interest against disclosure.)

- (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 during the reporting year.

Council has received 48 requests for information during the reporting period. Details are provided on the table over.

Number of Applications by Type of Application Outcome

	Full Access Granted	Part Access Granted	Refused Access in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/ Deny Information Held	Application Withdrawn	Total	% of Total
Personal Information Applications	18	3			4		1		26	54.17
Applications other than personal information	13			3	4			1	21	43.75
Applications partly personal and partly other					1				1	2.08
Total	31	3	0	3	9	0	1	1		
% of total	64.59	6.25	0	6.25	18.75	0	2.08	2.08		

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

PLANNING AGREEMENTS

A planning authority that has entered into one or more planning agreements must, while any such planning agreements remain in force, include in its annual report particulars of compliance with and the effect of the planning agreements during the year to which the report relates.

Council entered into a Voluntary Planning Agreement (VPA) with TILT Renewables for the Liverpool Range Wind Farm during 2019/20 financial year. This VPA remains in force.

PUBLIC INTEREST DISCLOSURES

Information required to be provided in accordance with s2 of the *Public Disclosures Regulation 2011* is included herewith:

Public Interest Disclosures (PID) submitted to the Ombudsman in 2022/21 are outlined in the table below.

	By public officials performing their daily functions	Under a statutory or other legal obligation	All other interest disclosures
PID applications by public officials	0	0	0
Access applications other than personal information	0	0	0
PID received, primarily about:			
Corrupt conduct	0	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information convention	0	0	0
Local government pecuniary interest convention	0	0	0

DISABILITY INCLUSION ACTION PLAN

According to the *Disability Inclusion Act 2013* section 13(1), a public authority that is a government department or local council must, as soon as practicable after preparing its annual report, give the Minister a copy of the part of the annual report relating to the department's or council's report on the implementation of its disability inclusion action plan.

During 2021/2022 Council was focused on completing the actions outlined in the Disability Inclusion Action Plan 2017-2021 (DIAP) and included in Delivery Program adopted in 2017. The DIAP has been extended until June 2023 and another plan will be developed for 2023-2027. Feedback from community members will be incorporated into the Disability Inclusion Action Plan 2023-2027 and community consultation on the draft plan will incorporate direct contact with individuals and disability groups to seek their feedback on the plan.

The DIAP outlines Council's commitment to uphold and promote the United Nations Convention on the Rights of Persons with Disabilities. Council strategy is to support and improve the inclusion of people with a disability as part of its core business and to remove barriers to access and participation. Council adheres to equal employment opportunity, and all employment and volunteer opportunities with Council are inclusive. Council buildings are accessible for staff and visitors

Council regularly hosts events that promote inclusion and seek to build positive attitudes towards diverse abilities in the community, such as the Community Care Expos held in Coonabarabran and Mendooran, an Inclusive Sports Day held during Youth Week in Baradine and "Colour Runs" held in Coolah and Binnaway.

The libraries progressed a range of projects, including processing new resources for inclusion in the collection, developing online content and sessions, and processing items relating to oral and local history photographs. Assistive technology was purchased for customers, including special contrast keyboards and mouse balls.

Council continues to work on options to meet accessibility accreditation for Council's website to provide a fuller range of options for people of all abilities to contact and interact with Council.

ATTACHMENTS

Attachments 1-3: 2021/22 Audited Financial Statements will be published when they become available.

Warrumbungle Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022



Warrumbungle Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022



Warrumbungle Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

14-22 John Street
Coonabarabran NSW 2357

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 B1-2.

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.warrumbungle.nsw.gov.au.

Warrumbungle Shire Council

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present 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 2022.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Warrumbungle Shire Council

General Purpose Financial Statements for the year ended 30 June 2022

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

The attached general purpose financial statements have been prepared in accordance with:

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

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

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

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

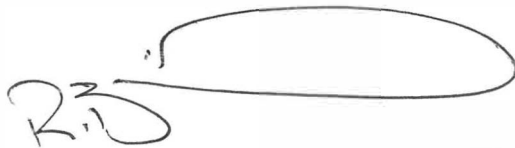
Signed in accordance with a resolution of Council made on 20 October 2022.



Ambrose Doolan
Mayor
20 October 2022



Aniello Iannuzzi
Councillor
20 October 2022



Roger Bailey
General Manager
20 October 2022



Lindsay Mason
Responsible Accounting Officer
20 October 2022

Warrumbungle Shire Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Restated Actual 2021 ¹
Income from continuing operations				
14,642	Rates and annual charges	B2-1	14,722	14,133
5,248	User charges and fees	B2-2	6,411	5,353
1,176	Other revenues	B2-3	2,894	1,517
15,278	Grants and contributions provided for operating purposes	B2-4	18,080	18,230
9,417	Grants and contributions provided for capital purposes	B2-4	9,499	8,257
225	Interest and investment income	B2-5	267	198
–	Other income		46	11
803	Net gain from the disposal of assets	B4-1	412	795
46,789	Total income from continuing operations		52,331	48,494
Expenses from continuing operations				
15,733	Employee benefits and on-costs	B3-1	14,086	14,097
6,568	Materials and services	B3-2	13,181	10,021
104	Borrowing costs	B3-3	120	182
13,037	Depreciation, amortisation and impairment of non-financial assets	B3-4	10,990	11,412
5,450	Other expenses	B3-5	1,410	2,543
600	Net loss from the disposal of assets	B4-1	–	–
41,492	Total expenses from continuing operations		39,787	38,255
5,297	Operating result from continuing operations		12,544	10,239
5,297	Net operating result for the year attributable to Council		12,544	10,239
(4,120)	Net operating result for the year before grants and contributions provided for capital purposes		3,045	1,982

(1) Restated - see Note G4-1

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

Warrumbungle Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	Notes	2022	Restated 2021 ¹
Net operating result for the year – from Income Statement		12,544	10,239
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<u>40,246</u>	<u>4,173</u>
Total items which will not be reclassified subsequently to the operating result		40,246	4,173
Total other comprehensive income for the year		40,246	4,173
Total comprehensive income for the year attributable to Council		52,790	14,412

(1) Restated - see Note G4-1

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

Warrumbungle Shire Council

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	Restated 2021 ¹	Restated 1 July 2020 ¹
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	4,078	5,350	6,859
Investments	C1-2	23,000	16,537	11,500
Receivables	C1-4	4,233	4,765	3,766
Inventories	C1-5	572	568	725
Contract assets	C1-6	3,632	2,459	1,645
Non-Current assets classified as 'held for sale'		–	–	142
Other	C1-9	1,037	–	53
Total current assets		36,552	29,679	24,690
Non-current assets				
Investments	C1-2	1,000	–	–
Inventories	C1-5	299	299	299
Infrastructure, property, plant and equipment (IPPE)	C1-7	597,714	551,357	542,211
Intangible assets	C1-8	92	80	29
Right of use assets	C2-1	274	197	246
Investments accounted for using the equity method	D2-1	501	455	444
Total non-current assets		599,880	552,388	543,229
Total assets		636,432	582,067	567,919
LIABILITIES				
Current liabilities				
Payables	C3-1	1,917	2,472	2,025
Contract liabilities	C3-2	3,071	1,459	1,265
Lease liabilities	C2-1	89	47	45
Borrowings	C3-3	904	1,010	966
Employee benefit provisions	C3-4	3,843	4,676	4,647
Provisions	C3-5	500	500	–
Total current liabilities		10,324	10,164	8,948
Non-current liabilities				
Lease liabilities	C2-1	250	176	223
Borrowings	C3-3	1,021	1,925	2,931
Provisions	C3-5	4,920	2,675	3,102
Total non-current liabilities		6,191	4,776	6,256
Total liabilities		16,515	14,940	15,204
Net assets		619,917	567,127	552,715
EQUITY				
Accumulated surplus	C4-1	437,162	424,618	414,379
IPPE revaluation reserve	C4-1	182,755	142,509	138,336
Council equity interest		619,917	567,127	552,715
Total equity		619,917	567,127	552,715

(1) Restated - see Note G4-1

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

Warrumbungle Shire Council

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	Notes	2022			2021		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus Restated	IPPE revaluation reserve Restated	Total equity Restated
Opening balance at 1 July		432,290	142,509	574,799	422,485	138,336	560,821
Correction of prior period errors	G4-1	(7,672)	–	(7,672)	(8,106)	–	(8,106)
Restated opening balance		424,618	142,509	567,127	414,379	138,336	552,715
Net operating result for the year		12,544	–	12,544	9,805	–	9,805
Correction of prior period errors	G4-1	–	–	–	434	–	434
Restated net operating result for the period		12,544	–	12,544	10,239	–	10,239
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment		–	40,246	40,246	–	4,173	4,173
Other comprehensive income		–	40,246	40,246	–	4,173	4,173
Total comprehensive income		12,544	40,246	52,790	10,239	4,173	14,412
Closing balance at 30 June		437,162	182,755	619,917	424,618	142,509	567,127

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

Warrumbungle Shire Council

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
14,642	Rates and annual charges		15,080	13,409
5,248	User charges and fees		6,354	5,828
225	Interest received		140	228
24,695	Grants and contributions		28,018	25,867
–	Bonds, deposits and retentions received		–	7
1,176	Other		3,252	694
<i>Payments:</i>				
(15,733)	Payments to employees		(14,938)	(14,019)
(6,568)	Payments for materials and services		(15,484)	(9,785)
(104)	Borrowing costs		(113)	(190)
–	Bonds, deposits and retentions refunded		(21)	–
(5,450)	Other		(139)	(2,054)
18,131	Net cash flows from operating activities	G1-1	22,149	19,985
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of real estate assets		–	293
803	Proceeds from sale of IPPE		1,197	932
<i>Payments:</i>				
–	Acquisition of term deposits		(7,463)	(5,037)
(18,039)	Payments for IPPE		(16,055)	(16,611)
–	Purchase of intangible assets		(38)	(64)
(17,236)	Net cash flows from investing activities		(22,359)	(20,487)
Cash flows from financing activities				
<i>Payments:</i>				
(831)	Repayment of borrowings		(1,010)	(962)
(49)	Principal component of lease payments		(52)	(45)
(880)	Net cash flows from financing activities		(1,062)	(1,007)
15	Net change in cash and cash equivalents		(1,272)	(1,509)
–	Cash and cash equivalents at beginning of year		5,350	6,859
15	Cash and cash equivalents at end of year	C1-1	4,078	5,350
11,265	plus: Investments on hand at end of year	C1-2	24,000	16,537
11,280	Total cash, cash equivalents and investments		28,078	21,887

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

Warrumbungle Shire Council

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Warrumbungle Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 20 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

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 B5-1 – Material budget variations

and are clearly marked.

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Council did not identify any potential material adjustments required to be done as a result of the pandemic. Even though the pandemic had a widespread effect slowing down economies around the world, as at 30 June 2022 it is hard to predict any significant future implications on Council's business.

Domestic and international situation

Widespread volatility caused by international and domestic events in 2022 (war in Ukraine, natural disasters in NSW and nationwide, etc.) has significantly impacted supply chains, labour costs and inflation. With continuing changes in material costs, labour shortages and supply issues there has been a significant increases in amount of discussion and data regarding changes in construction costs. Commodity prices including key construction materials have seen significant increases over the last 2 years. Management is paying close attention to the ongoing developments on the international and domestic markets and its impact on the financial results and position of the council. As a result of assessment done, council has performed indexation of its infrastructure assets to ensure their carrying amount is not materially different to fair value as at 30 June 2022 (see Note C1-7).

Historical cost convention

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

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.

A1-1 Basis of preparation (continued)

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

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

The Consolidated Fund has been included in the Council's financial statements.

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

- General purpose operations
- Warrumbungle Water Fund
- Warrumbungle Sewerage Fund
- Warrumbungle Quarry

The Trust Fund

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

Trust monies and property subject to Council's control have been included in these reports.

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council uses volunteers in the following services:

- Visitors Information Centre
- Community care including drivers for meals of Wheels delivery, drivers for health related transport from all our local towns to Tamworth or Dubbo; volunteers assisting with specific activities e.g. Community EXPO, volunteers to act in a carer capacity for frail or clients with disability to attend appointments etc.

The volunteer numbers are small and the hours for each are minor in nature.

As these instances are limited and minor, Council does not include values in the Annual Statements.

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 reporting period.

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current; and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

Standard AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.

This standard has an effective date for the 30 June 2024 reporting period.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 - 2020 and Other Amendments

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making, and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

Council does not expect any material impact from the above amendments.

This standard has an effective date for the 30 June 2023 reporting period.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]

This Standard amends a number of standards as follows:

AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;

AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;

AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;

A1-1 Basis of preparation (continued)

AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and

AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Above amendments might result in reductions in quantum of accounting policies disclosures to focus on key decision areas and material policies only. Council does not expect any material impact on reported financial performance or position.

This standard has an effective date for the 30 June 2024 reporting period.

Apart from the standards listed above there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2022.

None of the newly adopted standards had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021 ¹ Restated	2022	2021 ¹ Restated	2022	2021 ¹ Restated	2022	2021 ¹ Restated	2022	2021 ¹ Restated
Functions or activities										
General Revenue	20,490	15,933	–	–	20,490	15,933	11,584	8,262	1,819	210
Executive	256	461	2,492	4,021	(2,236)	(3,560)	240	116	–	1,279
Technical Services	15,237	18,830	19,014	15,597	(3,777)	3,233	10,474	13,872	482,098	466,720
Development Services	418	610	2,821	1,850	(2,403)	(1,240)	135	603	50,453	12,458
Corporate and Community Services	4,037	3,678	6,840	7,884	(2,803)	(4,206)	1,992	2,321	26,036	21,303
Warrumbungle Water	6,409	3,701	4,319	4,053	2,090	(352)	2,248	879	48,848	44,103
Warrumbungle Sewer	2,898	2,028	1,883	1,865	1,015	163	906	375	26,761	23,099
Warrumbungle Waste	2,586	3,027	2,418	2,542	168	485	–	59	417	12,895
Warrumbungle Quarry	–	226	–	443	–	(217)	–	–	–	–
Total functions and activities	52,331	48,494	39,787	38,255	12,544	10,239	27,579	26,487	636,432	582,067

(1) Restated - see Note G4-1

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

General Revenue

Includes rates revenue, interest revenue and general grants.

General Manager

Includes management and leadership, governance, Cobbora Transition Fund, human resource management, payroll services, WH&S and risk management and learning and development services.

Technical Services

Includes technical services management, design services, road operations, fleet services and urban services.

Development Services

Includes development services management, regulatory services, property and risk and development and tourism.

Corporate and Community Services

Includes corporate services, community agencies, bushfire and emergency services, children's and community services.

Warrumbungle Water

The core function of Warrumbungle Water is the provision of water supply to connected properties in each town within the Shire.

Warrumbungle Sewer

The core function of Warrumbungle Sewer is the collection and treatment of sewage effluent from connected properties in Baradine, Coolah, Coonabarabran and Dunedoo.

Warrumbungle Waste

Warrumbungle Waste provides waste services throughout the Warrumbungle Shire as a business arm of Council. The waste services are provided to residential and non-residential customers for both general waste and recycling.

Warrumbungle Quarry

Warrumbungle Quarry Council's commercial operations at the Quarry near Coonabarabran ceased on 30 June 2020. Council accessed product remaining stockpiles until 30 November 2020, when the lease period with Boral expired.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2022	2021
Ordinary rates		
Residential	2,426	2,294
Farmland	5,496	5,345
Business	630	611
Less: pensioner rebates (mandatory)	(154)	(155)
Rates levied to ratepayers	8,398	8,095
Pensioner rate subsidies received	86	85
Total ordinary rates	8,484	8,180
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	1,792	1,775
Water supply services	2,255	1,972
Sewerage services	1,830	1,801
Waste management services (non-domestic)	350	393
Less: pensioner rebates (mandatory)	(227)	(227)
Liquid trade waste	9	9
Stormwater levy	104	105
Annual charges levied	6,113	5,828
Pensioner subsidies received:		
– Water	38	38
– Sewerage	28	28
– Domestic waste management	59	59
Total annual charges	6,238	5,953
Total rates and annual charges	14,722	14,133

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	Timing	2022	2021
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	1,840	1,723
Sewerage services	1	105	110
Liquid trade waste	1	67	67
Total specific user charges		2,012	1,900
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	38	75
Private works – section 67	2	96	115
Registration fees	2	78	5
Regulatory fees	2	27	72
Section 10.7 certificates (EP&A Act)	2	42	43
Section 603 certificates	2	35	29
Planning regulation	2	30	66
Total fees and charges – statutory/regulatory		346	405
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aged care	1	405	474
Cemeteries	2	105	83
Child care	1	977	538
Lease rentals	1	16	5
Leaseback fees – Council vehicles	1	52	53
Quarry revenues	2	8	226
Transport for NSW works (state roads not controlled by Council)	1	2,188	1,376
Swimming centres	2	86	99
Tourism	2	135	120
Waste disposal tipping fees	2	48	43
Other	2	33	31
Total fees and charges – other		4,053	3,048
Total other user charges and fees		4,399	3,453
Total user charges and fees		6,411	5,353
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		5,650	4,346
User charges and fees recognised at a point in time (2)		761	1,007
Total user charges and fees		6,411	5,353

Accounting policy

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

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

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

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

B2-3 Other revenues

\$ '000	Timing	2022	2021
Rental income – other council properties	1	138	138
Legal fees recovery – rates and charges (extra charges)	2	163	94
Commissions and agency fees	2	201	200
Diesel rebate	2	158	151
Insurance claims recoveries	2	1,562	23
Recycling income (non-domestic)	2	42	400
Container deposit Scheme	2	356	403
Other	2	274	108
Total other revenue		2,894	1,517

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	138	138
Other revenue recognised at a point in time (2)	2,756	1,379
Total other revenue	2,894	1,517

Accounting policy for other revenue

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021 ¹ Restated
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	2,602	2,384	–	–
Financial assistance – local roads component	2	1,351	1,231	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,994	2,550	–	–
Financial assistance – local roads component	2	2,084	1,322	–	–
Amount recognised as income during current year		10,031	7,487	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Aged care	1	805	811	–	–
Bushfire and emergency services	2	1,053	1,276	–	–
Child care	2	714	1,057	–	–
Economic development	2	183	125	–	–
Employment and training programs	2	200	47	–	–
Heritage and cultural	2	10	12	–	–
Library	2	89	88	–	–
LIRS subsidy	2	54	74	–	–
Recreation and culture	2	480	636	–	–
Transport (other roads and bridges funding)	1	–	735	4,416	6,110
Transport (roads to recovery)	2	1,582	2,330	–	–
Other specific grants ²	2	27	676	416	2,093
Transport for NSW contributions (regional roads, block grant)	2	2,852	2,876	–	–
Sewerage (excl. section 64 contributions)	1	–	–	735	–
Water supplies (excl. section 64 contributions)	1	–	–	2,336	–
LRCI - Round 3	1	–	–	1,553	–
Total special purpose grants and non-developer contributions – cash		8,049	10,743	9,456	8,203
Total special purpose grants and non-developer contributions (tied)		8,049	10,743	9,456	8,203
Total grants and non-developer contributions		18,080	18,230	9,456	8,203
Comprising:					
– Commonwealth funding		12,597	10,027	4,995	6,779
– State funding		5,483	5,327	3,901	1,403
– Other funding		–	2,876	560	21
		18,080	18,230	9,456	8,203

(1) Restated - see Note G4-1

(2) 2021 other specific capital grants includes \$1,595 thousand of grants reclassified from other untied grants.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021 ¹ Restated
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	2	–	–	43	54
Total developer contributions		–	–	43	54
Total contributions		–	–	43	54
Total grants and contributions		18,080	18,230	9,499	8,257
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		805	–	9,176	910
Grants and contributions recognised at a point in time (2)		17,275	18,230	323	7,347
Total grants and contributions		18,080	18,230	9,499	8,257

(1) Restated - see Note G4-1

B2-4 Grants and contributions (continued)

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	1,981	2,145	–	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,750	1,981	713	–
Add: Funds received and not recognised as revenue in the current year	–	–	3,071	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,981)	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(2,145)	–	–
Unexpended and held as externally restricted assets (grants)	2,750	1,981	3,784	–
Contributions				
Unspent funds at 1 July	–	–	389	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	11	–
Add: contributions received and not recognised as revenue in the current year	–	–	–	–
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Unspent contributions at 30 June	–	–	400	–

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

B2-4 Grants and contributions (continued)

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

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

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

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

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	154	84
– Cash and investments	113	114
Total interest and investment income (losses)	267	198

Accounting policy

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	10,855	11,389
Employee leave entitlements (ELE)	2,155	2,729
Superannuation	1,298	1,303
Workers' compensation insurance	878	753
Fringe benefit tax (FBT)	15	7
Protective clothing	83	86
Total employee costs	15,284	16,267
Less: capitalised costs	(1,198)	(2,170)
Total employee costs expensed	14,086	14,097
Number of 'full-time equivalent' employees (FTE) at year end	172	175
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	199	200

Accounting policy

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

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.

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2022	2021 ¹ Restated
Raw materials and consumables		7,763	5,417
Contractor and consultancy costs		15,976	12,605
Audit Fees	F2-1	67	58
Councillor and Mayoral fees and associated expenses	F1-2	137	149
Advertising		108	95
Bank charges		78	58
Electricity and heating		509	596
Insurance		907	886
Postage		39	43
Printing and stationery		139	138
Street lighting		65	116
Subscriptions and publications		102	142
Telephone and communications		176	128
Valuation fees		50	49
Conferences		23	27
Registration and licences		562	570
Training Costs		138	139
Other expenses		91	120
Legal expenses:			
– Legal expenses: debt recovery		305	19
– Legal expenses: other		476	598
– Operating lease rentals: minimum lease payments		3	–
Other		363	420
Total materials and services		28,077	22,373
Less: capitalised costs		(14,896)	(12,352)
Total materials and services		13,181	10,021

Accounting policy

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

(1) Restated - see Note G4-1

B3-3 Borrowing costs

\$ '000	Notes	2022	2021
(i) Interest bearing liability costs			
Interest on leases		9	10
Interest on loans		70	145
Total interest bearing liability costs		79	155
Total interest bearing liability costs expensed		79	155
(ii) Other borrowing costs			
Amortisation of discounts and premiums			
– Remediation liabilities	C3-5	41	27
Total other borrowing costs		41	27
Total borrowing costs expensed		120	182

Accounting policy

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

B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2022	2021 ¹ Restated
Depreciation and amortisation			
Plant and equipment		2,042	2,033
Office equipment		108	54
Furniture and fittings		5	29
Land improvements (depreciable)		66	54
Infrastructure:	C1-7		
– Buildings – non-specialised		318	462
– Buildings – specialised		781	1,268
– Other structures		800	737
– Roads		3,804	3,757
– Bridges		730	696
– Footpaths		148	144
– Stormwater drainage		115	113
– Water supply network		1,306	1,318
– Sewerage network		567	579
Right of use assets	C2-1	91	49
Reinstatement, rehabilitation and restoration assets:			
– Quarry assets	C3-5,C1-7	83	106
Intangible assets	C1-8	26	13
Total depreciation and amortisation costs		10,990	11,412
Total depreciation, amortisation and impairment for non-financial assets		10,990	11,412

Accounting policy

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.

Impairment of non-financial assets

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

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above 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.

(1) Restated - see Note G4-1

B3-5 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other ¹		–	18
Total impairment of receivables	C1-4	–	18
Other			
Contributions/levies to other levels of government			
– Noxious weeds		113	111
– NSW fire brigade levy		52	166
– NSW rural fire service levy		518	1,048
Donations, contributions and assistance to other organisations (Section 356)		180	206
– Regional library contributions		547	494
Other provisions ¹		–	500
Total other expenses		1,410	2,543

Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

(1) Expense for other provisions in amount of \$500 thousand was reclassified from impairment of receivables to other provisions in 2021 financial year.

B4 Gains or losses

B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment	C1-7	1,197	932
Less: carrying amount of plant and equipment assets sold/written off		(141)	(430)
Gain (or loss) on disposal		1,056	502
Gain (or loss) on disposal of infrastructure			
Less: carrying amount of infrastructure assets sold/written off	C1-7	(644)	–
Gain (or loss) on disposal		(644)	–
Gain (or loss) on disposal of real estate assets held for sale			
Proceeds from disposal – real estate assets	C1-5	–	293
Gain (or loss) on disposal		–	293
Net gain (or loss) from disposal of assets		412	795

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 20/05/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

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

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Revenues					
Rates and annual charges	14,642	14,722	80	1%	F
User charges and fees Mostly due to an increase in Transport for NSW works.	5,248	6,411	1,163	22%	F
Other revenues Mostly due to unbudgeted insurance claim receipts for damaged properties as a result of hail storm Coolah and Dunedoo in October 2021.	1,176	2,894	1,718	146%	F
Operating grants and contributions Mostly due to increased amount (70%) of 2023 FAG grants received in advance in 2022 financial year.	15,278	18,080	2,802	18%	F
Capital grants and contributions	9,417	9,499	82	1%	F
Interest and investment revenue Mostly due to higher interest rates.	225	267	42	19%	F
Net gains from disposal of assets Mostly due to unexpected write-off of non-depreciated components of renewed assets in 2022 financial year.	803	412	(391)	(49)%	U
Other income This is the effect of recognition of council's share in the net increase in net assets of the Macquarie library. Council does not budget for this.	-	46	46	∞	F

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----		
Expenses					
Employee benefits and on-costs	15,733	14,086	1,647	10%	F
Mostly due to staff vacancies over the year.					
Materials and services	6,568	13,181	(6,613)	(101)%	U
Mostly due to increased expenses on repair of road assets as a result of November 2021 and February 2022 flood events.					
Borrowing costs	104	120	(16)	(15)%	U
Mostly due to increased interest rates for loans.					
Depreciation, amortisation and impairment of non-financial assets	13,037	10,990	2,047	16%	F
Lower than budgeted depreciation was partially a result of derecognition of RFS assets from council's books. More details in Note G4-1.					
Other expenses	5,450	1,410	4,040	74%	F
Mostly due to reduction in levies due to external levels of government.					
Net losses from disposal of assets	600	-	600	100%	F
Council actually got net gain.					
Statement of cash flows					
Cash flows from operating activities	18,131	22,149	4,018	22%	F
Mostly due to higher level of FAG grants than was budgeted. Council received 70% of 2023 FAG grants in advance in 2022 financial year.					
Cash flows from investing activities	(17,236)	(22,359)	(5,123)	30%	U
Mostly due to the purchase of new term deposits.					
Cash flows from financing activities	(880)	(1,062)	(182)	21%	U
Mostly due to the repayment in full of internal loan for sewer.					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	1,548	1,968
Deposits at call	2,530	3,382
Total cash and cash equivalents	4,078	5,350

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	4,078	5,350
Balance as per the Statement of Cash Flows	4,078	5,350

Accounting policy

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

C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Financial assets at fair value through the profit and loss				
Long term deposits	23,000	1,000	16,537	–
Total	23,000	1,000	16,537	–
Total financial investments	23,000	1,000	16,537	–
Total cash assets, cash equivalents and investments	27,078	1,000	21,887	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

As at 30 June 2022, Council did not have any investments at FVTPL or FVOCI-equity recognised.

C1-2 Financial investments (continued)

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	28,078	21,887
External restrictions	<u>(13,308)</u>	<u>(7,735)</u>
Cash, cash equivalents and investments not subject to external restrictions	14,770	14,152
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Trust	678	700
Specific purpose unexpended grants – general fund	<u>3,071</u>	<u>1,480</u>
External restrictions – included in liabilities	3,749	2,180
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	268	255
Developer contributions – water fund	101	102
Developer contributions – sewer fund	31	32
Specific purpose unexpended grants (recognised as revenue) – general fund	3,463	501
Water fund	730	88
Sewer fund	4,430	4,089
Domestic waste management	449	476
Stormwater levy	<u>87</u>	<u>12</u>
External restrictions – other	9,559	5,555
Total external restrictions	13,308	7,735

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	14,770	14,152
Internal restrictions	<u>(11,833)</u>	<u>(10,092)</u>
Unrestricted and unallocated cash, cash equivalents and investments	2,937	4,060
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement (fleet fund)	1,950	2,225
Employees leave entitlement	1,153	1,403
Carry over works (excl fleet carry overs)	1,320	1,630
Next year FAG paid in advance in current year	6,078	3,872
Information technology (Software upgrade/telephone system)	348	7
Quarry remediation fund	984	535
Other	–	420
Total internal allocations	11,833	10,092

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

policy of the elected Council.

\$ '000	2022	2021
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	2,937	4,060

C1-4 Receivables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Rates and annual charges ¹	1,328	–	1,686	–
Interest and extra charges	371	–	287	–
User charges and fees ¹	1,275	–	1,218	–
Interest on investments	76	–	33	–
Other income accruals	–	–	950	–
Net GST receivable ²	128	–	475	–
General debtors	1,720	–	781	–
Bonds & Deposits	2	–	2	–
Total	4,900	–	5,432	–
Less: provision for impairment				
Other debtors ³	(667)	–	(667)	–
Total provision for impairment – receivables	(667)	–	(667)	–
Total net receivables	4,233	–	4,765	–

(1) \$660 thousand of user charges receivables was reclassified from rates receivables in 2021

(2) 2021 balance of GST receivable in amount of \$474 thousand was reclassified from payables (see Note C3-1)

(3) Provision for impairment for rates and annual charges in 2021 was reclassified to other debtors as council's rates debts are secured by owners' properties.

\$ '000	2022	2021
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	667	653
+ new provisions recognised during the year	–	14
Balance at the end of the year	667	667

Accounting policy

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.

Impairment

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

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

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

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

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 60 days past due.

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

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

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

C1-4 Receivables (continued)

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Real estate for resale	–	299	–	299
Stores and materials	572	–	534	–
Loose tools	–	–	34	–
Total inventories at cost	572	299	568	299
Total inventories	572	299	568	299

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

Land held for resale

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.

C1-6 Contract assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Contract assets	3,632	–	2,459	–
Total contract assets	3,632	–	2,459	–

Contract assets

Grant Contract Asset	2,874	–	2,459	–
Accrued Income	758	–	–	–
Total contract assets	3,632	–	2,459	–

Significant changes in contract assets

Increase was largely caused by the accrual of income for works done under Building Better Region Program for construction of amenities building in Robertson Oval. The contract asset recognised for this project was \$1,081 thousand as at 30 June 2022.

C1-6 Contract assets (continued)

Accounting policy

Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021 ²			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	10,319	–	10,319	7,626	8,443	–	–	(15,896)	(502)	–	9,989	–	9,989
Plant and equipment	29,127	(18,258)	10,869	–	–	(141)	(2,042)	2,629	–	–	30,074	(18,759)	11,315
Office equipment	2,192	(1,736)	456	–	–	–	(108)	–	–	–	2,192	(1,844)	348
Furniture and fittings	737	(730)	7	–	–	–	(5)	–	–	–	737	(735)	2
Land:													
– Operational land	6,015	–	6,015	–	–	–	–	–	–	690	6,705	–	6,705
– Community land	1,904	–	1,904	–	–	–	–	–	–	129	2,034	–	2,034
Land improvements – depreciable	2,224	(509)	1,715	–	–	–	(66)	–	–	105	2,365	(612)	1,753
Infrastructure:													
– Buildings – non-specialised	22,974	(14,703)	8,271	–	–	(277)	(318)	805	–	912	25,743	(16,350)	9,393
– Buildings – specialised	54,185	(35,142)	19,043	–	–	(127)	(781)	908	–	2,094	60,903	(39,767)	21,136
– Other structures	28,650	(9,999)	18,651	–	–	(14)	(800)	1,567	–	1,132	31,982	(11,446)	20,536
– Roads	260,170	(58,114)	202,056	–	–	(14)	(3,804)	8,266	–	15,000	288,040	(66,536)	221,504
– Bridges	74,124	(19,383)	54,741	–	–	–	(730)	34	–	4,086	79,766	(21,635)	58,131
– Footpaths	9,540	(4,144)	5,396	–	–	(7)	(148)	243	–	397	10,476	(4,595)	5,881
– Bulk earthworks (non-depreciable)	149,002	–	149,002	–	–	–	–	–	–	11,273	160,276	–	160,276
– Stormwater drainage	9,029	(3,949)	5,080	–	–	–	(115)	26	–	233	9,479	(4,255)	5,224
– Water supply network	76,433	(36,386)	40,047	–	–	(206)	(1,306)	895	–	2,107	72,108	(30,572)	41,536
– Sewerage network	35,046	(18,512)	16,534	–	–	–	(567)	523	–	2,088	34,993	(16,414)	18,579
Other assets:													
– Other	91	(91)	–	–	–	–	–	–	–	–	91	(91)	–
Reinstatement, rehabilitation and restoration assets (refer Note E2-1):													
– Quarry assets	1,982	(731)	1,251	–	–	–	(83)	–	2,204	–	4,186	(814)	3,372
Total infrastructure, property, plant and equipment	773,744	(222,387)	551,357	7,626	8,443	(786)	(10,873)	–	1,702	40,246	832,139	(234,425)	597,714

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

(2) Restated - see Note G4-1

C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2020 ²			Asset movements during the reporting period							At 30 June 2021 ³		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets ² Restated	Carrying value of disposals	Depreciation expense ² Restated	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
\$ '000													
Capital work in progress	7,450	–	7,450	4,243	2,353	–	–	(3,700)	(27)	–	10,319	–	10,319
Plant and equipment	28,015	(17,541)	10,474	2,854	–	(429)	(2,033)	2	–	–	29,127	(18,258)	10,869
Office equipment	1,910	(1,682)	228	282	–	–	(54)	–	–	–	2,192	(1,736)	456
Furniture and fittings	737	(701)	36	–	–	–	(29)	–	–	–	737	(730)	7
Land:													
– Operational land	6,015	–	6,015	–	–	–	–	–	–	–	6,015	–	6,015
– Community land	1,429	–	1,429	–	–	–	–	–	–	475	1,904	–	1,904
Land improvements – depreciable	2,071	(455)	1,616	–	21	–	(54)	–	–	132	2,224	(509)	1,715
Infrastructure:													
– Buildings – non-specialised	22,301	(14,240)	8,061	61	247	–	(462)	365	–	–	22,974	(14,703)	8,271
– Buildings – specialised	54,153	(33,875)	20,278	32	–	–	(1,268)	–	–	–	54,185	(35,142)	19,043
– Other structures	25,266	(9,567)	15,699	272	271	–	(737)	65	–	3,081	28,650	(9,999)	18,651
– Roads	255,242	(54,357)	200,885	3,664	61	–	(3,757)	1,203	–	–	260,170	(58,114)	202,056
– Bridges	70,831	(18,686)	52,145	724	916	–	(696)	1,652	–	–	74,124	(19,383)	54,741
– Footpaths	9,233	(4,000)	5,233	75	232	–	(144)	–	–	–	9,540	(4,144)	5,396
– Bulk earthworks (non-depreciable)	149,002	–	149,002	–	–	–	–	–	–	–	149,002	–	149,002
– Stormwater drainage	9,029	(3,836)	5,193	–	–	–	(113)	–	–	–	9,029	(3,949)	5,080
– Water supply network	74,765	(34,737)	40,028	217	425	–	(1,318)	353	–	342	76,433	(36,386)	40,047
– Sewerage network	34,383	(17,755)	16,628	162	121	–	(579)	60	–	143	35,046	(18,512)	16,534
Other assets:													
– Other	91	(91)	–	–	–	–	–	–	–	–	91	(91)	–
Reinstatement, rehabilitation and restoration assets (refer Note E2-1):													
– Quarry assets	2,436	(625)	1,811	–	–	(454)	(106)	–	–	–	1,982	(731)	1,251
Total infrastructure, property, plant and equipment	754,359	(212,148)	542,211	12,586	4,647	(883)	(11,350)	–	(27)	4,173	773,744	(222,387)	551,357

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

(2) Restated - see Note G4-1.

(3) Restated - see Note G4-1

C1-7 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 20	Playground equipment	5 to 15
Office furniture	7 to 33	Benches, seats etc.	10 to 20
Computer equipment	4 to 5		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	7 to 20	Buildings: masonry	30 to 90
Other plant and equipment	5 to 30	Buildings: other	15 to 90
Water and sewer assets		Stormwater assets	
Dams and reservoirs	15 to 200	Drains	80
Bores	20 to 60	Culverts	80
Reticulation pipes	40 to 80		
Pumps and telemetry	10 to 80		
Treatment plants	15 to 80		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	25	Bulk earthworks	Nil
Sealed roads: pavement base	100	Other structures	10 to 70
Sealed roads: pavement sub-base	180	Aerodromes	10 to 60
Unsealed roads	20 to 25		
Bridges: concrete	120	Land improvements	
Bridges: other	35 to 80	Land improvements	5 to 50
Kerb, gutter, footpaths and causeways	15 to 80		

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

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

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.

C1-7 Infrastructure, property, plant and equipment (continued)

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

Rural Fire Service assets

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

In 2022, council has reviewed the previous assessment of this matter and decided to de-recognise Rural Fire Services assets, including buildings, plant and equipment, due to lack of evidence of control over the economic benefits which are expected to flow from these assets. For more details refer to Note G4-1.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2022	2021
Software		
Opening values at 1 July		
Gross book value	774	710
Accumulated amortisation	(694)	(681)
Net book value – opening balance	80	29
Movements for the year		
Purchases	38	64
Amortisation charges	(26)	(13)
Closing values at 30 June		
Gross book value	812	774
Accumulated amortisation	(720)	(694)
Total software – net book value	92	80
Total intangible assets – net book value	92	80

Accounting policy

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

C1-9 Other

Other assets

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Prepayments	1,037	–	–	–
Total other assets	1,037	–	–	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a Building asset. Information relating to the lease in place and associated balances and transactions is provided below.

Buildings

Council leases land and buildings for the Coonabarrabran Library. The lease was commenced in December 2019 and is for a term of 3 years with an option to extend for a further 3 years.

The building lease contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for 4 years with no renewal option, the payments are fixed.

(a) Right of use assets

\$ '000	Office and IT Equipment	Land and Buildings	Total
2022			
Opening balance at 1 July	–	197	197
Additions to right-of-use assets	168	–	168
Depreciation charge	(42)	(49)	(91)
Balance at 30 June	126	148	274
2021			
Opening balance at 1 July	–	246	246
Depreciation charge	–	(49)	(49)
Balance at 30 June	–	197	197

(b) Lease liabilities

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Lease liabilities	89	250	47	176
Total lease liabilities	89	250	47	176

(c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2022					
Cash flows	100	249	–	349	339
2021					
Cash flows	45	178	–	223	223

C2-1 Council as a lessee (continued)

(d) Income Statement

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

\$ '000	2022	2021
Interest on lease liabilities	9	10
Depreciation of right of use assets	91	49
	100	59

(e) Statement of Cash Flows

Total cash outflow for leases	74	55
	74	55

(f) Leases at significantly below market value – concessionary / peppercorn leases

Accounting policy

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

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

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

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

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

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

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

C2-2 Council as a lessor

(ii) Council as a lessor

Leases at significantly below market value - Concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for: –

- Camp grounds
- Community halls
- Tennis courts
- Pre schools
- Men's sheds

The leases are generally between 2 and 20 years and require payments of a maximum amount of \$509 per year. Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022		2021	
	Current	Non-current	Current	Non-current
Goods and services ¹	382	–	967	–
Accrued expenses:				
– Borrowings	14	–	48	–
– Salaries and wages	199	–	218	–
– Other expenditure accruals	544	–	448	–
Security bonds, deposits and retentions	739	–	760	–
Other ²	39	–	31	–
Total payables	1,917	–	2,472	–

(1) 2021 balance was grossed up on GST receivable by \$474 thousand (see Note C1-4); and also decreased by \$901 thousand as a result of error (see Note G4-1).

(2) Other provisions in amount of \$500 thousand was reclassified from payables (Note C3-1) to other provisions (Note B3-5) in the 2021 financial year.

Current payables not anticipated to be settled within the next twelve months

\$ '000	2022	2021
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	739	760
Total payables	739	760

C3-1 Payables (continued)

Accounting policy

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

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

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.

C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	3,071	-	1,421	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	-	-	38	-
Total grants received in advance		3,071	-	1,459	-
Total contract liabilities		3,071	-	1,459	-

Notes

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

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

Significant changes in contract liabilities

Increase of contract liability was largely caused by receipt of \$1,553 thousand of LRCI Round 3 grant in the end of the year. The grant has not yet been spent by 30 June 2022.

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Loans – secured ¹	904	1,021	1,010	1,925
Total borrowings	904	1,021	1,010	1,925

(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 E1.

Borrowings relating to restricted assets

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	107	56	104	164
Borrowings relating to externally restricted assets	107	56	104	164
Total borrowings relating to restricted assets	107	56	104	164
Total borrowings relating to unrestricted assets	797	965	906	1,761
Total borrowings	904	1,021	1,010	1,925

Current borrowings not anticipated to be settled within the next twelve months

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

(a) Changes in liabilities arising from financing activities

\$ '000	2021		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	2,935	(1,010)	–	–	–	–	1,925
Lease liability (Note C2-1b)	223	(74)	–	–	–	190	339
Total liabilities from financing activities	3,158	(1,084)	–	–	–	190	2,264

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,897	(962)	–	–	–	–	2,935
Lease liability (Note C2-1b)	268	(45)	–	–	–	–	223
Total liabilities from financing activities	4,165	(1,007)	–	–	–	–	3,158

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2022	2021
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	79	79
Total financing arrangements	579	579
Drawn facilities		
– Credit cards/purchase cards	35	25
Total drawn financing arrangements	35	25
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	44	54
Total undrawn financing arrangements	544	554

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

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

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.

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 borrowing costs.

C3-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	1,030	–	1,264	–
Long service leave	2,318	–	2,738	–
Other leave	80	–	72	–
ELE on-costs	415	–	602	–
Total employee benefit provisions	3,843	–	4,676	–

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,228	3,396
	2,228	3,396

Description of and movements in non-employee benefit provisions

Accounting policy

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

C3-5 Provisions

\$ '000	2022		2021	
	Current	Non-Current	Current	Non-Current
Other provisions				
Other provisions ¹	500	–	500	–
Sub-total – other provisions	500	–	500	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	4,920	–	2,675
Sub-total – asset remediation/restoration	–	4,920	–	2,675
Total provisions	500	4,920	500	2,675

(1) Other provisions in amount of \$500 thousand was reclassified from payables (Note C3-1) to other provisions (Note B3-5) in 2021 financial year.

Provisions relating to restricted assets

Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	500	4,920	500	2,675
Total provisions	500	4,920	500	2,675

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.

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2022		
At beginning of year	2,675	2,675
Unwinding of discount (see Note B3-3)	41	41
Remeasurement effects (see Note C1-7)	2,204	2,204
Total other provisions at end of year	4,920	4,920
2021		
At beginning of year	3,102	3,102
Total other provisions at end of year	2,675	2,675

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the councils and private gravel quarries it has used.

Accounting policy

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

C3-5 Provisions (continued)

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 borrowing costs.

Asset remediation – 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, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

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

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

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

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

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

Close-down and restoration costs are a normal consequence of 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.

Self-insurance

Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

\$ '000	General 2022	Water 2022	Sewer 2022
Income from continuing operations			
Rates and annual charges	10,757	2,185	1,780
User charges and fees	4,321	1,909	181
Interest and investment revenue	216	38	13
Other revenues	2,847	29	18
Grants and contributions provided for operating purposes	18,080	–	–
Grants and contributions provided for capital purposes	6,345	2,248	906
Net gains from disposal of assets	618	–	–
Other income	46	–	–
Total income from continuing operations	43,230	6,409	2,898
Expenses from continuing operations			
Employee benefits and on-costs	12,382	1,179	525
Materials and services	11,088	1,319	774
Borrowing costs	118	2	–
Depreciation, amortisation and impairment of non-financial assets	9,029	1,377	584
Other expenses	1,174	236	–
Net losses from the disposal of assets	–	206	–
Total expenses from continuing operations	33,791	4,319	1,883
Operating result from continuing operations	9,439	2,090	1,015
Net operating result for the year	9,439	2,090	1,015
Net operating result attributable to each council fund	9,439	2,090	1,015
Net operating result for the year before grants and contributions provided for capital purposes	3,094	(158)	109

D1-2 Statement of Financial Position by fund

\$ '000	General 2022	Water 2022	Sewer 2022
ASSETS			
Current assets			
Cash and cash equivalents	1,286	831	1,961
Investments	20,500	–	2,500
Receivables	2,236	1,480	517
Inventories	572	–	–
Contract assets and contract cost assets	3,245	185	202
Other	1,037	–	–
Total current assets	28,876	2,496	5,180
Non-current assets			
Investments	1,000	–	–
Inventories	299	–	–
Infrastructure, property, plant and equipment	529,784	47,069	20,861
Investments accounted for using the equity method	501	–	–
Intangible assets	92	–	–
Right of use assets	274	–	–
Total non-current assets	531,950	47,069	20,861
Total assets	560,826	49,565	26,041
LIABILITIES			
Current liabilities			
Payables	1,839	34	44
Contract liabilities	3,071	–	–
Lease liabilities	89	–	–
Borrowings	797	107	–
Employee benefit provision	3,413	352	78
Provisions	500	–	–
Total current liabilities	9,709	493	122
Non-current liabilities			
Lease liabilities	250	–	–
Borrowings	965	56	–
Provisions	4,920	–	–
Total non-current liabilities	6,135	56	–
Total liabilities	15,844	549	122
Net assets	544,982	49,016	25,919
EQUITY			
Accumulated surplus	400,736	23,653	12,773
Revaluation reserves	144,246	25,363	13,146
Council equity interest	544,982	49,016	25,919
Total equity	544,982	49,016	25,919

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2022	2021
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	501	455
Total net share of interests in joint ventures and associates using the equity method – assets	501	455
Total Council's share of net assets	501	455

D2-1 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership			
			2022	2021	2022	2021
Macquarie Regional Library	Dubbo, Coolah, Dunedoo, Coonabarabran, Narromine and Wellington	Joint venture	19.5%	19.6%	501	455
Total carrying amounts – material joint ventures					501	455

Material joint ventures

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

Details

	Principal activity	Measurement method
Macquarie Regional Library	Community library services	Equity

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2022	2021	2022	2021
Macquarie Regional Library	19.5%	19.6%	25.0%	25.0%

D2-1 Interests in joint arrangements (continued)

Summarised financial information for joint ventures

\$ '000	Macquarie Regional Library	
	2022	2021
Statement of financial position		
Current assets		
Cash and cash equivalents	2,168	1,988
Other current assets	82	86
Non-current assets		
	1,261	1,186
Current liabilities		
Other current liabilities	843	829
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	33	30
Net assets	2,635	2,401
Statement of comprehensive income		
Income	3,253	3,129
Interest income	7	14
Depreciation and amortisation	(170)	(400)
Other expenses	(2,856)	(2,688)
Profit/(loss) from continuing operations	234	55
Profit/(loss) for the period	234	55
Total comprehensive income	234	55
Share of income – Council (%)	19.5%	19.6%
Profit/(loss) – Council (\$)	46	11
Total comprehensive income – Council (\$)	46	11

Reconciliation

Reconciliation of carrying amount of interest in joint venture to summarised financial information for individually material joint ventures accounted for using the equity method.

	Current year end \$'000	Prior year end \$'000
Share of 20.0% (20.1%) of net assets	469	426
Adjustment to share	(25)	(26)
Carrying amount	444	400
Fair value of investment (if there is a quoted price)	444	426

Reconciliation of the carrying amount

Opening net assets (1 July)	2,401	2,346
Profit/(loss) for the period	234	55
Closing net assets	2,635	2,401
Council's share of net assets (%)	19.5%	19.6%
Council's share of net assets (\$)	514	469

D2-1 Interests in joint arrangements (continued)

Accounting policy

The council has determined that it has joint ventures only.

Joint ventures:

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

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

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

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

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

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

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	262	150

E1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

Council's major receivables comprise rates and annual charges and other receivables. The latter comprises of accrued income for government grants, user charges and fees, interest and extra charges, other debtors.

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 policies.

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

Council makes suitable provision for doubtful receivables as required based on the lifetime expected credit loss at each reporting date.

A profile of Council's receivables credit risk at the reporting date follows.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; 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 payment.

\$ '000	Not yet overdue	overdue rates and annual charges				Total
		< 1 years	1 - 2 years	2 - 5 years	≥ 5 years	
2022						
Gross carrying amount	–	1,328	–	–	–	1,328
2021						
Gross carrying amount	1,686	–	–	–	–	1,686

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	5,567	490	118	323	706	7,204
Expected loss rate (%)	0.00%	2.47%	14.49%	50.00%	67.46%	9.26%
ECL provision	–	12	17	162	476	667
2021						
Gross carrying amount	4,125	1,181	228	72	599	6,205
Expected loss rate (%)	0.00%	2.00%	10.00%	25.00%	55.00%	6.35%
ECL provision	–	24	23	18	329	394

(1) 2021 figures were adjusted by adding contract asset balance of \$2,459 thousand.

E1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, 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 by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables ¹	0.00%	739	1,178	-	-	1,917	1,917
Borrowings	4.18%	-	904	1,021	-	1,925	1,925
Total financial liabilities		739	2,082	1,021	-	3,842	3,842
2021							
Payables ¹	0.00%	760	2,138	-	-	2,898	2,472
Borrowings	0.00%	-	1,143	1,792	-	2,935	2,935
Total financial liabilities		760	3,281	1,792	-	5,833	5,407

(1) Balance as at 30 June 2021 was restated - see Note G4-1

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

	Fair value measurement hierarchy									
	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs ¹		Total			
	2022	2021	2022	2021 ¹	2022	2021	2022	2021 ¹		
\$ '000	Notes			Restated		Restated		Restated		
Recurring fair value measurements										
Infrastructure, property, plant and equipment C1-7										
Plant and equipment	30/06/20	30/06/20	–	–	11,315	10,869	11,315	10,869		
Office equipment	30/06/20	30/06/20	–	–	348	456	348	456		
Furniture and fittings	30/06/20	30/06/20	–	–	2	7	2	7		
Land – Community	30/06/21	30/06/21	2,034	74	–	1,830	2,034	1,904		
Land – Operational	30/06/18	30/06/18	6,705	2,981	–	3,034	6,705	6,015		
Land improvements – depreciable	30/06/21	30/06/21	–	–	1,753	1,715	1,753	1,715		
Buildings	30/06/18	30/06/18	–	–	30,529	27,314	30,529	27,314		
Other structures	30/06/21	30/06/21	–	–	20,536	18,651	20,536	18,651		
Roads	30/06/20	30/06/20	–	–	221,504	202,056	221,504	202,056		
Bridges	30/06/20	30/06/20	–	–	58,131	54,741	58,131	54,741		
Footpaths	30/06/20	30/06/20	–	–	5,881	5,396	5,881	5,396		
Bulk earthworks	30/06/20	30/06/20	–	–	160,276	149,002	160,276	149,002		
Stormwater drainage	30/06/20	30/06/20	–	–	5,224	5,080	5,224	5,080		
Water supply network	30/06/22	30/06/17	–	–	41,536	40,047	41,536	40,047		
Sewerage network	30/06/22	30/06/17	–	–	18,579	16,534	18,579	16,534		
Tip assets	30/06/20	30/06/20	–	–	–	–	–	–		
Quarry assets	30/06/19	30/06/19	–	–	3,372	1,251	3,372	1,251		
Total infrastructure, property, plant and equipment			8,739	3,055	578,986	537,983	587,725	541,038		

(1) Restated - see note G4-1

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.

Valuation techniques

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:

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment and furniture, fixtures and fittings

Plant and equipment, office equipment and furniture, and fixtures and fittings are all valued at depreciated cost (original purchase price) as this assessment is considered to approximate fair value.

Roads, bulk earthworks, bridges, footpaths and stormwater drainage

The values currently displayed are based on the following:

The current replacement cost for these asset classes has been derived from a 2019/20 valuation survey undertaken, for this purpose, by AssetVal Valuers. All asset are assigned useful lives except for bulk earthworks and are condition rated at the time of valuation effective as at 30 June 2020.

Roads are componentised into pavement and surface with pavements split into sealed and unsealed road pavements. A distinction is also made between road pavements on regional, local and urban. Roads also include causeways and kerb and gutter.

Bridges are componentised into bridges sub-structure, super-structure and deck and major culverts.

Stormwater drainage assets include both pits and pipes.

Quarry and tip remediation liabilities

Council recognises remediation assets for quarries under its control. These assets are based on the estimated cost to remediate the sites at the end of their useful life. Estimated remediation costs are based on engineering assessments and take into account the inputs needed to rehabilitate the quarry/tip sites. As the final remediation will not happen for several years the input costs are indexed out to the estimated remediation date through the use of CPI, and then discounted back to arrive at the present value, with the discount rate being the ten year government bond rate. No estimate is made for potential increases in rehabilitation scope in future years as such changes can not be reliably measured. Further details on these assets can be found in note C3-5.

Council has ceased to recognise tip remediation asset based on in-house review conducted during 2019/20 due to following factors:

- a) Capping/closure of cell in 5 years time – Capping of waste cell is being undertaken every year for the part of cell which has been used. The cost of capping is charged as operational expenditure on as we go basis. Therefore, although the cell will be fully capped/closed in 5 years time i.e. in 2025 but it would be only that part of cell that will be used in that year.
- b) Closure of Coonabarabran waste site – Based on recent survey/study conducted by Waste Services, it is estimated that the remaining life of Coonabarabran waste site is 45 years. However, Council is not aware of any obligation where Council has to restore/remediate the site at the end of 45 years. Council will be putting new cells and closing them as part of waste operations during the next 45 years as discussed above but will not be liable to restore the site at the end of useful life.

Operational and community land

Land has been valued at market value, having regard to the "highest and best use", after identifying elements that would be taken into account by buyers and sellers in settling the price. These elements include: land description and dimensions, planning and other constraints on development and the potential for alternative use. Operational land has been valued by Assetval in 2017/18 using a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs). For community land, some are valued by Assetval in 2017/18 using observable inputs (level 2 inputs) while the majority was revalued in 2020/21 at Valuer General unimproved capital value (UCV) which takes into account highest and best use values.

Other structures and land improvements (depreciable)

The value of structures and depreciable land improvements have been assessed on the basis of either replacement with a new asset having similar service potential and includes allowances for preliminaries and professional fees or where not possible indexation of existing values. These values have been derived from an internal valuation for 30/6/2021.

The asset class includes Aerodromes, Pools, landscaping, gardens, sport change rooms, grand stands etc., Major components include pool structures, walls, roofs, pumps, fences, sheds, garden beds etc. Each component is assigned a useful life and long life component, based on engineering estimates and are condition rated at the time of valuation. In some cases Council has limited data for this asset class in relation to original construction date, age, and past maintenance and renewals history.

Water and sewer network

In recent years current replacement costs for water and sewer assets have been derived by Modern Engineering Equivalent Replacement Asset (MEERA) unit costs and lump sums. Water and sewer assets are componentised into mains, treatment plants, pumping stations, and reservoirs. All asset components are assigned a long life component, useful life and remaining useful life, and were condition rated at time of revaluation, with the condition rating determining the remaining useful life. Valuations require a level of professional judgement from both the valuer and Council engineers and the valuation was carried out through the use of condition assessments including through the use of cameras and maintenance/break histories for assets that could not be accessed through a simple inspection. Limitation on current valuations include further data issues around

E2-1 Fair value measurement (continued)

Council mains break historical data, and a lack of long term historical data on renewals. The last comprehensive valuation was performed by an independent valuer (APV Valuers and Asset Management) on 30 June 2022.

Buildings

Buildings are valued by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost. These rates are derived from substantial analysis of construction costs from over 120 Councils across NSW by Council's valuer (Valued by Assetval in 2017/18). Buildings assets are componentised into Super structure, Sub structure, Finishes, Fittings and Services . Each component is assigned a useful life and remaining useful life with the remaining useful life based on the condition assessment at the time of valuation. Further improvements to the valuation could be achieved with further details on the level of componentisation, as well as more in-depth maintenance history.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Warrumbungle Shire Council undertakes to recognise it's assets at fair value. Whilst this method does not suit some asset categories such as Plant & Equipment or Office furniture it is the best available method to determine the value of assets such as roads and buildings.

The process by council determines is through:

- * A re examination of the fair value of the relevant asset classes as specified by the OLG on a five year rotation;
- * Seek an external valuer with good knowledge and reputation to undertake the valuation;
- * The "Valuer" selects a sample of assets and in conjunction with Council Staff will then examine the sample to determine any adjustments required;
- * During this process the adequacy and accuracy of costing and usage assumptions are analysed and addressed as required;
- * After the physical examination the Valuer goes over the findings with Council and invites questions and feedback;
- * In conjunction with Council's input the Valuer will then make a determination on which Council will act.

E2-1 Fair value measurement (continued)

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.

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant and equipment	Cost approach	* Gross Replacement Cost (purchase price) * Remaining Useful Life
Office equipment	Cost approach	* Gross Replacement Cost (purchase price) * Remaining Useful Life
Furniture and fittings	Cost approach	* Gross Replacement Cost (purchase price) * Remaining Useful Life
Operational land	Market approach	* Similar local property prices * Alternative use
Community land	Land Values from NSW VG	* Unimproved capital value from Valuer General
Land improvements (depreciable)	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Buildings	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Other structures	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Roads	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Bridges	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Footpaths	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Bulk earthworks	Cost approach (replacement cost)	* Gross Replacement Cost
Stormwater drainage	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Water supply network	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Sewer supply network	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Other	Cost approach	* Asset Condition * Remaining Useful Life
Tip assets	Cost approach	Unit cost assumptions for rehab rates, discount rates, CPI and regulation changes
Quarry assets	Cost approach	Unit cost assumptions for rehab rates, discount rates, CPI and regulation changes

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 to 31 December 2021 and \$20 million per annum for 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These additional lump sum contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2022 was \$ 60,861.24 The last valuation of the Scheme was performed by Mr Richard Boyfield FIAA as at 30 June 2021.

Council's expected contribution to the plan for the next annual reporting period is \$79,446.24.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

E3-1 Contingencies (continued)

Employer reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits 100.4	2,391.7	99.4%

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

The share of any funding surplus or deficit that can be attributed to Council is 0.16%.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

Investment return	5.5% per annum
Salary inflation	3.5% per annum
Increase in CPI	2.5% per annum

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

Council believes that it is appropriately covered for all claims through its insurance coverage and provisions.

(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) TRRRC development

Council received funding from State and Federal governments to construct the Three Rivers Regional Retirement Community (TRRRC). After tendering the project, Council engaged a contractor to undertake the construction of the facility. The contract with the contractor was terminated on 2 August 2018 due to default of contract. The contractor has listed the matter for consideration through the Supreme Court, which is being defended by Council. This action may lead to a future liability which at this stage is unable to be determined. Council has resolved to prefer an option to demolish all partially completed units, and seek permission from the two funding bodies to utilise remaining funding for site infrastructure and civil works relating to the project in possible readiness for construction of a smaller number of units if future funding is forthcoming.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2022	2021
Compensation:		
Short-term benefits	932	744
Superannuation	84	95
Total	1,016	839

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.

There are no other disclosures to be made by KMP.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	24	27
Councillors' fees	100	109
Other Councillors' expenses (including Mayor)	13	13
Total	137	149

F2 Other relationships

F2-1 Audit fees

\$ '000	2022	2021
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	67	58
Remuneration for audit and other assurance services	67	58

Total Auditor-General remuneration	67	58
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Total audit fees	67	58
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G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021 ¹ Restated
Net operating result from Income Statement	12,544	10,239
Add / (less) non-cash items:		
Depreciation and amortisation	10,990	11,413
(Gain) / loss on disposal of assets	(412)	(795)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– transfer of opening WIP to expenses	490	–
Unwinding of discount rates on reinstatement provisions	41	–
Share of net (profits)/losses of associates/joint ventures using the equity method	(46)	(11)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	532	(538)
Increase / (decrease) in provision for impairment of receivables	–	14
(Increase) / decrease of inventories	(4)	157
(Increase) / decrease of other current assets	(1,037)	53
(Increase) / decrease of contract asset	(1,173)	(814)
Increase / (decrease) in payables	(585)	79
Increase / (decrease) in accrued interest payable	(34)	(8)
Increase / (decrease) in other accrued expenses payable	77	(61)
Increase / (decrease) in other liabilities	(13)	462
Increase / (decrease) in contract liabilities	1,612	194
Increase / (decrease) in employee benefit provision	(833)	29
Increase / (decrease) in other provisions	–	(427)
Net cash flows from operating activities	22,149	19,986

(1) Restated - see Note G4-1

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Land and buildings	139	428
Plant and equipment	303	1,455
Infrastructure	2,260	3,106
Total commitments	2,702	4,989

These expenditures are payable as follows:

Within the next year	2,702	4,989
Total payable	2,702	4,989

Details of capital commitments

The Council has committed to various capital projects which mainly includes information technology, regional roads, sporting facilities, council properties, town streets, water and sewer over the next 12 months.

G3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

G4 Changes from prior year statements

G4-1 Correction of errors

Nature of prior period error

Insurance expenses

Council incorrectly recognised property insurance expenses related to the 2022 financial year in the financial statements for the year ended 30 June 2021. The total amount of error was \$901 thousand. The error was corrected by recognising the expense in the current year financial statements with comparatives been restated in Note B3-2 Material and Services and Note C3-1 Payables.

Water and sewer assets

Council also, as part of comprehensive revaluation of water and sewer assets in the current year, identified new assets not previously recorded; and assets which were previously recognised but do not exist. The net effect of the increase in Water supply assets was \$1,472 thousand; and the net effect of the decrease in the Sewer network assets was \$108 thousand. As a result, the total net effect of found/lost assets is \$1,364 thousand which was recorded as a prior year error. Accordingly, the comparatives were restated in the Note C1-7 Infrastructure, Property, Plant and Equipment.

Rural Fire Service (RFS) equipment and buildings

Council reassessed accounting treatment of RFS equipment and buildings vested with council and concluded that it does not control these assets. Analysis of this matter revealed that, in substance, council does not control benefits associated with operation of these assets on the grounds that follow:

- Councils have no control over such assets as there is no benefit to councils in the pursuit of Council objectives from these assets;
- Councils have no power to deny or regulate access to others of any benefits that may arise from these assets;
- The RFS Zone Manager makes all decisions regarding maintenance, capital improvements and new assets. While councils may be consulted, they have no final decision;
- Once a capital budget is in place, the RFS Zone Manager organises all contractors and purchases. Councils, under direction and for administrative ease, order and pay for these assets, but are reimbursed for them after submitting a claim. Councils act solely as agents;
- Councils do not make any decisions about the use of RFS buildings nor earn any income from them; and
- Councils are not involved in any decision-making about RFS budgets, purchases or sales.

The facts associated with RFS assets vested with council have not changed since implementation of a service agreement between council and RFS agency in 2011. As a result, this issue is not a matter of a policy choice but rather an interpretation of facts. Therefore, this was accounted for as an error in current year financial statements with restatement of comparatives in Note C1-7 Infrastructure, Property, Plant and Equipment; Note B3-4 Depreciation, amortisation and impairment of non-financial assets and B2-4 Grants and Contributions. Total effect of the error was \$9,936 thousand as at 30 June 2021; and \$9,470 thousand as at 30 June 2020.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

G4-1 Correction of errors (continued)

Changes to the opening Statement of Financial Position at 1 July 2020

Statement of Financial Position

\$ '000	Original Balance 1 July, 2020	Impact Increase/ (decrease)	Restated Balance 1 July, 2020
Total current assets	24,690	–	24,690
Infrastructure, Property, Plant and Equipment	550,317	(8,106)	542,211
Total non-current assets	551,335	(8,106)	543,229
Total assets	576,025	(8,106)	567,919
Total current liabilities	8,948	–	8,948
Total non-current liabilities	6,256	–	6,256
Net assets	560,821	(8,106)	552,715
Accumulated Surplus	422,485	(8,106)	414,379
Revaluation Reserve	138,336	–	138,336
Total equity	560,821	(8,106)	552,715

Adjustments to the comparative figures for the year ended 30 June 2021

Statement of Financial Position

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Total current assets	29,204	–	29,204
Infrastructure, Property, Plant and Equipment	559,930	(8,573)	551,357
Total non-current assets	560,961	(8,573)	552,388
Total assets	590,165	(8,573)	581,592
Payables	3,398	(901)	2,497
Total current liabilities	10,590	(901)	9,689
Total non-current liabilities	4,776	–	4,776
Total liabilities	15,366	(901)	14,465
Net assets	574,799	(7,672)	567,127
Accumulated Surplus	432,290	(7,672)	424,618
Revaluation Reserves	142,509	–	142,509
Total equity	574,799	(7,672)	567,127

G4-1 Correction of errors (continued)

Income Statement

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Grants and contributions provided for capital purposes	9,349	(1,092)	8,257
Total income from continuing operations	49,586	(1,092)	48,494
Materials and services	10,922	(901)	10,021
Depreciation and amortisation	12,037	(625)	11,412
Total expenses from continuing operations	39,781	(1,526)	38,255
Net operating result for the year	9,805	434	10,239

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2021	Impact Increase/ (decrease)	Restated Balance 30 June, 2021
Net operating result for the year	9,805	434	10,239
Total comprehensive income for the year	13,978	434	14,412

G5 Statement of developer contributions as at 30 June 2022

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Roads	5	-	-	-	-	-	5	-
Open space	7	-	-	-	-	-	7	-
Community facilities	6	-	-	1	-	-	7	-
Other	2	-	-	-	-	-	2	-
Bushfire	12	-	-	1	-	-	13	-
S7.11 contributions – under a plan	32	-	-	2	-	-	34	-
Total S7.11 and S7.12 revenue under plans	32	-	-	2	-	-	34	-
S7.11 not under plans	223	43	-	-	(34)	-	232	-
S64 contributions	134	-	-	-	-	-	134	-
Total contributions	389	43	-	2	(34)	-	400	-

G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2021	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2022	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
CONTRIBUTION PLAN – WARRUMBUNGLE SHIRE COUNCIL								
Roads	5	-	-	-	-	-	5	-
Open space	7	-	-	-	-	-	7	-
Community facilities	6	-	-	1	-	-	7	-
Bushfire	12	-	-	1	-	-	13	-
Other	2	-	-	-	-	-	2	-
Total	32	-	-	2	-	-	34	-

G5-3 Contributions not under plans

CONTRIBUTIONS – NOT UNDER A PLAN

Other	223	43	-	-	(34)	-	232	-
Total	223	43	-	-	(34)	-	232	-

G5-4 S64 contributions

S64 Contributions

Water	102	-	-	-	-	-	102	-
Sewer	32	-	-	-	-	-	32	-
Total	134	-	-	-	-	-	134	-

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2022	2022	Restated 2021 ³	Restated 2020	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,587	6.11%	3.03%	(5.09)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	42,374				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	24,294	46.83%	44.46%	53.08%	> 60.00%
Total continuing operating revenue ¹	51,873				
3. Unrestricted current ratio					
Current assets less all external restrictions	21,860	5.95x	4.88x	2.95x	> 1.50x
Current liabilities less specific purpose liabilities	3,671				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	13,697	11.59x	10.76x	10.47x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,182				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,699	9.99%	12.33%	10.93%	< 10.00%
Rates and annual charges collectable	17,012				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	28,078	10.61	9.71	7.74	> 3.00
Monthly payments from cash flow of operating and financing activities	2,646	months	months	months	months

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

(3) Restated - see note G4-1

G6-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2022	Restated 2021 ⁴	2022	Restated 2021 ⁴	2022	Restated 2021 ⁴	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	7.28%	4.21%	(3.80)%	(9.51)%	5.47%	6.28%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	42.62%	37.62%	64.92%	87.16%	68.74%	89.76%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	5.95x	4.88x	5.06x	3.77x	42.46x	42.48x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9.99x	9.30x	610.50x	119.56x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	8.07%	10.84%	16.57%	17.59%	12.80%	14.96%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	10.99 months	9.16 months	3.51 months	0.40 months	18.12 months	39.34 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

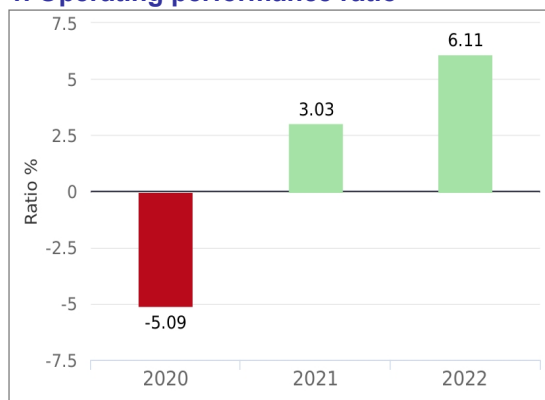
(4) Restated - see note G4-1

(1) - (2) Refer to Notes at Note 28a above.

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

End of the audited financial statements

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2021/22 result

2021/22 ratio 6.11%

A marked improvement on previous years. Councils focus on controlling operating costs has assisted in the improvement.

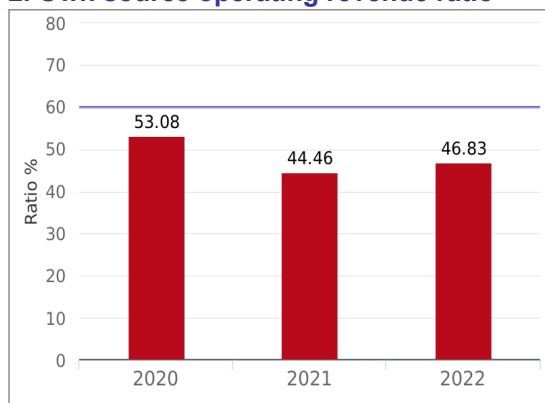
Benchmark: — > 0.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2021/22 result

2021/22 ratio 46.83%

This ratio, whilst important, is impacted by the level of grant monies received by Council.

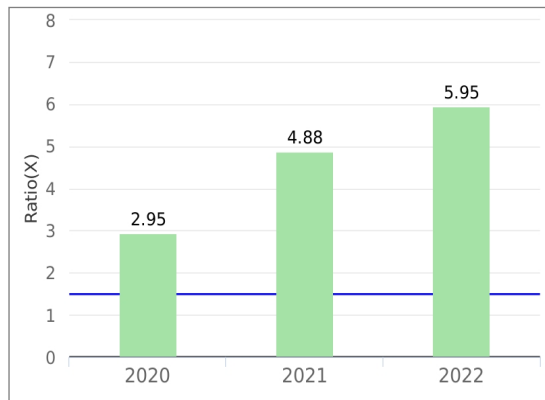
Benchmark: — > 60.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2021/22 result

2021/22 ratio 5.95x

This ratio is well above the benchmark. There will be a downwards trend should the FAG's prepayment cease.

Benchmark: — > 1.50x

Ratio achieves benchmark

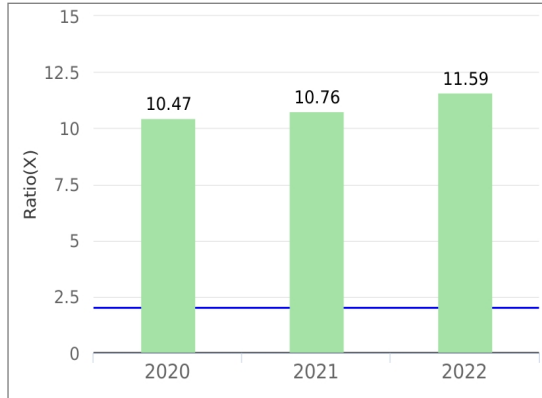
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2021/22 result

2021/22 ratio 11.59x

This ratio is well above the benchmark and reflects councils commitment to only use debt as required.

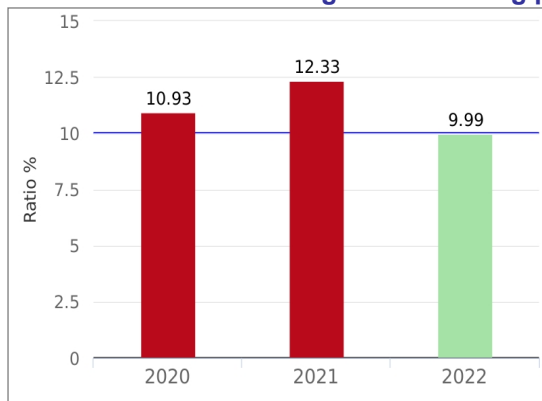
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2021/22 result

2021/22 ratio 9.99%

This ratio represents an improvement in collection efforts by council and the ability of the community to meet obligations to pay.

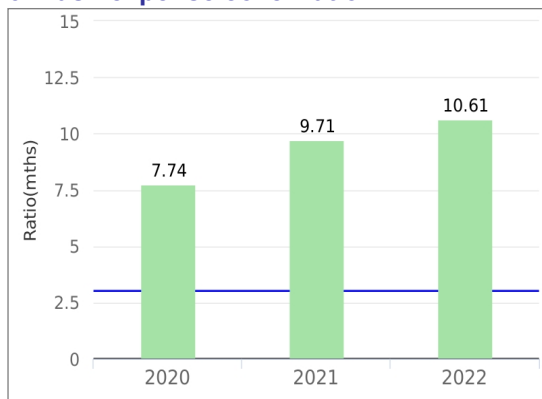
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 10.61 months

Council's ability to meet immediate expenses is well above the benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Warrumbungle Shire Council

To the Councillors of Warrumbungle Shire Council

Qualified Opinion

I have audited the accompanying financial statements of Warrumbungle Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Qualified Opinion

Non recognition of rural fire-fighting equipment and buildings

As disclosed in Note C1-7 to the financial statements, the Council has not recognised rural fire-fighting equipment and buildings located on land that is controlled and recognised by the Council as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2022. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refers to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting buildings are controlled by the Council where the buildings are located on land that is controlled and recognised by the Council. This gives the Council the ability to allow or prevent other entities from directing the use of and obtaining the benefits from these assets.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 July 2011
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment and buildings as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment and buildings located on land that is controlled and recognised by the Council that should be recorded in the Statement of Financial Position and related notes as at 30 June 2022
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2022
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G6-1 'Statement of performance measures – consolidated results' and Note G6-2 'Statement of performance measures by fund'.

Correction of errors relating to a previous reporting period

The Council has disclosed a correction of error in Note G4-1 'Correction of errors' relating to a previous reporting period, which changed comparative information in Note C1-7 'Infrastructure, property, plant and equipment'. This disclosure results from a change in the Council's view of control of rural fire-fighting equipment vested from the Rural Fire Service and buildings located on land that is controlled and recognised by the Council. For the reasons described below, I believe this is an incorrect application of AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The Council previously recognised rural fire-fighting equipment and buildings located on land that is controlled and recognised by the Council valued at \$9.9 million as at 30 June 2021 in Note C1-7 'Infrastructure, property, plant and equipment'. In my opinion, this accounting treatment was appropriate as rural fire-fighting equipment and buildings are controlled by the Council. There has been no change in the legal framework since the Council first recognised these assets or recent change in the relevant accounting standards impacting recognition of these assets.

Consequently, as the Council's previous position to recognise these assets complied with the requirements of AASB 116 'Property, Plant and Equipment', the disclosure and removal of these assets does not comply with AASB 108.

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

The scope of my audit does not include, nor 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 B5-1 'Material budget variations'
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

28 November 2022
SYDNEY



Clr Ambrose Doolan
Mayor
Warrumbungle Shire Council
PO Box 191
COONABARABRAN NSW 2357

Contact: Unaib Jeffrey
Phone no: 02 9275 7450
Our ref: D2224329/1803

28 November 2022

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2022
Warrumbungle Shire Council**

I have audited the general purpose financial statements (GPFS) of the Warrumbungle Shire Council (the Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed a modified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

Modification to the opinion in the Independent Auditor's Report

Correction of errors relating to a previous reporting period

The Council has disclosed a correction of error in Note G4-1 'Correction of errors' relating to a previous reporting period, which changed comparative information in Note C1-7 'Infrastructure, property, plant and equipment'. This disclosure results from a change in the Council's view of control of rural fire-fighting equipment vested from the Rural Fire Service and buildings located on land that is controlled and recognised by the Council. For the reasons described below, I believe this is an incorrect application of AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The Council previously recognised rural fire-fighting equipment and buildings located on land that is controlled and recognised by the Council valued at \$9.9 million as at 30 June 2021 in Note C1-7 'Infrastructure, property, plant and equipment'. In my opinion, this accounting treatment was appropriate as rural fire-fighting equipment and buildings are controlled by the Council. There has been no change in the legal framework since the Council first recognised these assets or recent change in the relevant accounting standards impacting recognition of these assets.

Consequently, as the Council's previous position to recognise these assets complied with the requirements of AASB 116 'Property, Plant and Equipment', the disclosure and removal of these assets does not comply with AASB 108.

This has resulted in the audit opinion on the Council's 30 June 2022 GPFS to be modified.

Refer to the Independent Auditor's report on the GPFS.

INCOME STATEMENT

	2022	2021*	Variance
	\$m	\$m	%
Rates and annual charges revenue	14.7	14.1	↑ 4.0
Grants and contributions revenue	27.5	26.5	↑ 4.0
Operating result from continuing operations	12.5	10.2	↑ 23.0
Net operating result before capital grants and contributions	3.0	2.0	↑ 50.0

* The 2021 comparatives have been restated to correct a prior period error. Note G4-1 of the financial statements provides details of the prior period error.

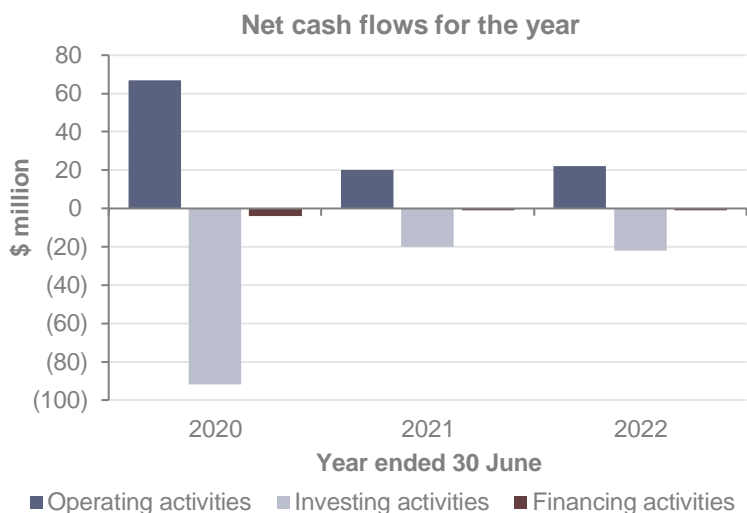
The Council's operating result from continuing operations (\$12.5 million including depreciation and amortisation expense of \$11.0 million) was \$2.3 million higher than the 2020–21 result. This was primarily due to an increase:

- in grants for capital purposes of \$1.2 million
- in rates and annual charges of \$0.6 million
- in user charges and fees of \$1.1 million
- in insurance claim during the year reported under "Other revenues" of \$1.5 million for damaged properties in Coolah and Dunedoo.

The above increases were offset by an increase in material and services costs of \$3.2 million or 4.0 per cent compared to 2020-21 and a decrease in other expenses of \$1.1 million.

STATEMENT OF CASH FLOWS

- The Council reported an increase in cash and cash equivalents and investments from \$21.9 million at 30 June 2021 to \$28.1 million at 30 June 2022.
- Cash inflows from operating activities increased from 2021-22 mainly as a result of higher receipts from grants and contributions and rates and annual charges.
- Cash outflows used in investing activities increased as a result of additional investment in term deposits.
- Cash outflows from financing activities remain relatively consistent with 2021.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	28.1	21.9	<ul style="list-style-type: none"> • External restrictions predominantly include specific purpose unexpended grants and water supply and sewerage service funds. The balance remains consistent with prior year.
Restricted and allocated cash, cash equivalents and investments:			<ul style="list-style-type: none"> • Internal restrictions remain consistent with last year. These mostly include the financial assistance grants, plant and vehicle replacement, and employees' leave entitlement.
• External restrictions	13.3	7.8	
• Internal allocations	11.8	10.1	<ul style="list-style-type: none"> • Unrestricted balances provide liquidity for day-to-day operations.
• Unrestricted	3.0	4.0	

PERFORMANCE

Performance measures

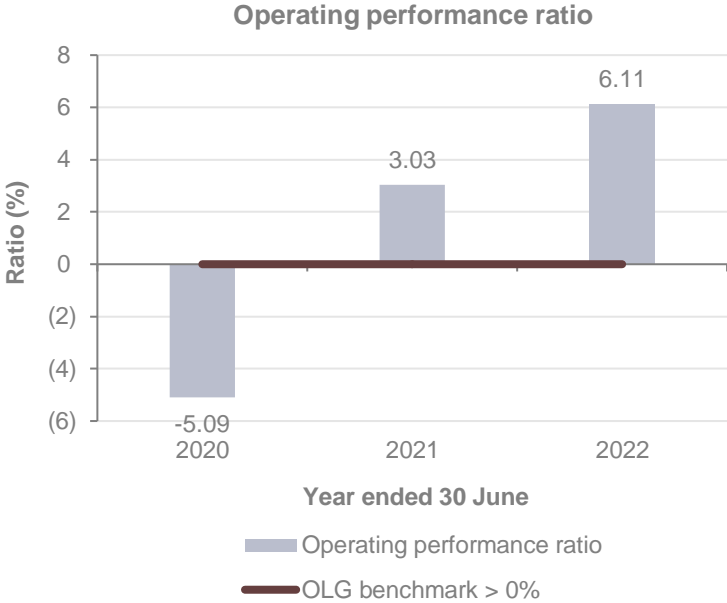
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The Council has met the OLG benchmark for the current reporting period.

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

The improvement in the resulting ratio for the current year reflects the improvement in net operating results for the year.

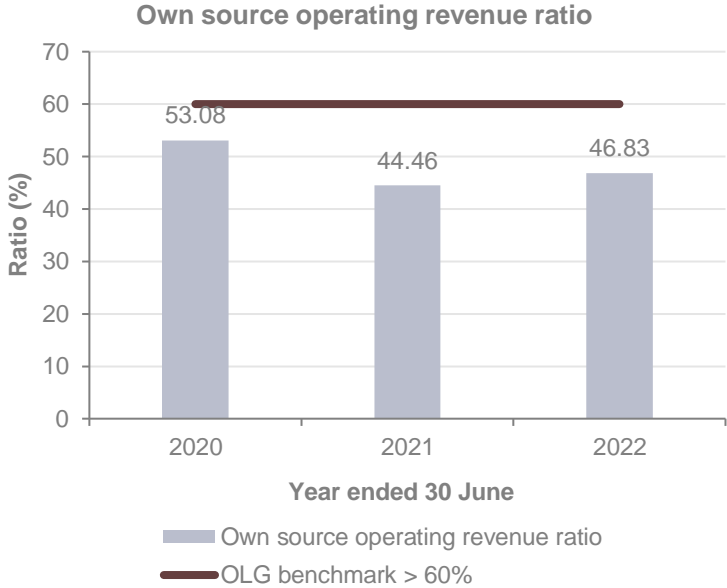


Own source operating revenue ratio

The Council did not meet the OLG benchmark for the past three years.

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

The ratio has remained below the required threshold over the last three years which reflects the Council's reliance on grant funding as a source of revenue.

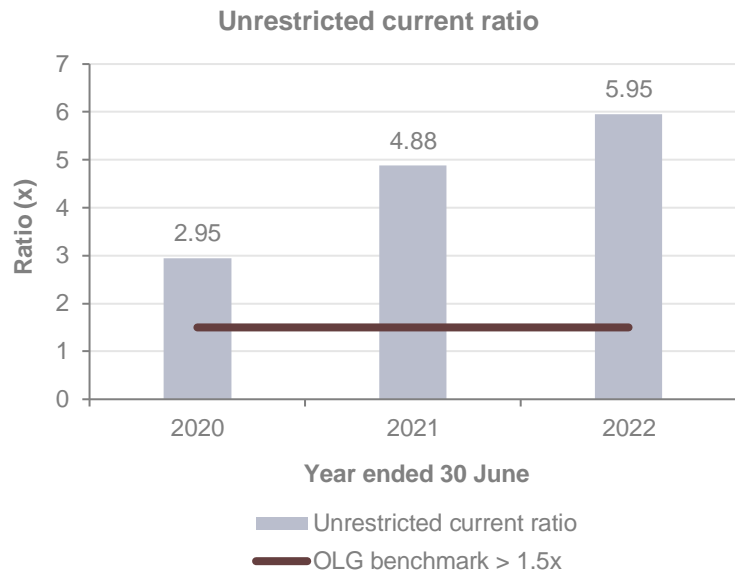


Unrestricted current ratio

The Council has exceeded the OLG benchmark for the past three years.

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.

This ratio indicates that Council currently has \$5.95 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

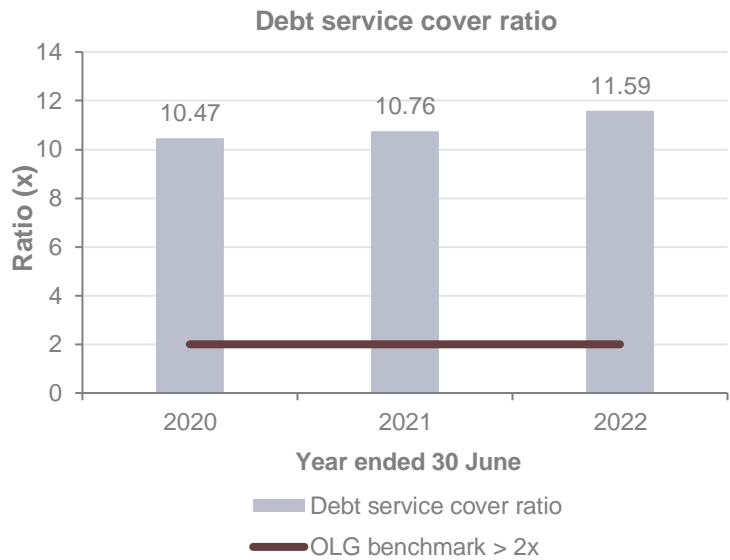


Debt service cover ratio

The Council has exceeded the OLG benchmark for the past three years.

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.

Council appears to be effectively monitoring its liquidity levels to ensure it can meet its borrowing costs when they fall due.

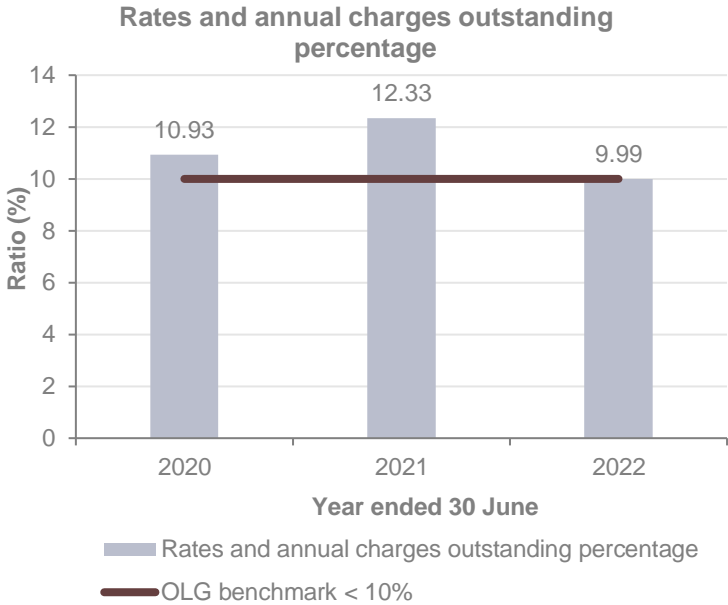


Rates and annual charges outstanding percentage

The Council met the OLG benchmark for the current reporting period.

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

Although meeting the OLG benchmark for the current year, the resulting ratio reflects the continuing effect of drought and the impact related to Covid-19.

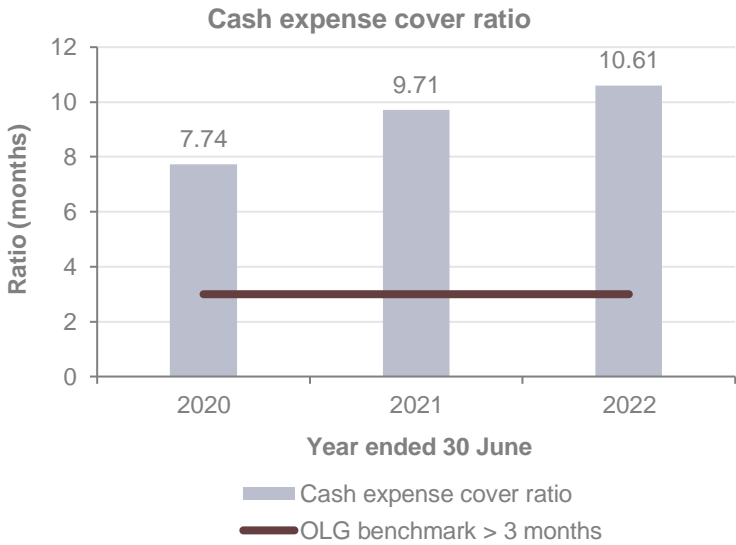


Cash expense cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

This liquidity ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

The resulting ratio indicates that the Council had the ability to cover 10.61 months of cash expenditure without additional cash inflows as at 30 June 2022.



Infrastructure, property, plant and equipment renewals

Council spent \$7.6 million on asset renewals in 2021-22 compared to \$12.6 million in 2020-21. Asset renewals are defined as the replacement of existing assets as opposed to the acquisition of new assets.

A short-term benchmark of Council's strategic asset management is to assess the rate at which Council's assets are being renewed against the rate at which they are depreciating. In 2021-22, asset renewals of \$7.6 million represented 70% of Council's \$10.9 million depreciation expense. This result was 35% lower than the 2020-21 result of 105%.

Asset renewals in 2021-22 were carried out in accordance with Council's capital works program and were primarily related to road and building assets.

Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements that will be reported in the Management Letter. Rural fire-fighting equipment was derecognised in the financial statements.

Except for the matter outlined above, the Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

cc: Mr Roger Bailey, General Manage

Mr Grahame Marchant, Chairperson Audit, Risk and Improvement Committee
Mr Michael Cassel, Secretary of the Department of Planning and Environment

Warrumbungle Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022



Warrumbungle Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

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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).

Warrumbungle Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

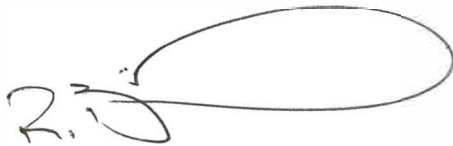
Signed in accordance with a resolution of Council made on 20 October 2022.



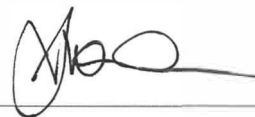
Ambrose Doolan
Mayor
20 October 2022



Aniello Iannuzzi
Councillor
20 October 2022



Roger Bailey
General Manager
20 October 2022



Lindsay Mason
Responsible Accounting Officer
20 October 2022

Warrumbungle Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2022

\$ '000	2022	2021 ¹ Restated
Income from continuing operations		
Access charges	2,185	1,940
User charges	1,863	1,731
Fees	46	5
Interest and investment income	38	15
Other income	29	10
Total income from continuing operations	4,161	3,701
Expenses from continuing operations		
Employee benefits and on-costs	1,179	1,288
Borrowing costs	2	9
Materials and services ²	1,319	1,096
Depreciation, amortisation and impairment	1,377	1,419
Net loss from the disposal of assets	206	–
Other expenses	236	241
Total expenses from continuing operations	4,319	4,053
Surplus (deficit) from continuing operations before capital amounts	(158)	(352)
Grants and contributions provided for capital purposes	2,248	545
Surplus (deficit) from continuing operations after capital amounts	2,090	193
Surplus (deficit) from all operations before tax	2,090	193
Surplus (deficit) after tax	2,090	193
Plus accumulated surplus	21,563	19,898
Plus/less: prior period adjustments	–	1,472
Closing accumulated surplus (deficit)	23,653	21,563
Return on capital %	(0.3)%	(0.8)%
Subsidy from Council	156	970
Calculation of dividend payable:		
Surplus (deficit) after tax	2,090	193
Less: capital grants and contributions (excluding developer contributions)	(2,248)	(545)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

(1) Accumulated surplus in 2021 was increased by \$1,472 thousand as a result of found assets.

(2) \$492 thousand of other expenses were reclassified to material and services in 2021

Warrumbungle Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2022

\$ '000	2022	2021 ^{1,2} Restated
Income from continuing operations		
Access charges	1,780	1,778
User charges	105	110
Liquid trade waste charges	76	76
Interest and investment income	13	20
Other income	18	6
Total income from continuing operations	1,992	1,990
Expenses from continuing operations		
Employee benefits and on-costs	525	556
Materials and services ³	774	701
Depreciation, amortisation and impairment	584	608
Total expenses from continuing operations	1,883	1,865
Surplus (deficit) from continuing operations before capital amounts	109	125
Grants and contributions provided for capital purposes	906	227
Surplus (deficit) from continuing operations after capital amounts	1,015	352
Surplus (deficit) from all operations before tax	1,015	352
Less: corporate taxation equivalent (25%) [based on result before capital]	(27)	(42)
Surplus (deficit) after tax	988	310
Plus accumulated surplus	11,758	11,514
Plus/less: prior period adjustments	–	(108)
– Corporate taxation equivalent	27	42
Closing accumulated surplus (deficit)	12,773	11,758
Return on capital %	0.5%	0.7%
Subsidy from Council	–	106
Calculation of dividend payable:		
Surplus (deficit) after tax	988	310
Less: capital grants and contributions (excluding developer contributions)	(906)	(227)
Surplus for dividend calculation purposes	82	83
Potential dividend calculated from surplus	41	42

(1) The current liability balance and accumulated surplus balances on 30 June 2021 were restated by recognition of \$38 thousand of contract liability. This was incorrectly treated as non-capital grant income in 2021 income statements.

(2) Accumulated surplus on 30 June 2021 was decreased by \$108 thousand as a result of a prior year error.

(3) \$477 thousand of other expenses were reclassified to material and services in 2021

Warrumbungle Shire Council

Income Statement of Warrumbungle Quarry

for the year ended 30 June 2022

\$ '000	2022 Category 2	2021 Category 2
Income from continuing operations		
User charges	-	226
Total income from continuing operations	-	226
Expenses from continuing operations		
Employee benefits and on-costs	-	21
Borrowing costs	-	10
Materials and services	-	270
Depreciation, amortisation and impairment	-	106
Other expenses	-	36
Total expenses from continuing operations	-	443
Surplus (deficit) from continuing operations before capital amounts	-	(217)
Surplus (deficit) from continuing operations after capital amounts	-	(217)
Surplus (deficit) from all operations before tax	-	(217)
Surplus (deficit) after tax	-	(217)
Plus accumulated surplus	-	217
Closing accumulated surplus (deficit)	-	-
Subsidy from Council	-	207

Warrumbungle Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2022

\$ '000	2022	2021 ¹ Restated
ASSETS		
Current assets		
Contract assets and contract cost assets	185	277
Cash and cash equivalents	831	88
Receivables	1,480	1,377
Inventories	–	6
Total current assets	2,496	1,748
Non-current assets		
Infrastructure, property, plant and equipment	47,069	43,530
Total non-current assets	47,069	43,530
Total assets	49,565	45,278
LIABILITIES		
Current liabilities		
Contract liabilities	–	5
Payables	34	4
Borrowings	107	104
Employee benefit provisions	352	351
Total current liabilities	493	464
Non-current liabilities		
Borrowings	56	164
Total non-current liabilities	56	164
Total liabilities	549	628
Net assets	49,016	44,650
EQUITY		
Accumulated surplus	23,653	21,563
Revaluation reserves	25,363	23,087
Total equity	49,016	44,650

(1) Infrastructure, property, plant and equipment were increased on found assets in 2021 by \$1,472 thousand.

Warrumbungle Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2022

\$ '000	2022	2021 ^{1,2} Restated
ASSETS		
Current assets		
Contract assets and contract cost assets	202	69
Cash and cash equivalents	1,961	4,121
Investments	2,500	–
Receivables	517	738
Total current assets	5,180	4,928
Non-current assets		
Infrastructure, property, plant and equipment	20,861	17,944
Total non-current assets	20,861	17,944
Total assets	26,041	22,872
LIABILITIES		
Current liabilities		
Contract liabilities	–	38
Payables	44	–
Employee benefit provisions	78	78
Total current liabilities	122	116
Total liabilities	122	116
Net assets	25,919	22,756
EQUITY		
Accumulated surplus	12,773	11,758
Revaluation reserves	13,146	10,998
Total equity	25,919	22,756

(1) The current liability balance and accumulated surplus balances on 30 June 2021 were restated by recognition of \$38 thousand of contract liability. This was incorrectly treated as non-capital grant income in 2021 income statements.

(2) The Infrastructure, property, plant and equipment and accumulated surplus balances on 30 June 2021 were decreased by \$108 thousand as a result of a prior year error.

Note – 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 (Act)*, the *Local Government (General) Regulation 2005 (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, fair value 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, and returns on investments (rate of return and dividends paid).

Declared business activities

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

Category 1

(where gross operating turnover is over \$2 million)

Warrumbungle Shire Council Combined Water Supply

All individual Water Funds are now combined into one entity known as Warrumbungle Water Fund. This entity incorporates the previous individual Operations and Net Assets of the Water Supply Systems of the towns of Baradine, Binnaway, Coonabarabran, Coolah, Dunedoo and Mendooran.

Category 2

(where gross operating turnover is less than \$2 million)

a. Warrumbungle Shire Council Sewerage Service

All individual Sewerage Services are now combined into one entity known as Warrumbungle Sewerage Fund. This entity incorporates the previous individual Operations and Net Assets of the Sewerage Treatment and Reticulation Systems of the towns Baradine, Coonabarabran, Coolah and Dunedoo.

b. Warrumbungle Quarry

Warrumbungle Quarry ceased operations during the 2021 financial year. All assets and liabilities were transferred into the general fund. Therefore in the current year only income statements comparatives were reported.

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

Note – Significant Accounting Policies (continued)

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 – **25%** (20/21 26%)

Land tax – the first \$822,000 of combined land values attracts **0%**. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,026,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to the DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (20/21 26%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the '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 25% 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 for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where 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. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) 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'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.66% at 30/6/22.

Note – Significant Accounting Policies (continued)

(iii) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses, or to any external entities.

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.

Warrumbungle Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2022

Warrumbungle Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Warrumbungle Shire Council

Special Schedules

for the year ended 30 June 2022

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Warrumbungle Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2021/22	Calculation 2022/23
Notional general income calculation ¹			
Last year notional general income yield	a	8,353	8,578
Plus or minus adjustments ²	b	(4)	-
Notional general income	c = a + b	8,349	8,578
Permissible income calculation			
Or rate peg percentage	e	2.00%	2.50%
Or plus rate peg amount	i = e x (c + g)	167	214
Sub-total	k = (c + g + h + i + j)	8,516	8,792
Plus (or minus) last year's carry forward total	l	15	(36)
Sub-total	n = (l + m)	15	(36)
Total permissible income	o = k + n	8,531	8,756
Less notional general income yield	p	8,570	8,738
Catch-up or (excess) result	q = o - p	(39)	18
Less unused catch-up ⁵	s	3	-
Carry forward to next year ⁶	t = q + r + s	(36)	18

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 (NSW)*.
- (5) Unused catch-up amounts or the rate peg balance amounts will be deducted if they are not caught up within ten years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for when setting the rates in a future year.
- (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 Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Warrumbungle Shire Council

To the Councillors of Warrumbungle Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Warrumbungle Shire Council (the Council) for the year ending 30 June 2023.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2021–22 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2022 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2022'.

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.

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.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long, sweeping flourish extending to the right.

Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

28 November 2022
SYDNEY

Warrumbungle Shire Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Other	591	1,077	595	631	30,529	86,646	4.0%	69.0%	25.0%	1.0%	1.0%
	Sub-total	591	1,077	595	631	30,529	86,646	4.0%	69.0%	25.0%	1.0%	1.0%
Other structures	Other structures	1,569	1,085	695	658	20,536	31,982	36.0%	10.0%	43.0%	8.0%	3.0%
	Sub-total	1,569	1,085	695	658	20,536	31,982	36.0%	10.0%	43.0%	8.0%	3.0%
Roads	Roads	141	–	3,472	2,764	369,652	422,711	87.0%	12.0%	0.0%	1.0%	0.0%
	Bridges	154	–	25	15	58,131	79,766	34.0%	41.0%	24.0%	1.0%	0.0%
	Footpaths	242	113	28	13	5,881	10,476	9.0%	23.0%	58.0%	8.0%	2.0%
	Other road assets	742	426	255	323	12,128	25,599	4.0%	3.0%	81.0%	10.0%	2.0%
	Sub-total	1,279	539	3,780	3,115	445,792	538,552	73.7%	16.1%	8.5%	1.6%	0.1%
Water supply network	Water supply network	3,214	2,149	870	875	41,536	72,108	12.0%	46.0%	13.0%	26.0%	3.0%
	Sub-total	3,214	2,149	870	875	41,536	72,108	12.0%	46.0%	13.0%	26.0%	3.0%
Sewerage network	Sewerage network	1,832	270	313	216	18,579	34,993	9.0%	42.0%	20.0%	29.0%	0.0%
	Sub-total	1,832	270	313	216	18,579	34,993	9.0%	42.0%	20.0%	29.0%	0.0%
Stormwater drainage	Stormwater drainage	249	–	–	–	5,224	9,479	0.0%	36.0%	50.0%	14.0%	0.0%
	Sub-total	249	–	–	–	5,224	9,479	0.0%	36.0%	50.0%	14.0%	0.0%
Total – all assets		8,734	5,120	6,253	5,495	562,196	773,760	54.7%	26.0%	13.2%	5.4%	0.6%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
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

Warrumbungle Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	Indicators		Benchmark
			2021 ³	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	7,626	89.00%	160.14%	48.80%	>= 100.00%
Depreciation, amortisation and impairment	8,569				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	8,734	1.53%	0.47%	0.57%	< 2.00%
Net carrying amount of infrastructure assets	572,185				
Asset maintenance ratio					
Actual asset maintenance	5,495	87.88%	81.26%	104.00%	> 100.00%
Required asset maintenance	6,253				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	5,120	0.66%	4.21%	4.51%	
Gross replacement cost	773,760				

(*) All asset performance indicators are calculated using classes identified in the previous table.

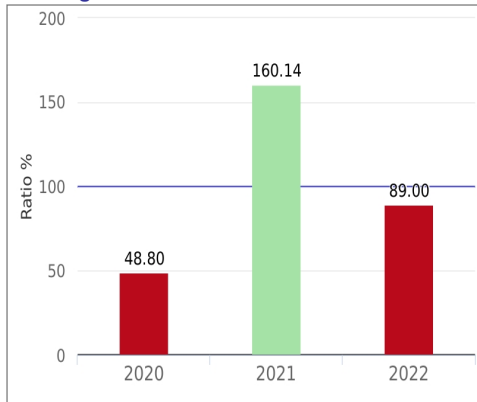
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(3) Restated - see note G4-1

Warrumbungle Shire Council

Report on infrastructure assets as at 30 June 2022

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result	
21/22 ratio	89.00%

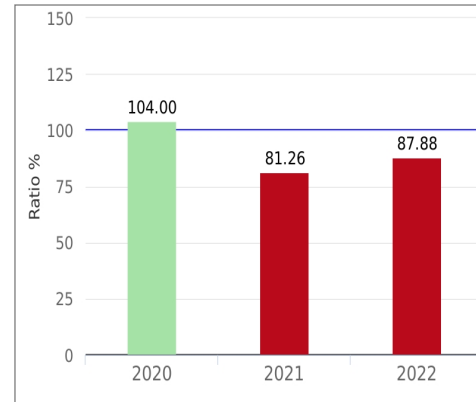
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result	
21/22 ratio	87.88%

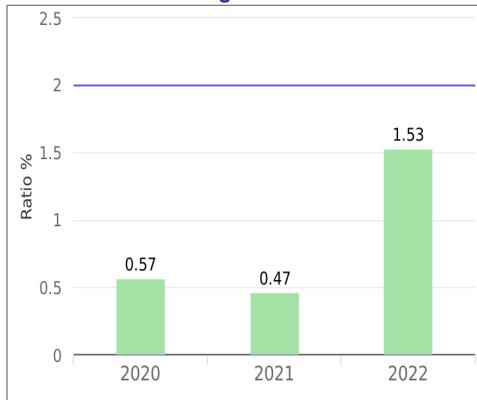
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result	
21/22 ratio	1.53%

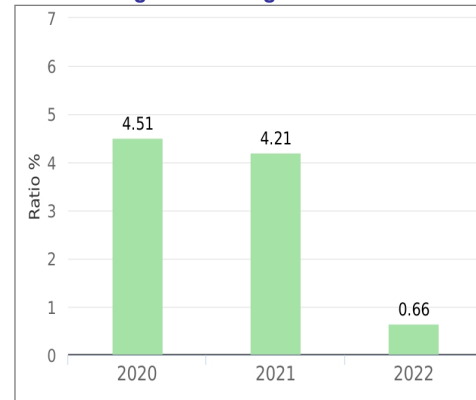
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result	
21/22 ratio	0.66%

Warrumbungle Shire Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	101.22%	187.84%	27.34%	42.56%	86.60%	84.46%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.72%	0.27%	7.74%	1.87%	9.86%	2.29%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	86.86%	81.72%	100.57%	88.66%	69.01%	60.00%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	0.41%	2.96%	2.98%	5.41%	0.77%	17.14%	

(1) 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.